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FISCAL IMPACT REPORT

SPONSOR:	Vigil	DATE TYPED:	02-11-00	HB	460
SHORT TITLE:	Hazardous Duty Member Coverage Plan 3				SB
					ANALYST: Eaton

APPROPRIATION

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

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to

SOURCES OF INFORMATION

LFC files

Public Employees Retirement Association (PERA)

SUMMARY

Synopsis of Bill

House Bill 460 creates a new state hazardous duty member coverage plan for juvenile or adult correctional officers. The plan, if approved by the affected membership in an election, will allow a member to retire after twenty years of service with a 3.5 percent pension factor. Three years of service in the plan is required before a member is eligible for twenty year retirement using the 3.5 percent factor. To implement the plan, the member's contributions are increased to 17.08% from 4.78 percent, the current employee contribution. The employer's contribution is unchanged at 25.72 percent of salary.

Significant Issues

Should employees fully fund the plan or should the employer pay a portion?

FISCAL IMPLICATIONS

None on the general fund if employees absorb the increase in contributions as called for in the bill.

ADMINISTRATIVE IMPLICATIONS

PERA can absorb the additional plan.

The PERA Board authorized an actuarial study of the proposal developed by correctional officers and PERA staff. "PERA's actuaries determined that a 12.3% increase in contributions in addition to what is currently contributed in Hazardous Duty Plan 2 was required to adequately fund the enhanced benefits." The bill contains the 12.3 percent increase and adequately funds the plan.

The bill caps retirement benefits at 80 percent of their final average salary and requires that a member participate in the plan for three years prior to being eligible for the 20 year retirement and the 3.5 percent pension factor.

OTHER SUBSTANTIVE ISSUES

The new hazardous duty plan can be implemented in the first full pay period after July 1, 2000, if the Public Employee Retirement certifies to the Secretary of State that "a majority of the members voting of those to be covered under the plan has voted to approved adoption of the plan."

LB:JBE/gm