

**NOTE: As provided in LFC policy, this report is intended for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.**

**Only the most recent FIR version, excluding attachments, is available on the Intranet. Previously issued FIRs and attachments may be obtained from the LFC office in Suite 101 of the State Capitol Building North.**

**FISCAL IMPACT REPORT**

SPONSOR:	Campos	DATE TYPED:	02/14/00	HB	
SHORT TITLE:	Investment of Educational Retirement Fund			SB	177
				ANALYST:	Eaton

**REVENUE**

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	FY01			
	\$ 9,600.0		Recurring	Educational Retirement

Parenthesis ( ) Indicate Revenue Decreases)

**SOURCES OF INFORMATION**

Educational Retirement Board (ERB)

Attorney General

**SUMMARY**

Synopsis of Bill

The purpose of this bill is to vest sole decision and policy making authority with the Educational Retirement Board as to investments of the Educational Retirement Fund. Currently, the types of investment instruments that the ERB may use to invest are outlined in state statute. This bill would allow the Educational Retirement Board to determine what investments are permissible by removing the listed investments

Significant Issues

Attached is an analysis of the Attorney General which brings forth potential legal issues. A rebuttal letter from the Educational Retirement Board is also attached.

The Public Employees Retirement Board and the State Investment Council have not stated an official position on this bill but have indicated that they do not oppose it. If this bill is adopted, it is highly likely that the PERA and the SIC will also request similar flexibility with respect to permissible investments.

**FISCAL IMPLICATIONS**

The Educational Retirement Board report that the fund could experience \$10 million to \$15 million extra return and greater asset diversification.

JBE/gm

Attachments