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FISCAL IMPACT REPORT

SPONSOR: Stapleton DATE TYPED: 02/22/01 HB 152/aHEC
 SHORT TITLE: Amend Educational Retirement Act SB _____
 ANALYST: Eaton

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	\$ 121.5			Recurring	Educational Retirement

(Parenthesis () Indicate Expenditure Decreases)

Relates to House Bill 2 – General Appropriation Act of 2001

SOURCES OF INFORMATION

Educational Retirement Board (ERB)

SUMMARY

Synopsis of HEC amendment

This amendment sunsets this bill on January 1, 2012. This amendment also changes the appropriation funding for the FTE’s from general fund to the educational retirement fund.

Synopsis of Original Bill

This bill allows a retired member (beginning in Fiscal Year 2002) who has completed twelve months of retirement to return to employment and continue receiving a retirement benefit. The member is not entitled to acquire service credit or to acquire or purchase service credit in the future for the period of the retired member's re-employment with a local administrative unit. The re-employed member will not make contributions to the retirement fund. However, the administrative unit shall pay an employer contribution as if the retired member was a non-retired employee.

FISCAL IMPLICATIONS

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This bill makes an appropriation of \$121.5 from the educational retirement fund to the Educational Retirement Board (ERB) for expenditure in fiscal year 2002 to fund three full-time-equivalent employees to carry out the provisions of this bill. Unexpended or unencumbered balances remaining at the end of fiscal year 2002 shall revert to the general fund.

RELATIONSHIP

This appropriation constitutes a program change at the agency level and relates to House Bill 2 – General Appropriation Act of 2001.

TECHNICAL ISSUES

This bill makes an appropriation of \$121.5 from the educational retirement fund. Unexpended or unencumbered balances remaining at the end of fiscal year 2002 shall revert to the general fund.

OTHER SUBSTANTIVE ISSUES

This bill will allow seasoned educators to continue working while not giving up their retirement benefits. This may improve the quality of education insofar as the quality of education improves by denying a teacher with less service credit a position that would have been vacated by a retiring teacher. The correlation between “quality teaching” and “service credit” probably exists and is probably positive.

POSSIBLE QUESTIONS

What impact would this legislation have on the Fund if the administrative portion of contributions is not required of the employee?

JBE/lrs:ar