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FISCAL IMPACT REPORT

SPONSOR Ingle LAST UPDATED _____
ORIGINAL DATE 3/8/2023
BILL _____
SHORT TITLE Magistrate Retirement Solvency NUMBER Senate Bill 317
ANALYST Simon

APPROPRIATION* (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
	\$20,000.0	Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Responses Received From

Administrative Office of the Courts

Public Employees Retirement Association

SUMMARY

Synopsis of Senate Bill 317

Senate Bill 317 appropriates \$20 million to the magistrate retirement fund.

This appropriation is effective in fiscal year 2024.

FISCAL IMPLICATIONS

The appropriation of \$20 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY24 shall not revert to the general fund.

SIGNIFICANT ISSUES

Currently, the magistrates retirement fund does not have sufficient funding to pay all benefits promised to this point. According to the Public Employees Retirement Association's annual valuation report, total liabilities of \$62.9 million and total assets of \$33.3 million, creates a gap of \$29.6 million. PERA reports the fund is 52.9 percent funded as of June 30, 2022, down from

54.1 percent in 2021. Additionally, the fund is not, at current contribution rates, expected to ever hold sufficient funds to pay all of the promised benefits. Despite pension reforms enacted in 2014, contributions into the system have not led to an improvement in funded status, with the fund's position falling from 61.3 percent in FY17 to 52.9 currently. PERA reports a \$20 million appropriation to the fund would improve the funds solvency, placing it on a path to eliminate the unfunded liability within seven years.

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