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FISCAL IMPACT REPORT

SPONSOR:	Lyons	DATE TYPED:	01/31/00	HB	
SHORT TITLE:	Amend Volunteer Firefighters Retirement Act			SB	63
				ANALYST:	Eaton

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
See Narrative					

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	FY01			
See Narrative				

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Public Employees Retirement Association (PERA)

SUMMARY

Synopsis of Bill

This bill increases the age limit for retirement eligibility for volunteer firefighters listed on member rolls, whose first year of service credit was accumulated between ages 16 and 60. Current law cuts off eligibility at age 45.

Significant Issues

By increasing the eligibility from 45 to 60 years for the cutoff age for retirement, the number of persons eligible for benefits under the Volunteer Firefighters Retirement Act would also increase.

The Volunteer Firefighter Retirement Plan is currently underfunded. At present, the fund needs at least \$3,350.0 to be adequately funded at current benefit levels. The PERA states that the fiscal year 1999 actuarial study was to be requested after demographic information and funds to pay for the study were received by the state fire marshal and the affected volunteer fire departments.

The PERA believes this legislation was proposed to address a recurring allegation of age discrimination raised by some volunteer firefighters and others have raised. PERA was recently sued in federal district court on this very issue. PERA's attorneys anticipate (hope) that the suit will be dismissed on jurisdictional grounds.

PERA offers no alternatives or amendments to this bill at this time.

POSSIBLE QUESTIONS

- How large is the PERA fund?
- What was the year-over-year change in the fund size ending June 30, 1999?
- Approximately how much would a one-day, one-point gain in the S&P 500 Index translate, in dollar terms, to growth of the PERA State General Plan 3?
- Could members of the state plan vote to take a portion earnings and credit it to the Volunteer Firefighters Retirement Plan? If so, why was this alternative not offered? If not, why not?
- What was the unfunded liability (measured in years) of the State General Plan 3?
- What was the unfunded liability of the Volunteer Firefighters Plan?
- Who is named on the complaint as plaintiff in the lawsuit alleging age discrimination?
- How much money has PERA accrued in legal fees defending against this lawsuit?

JE/gm