

Virginia Retirement System 2014 Fiscal Impact Statement

1. Bill Number: HB 279

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed
 Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Patron Prior to Substitute-Albo

3. Committee: Appropriations

4. Title: Mandatory Judicial Retirement

5. Summary (Substitute): Increases the mandatory retirement age under the Judicial Retirement System from 70 years of age to 73 years of age. However, the bill only becomes effective if the Judicial Performance Evaluation Program is funded and implemented.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Exhibit 1 below provides cost impacts of the proposed legislation.

Exhibit 1

	<u>FY15 Cost</u>	<u>FY16 Cost</u>	<u>FY17 Cost</u>	<u>FY18 Cost</u>	<u>FY19 Cost</u>	<u>FY20 Cost</u>
State - General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SPORS - General Fund	-	-	-	-	-	-
VaLORS - General Fund	-	-	-	-	-	-
JRS - General Fund	(1,110,000)	(1,110,000)	(1,110,000)	(1,110,000)	(1,110,000)	(1,110,000)
Teacher - General Fund	-	-	-	-	-	-
TOTAL General Fund	\$ (1,110,000)	\$ (1,110,000)	\$ (1,110,000)	\$ (1,110,000)	\$ (1,110,000)	\$ (1,110,000)
State - Non-General Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SPORS - Non-General Funds	-	-	-	-	-	-
VaLORS - Non-General Funds	-	-	-	-	-	-
TOTAL - Non-General Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Teacher - Local Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Political Subdivisions - Local Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL Local Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Totals	\$ (1,110,000)	\$ (1,110,000)	\$ (1,110,000)	\$ (1,110,000)	\$ (1,110,000)	\$ (1,110,000)

Estimated projections based on employee data and valuations results as of June 30, 2013 and assume a level population throughout projection period.

Payroll projections include only known payroll increases; including FY 2014 across the board merit increase and increases for compression for State employees and payroll increases for Teachers & Locals employees transitioning member contribution requirements effective July 1, 2012.

The substitute language sets the mandatory retirement age at 73 and deletes language that would have allowed a judge to finish his term after reaching mandatory retirement age. To allow analysis on this proposed change the current retirement rates were extended beyond age 70. However, it is important to keep in mind that it is not possible to predict how many members will continue to work beyond age 70. The actual impact will depend on how many judges elect to retire after age 70. If only a few judges work past age 70, the savings would likely be minimal.

- 8. Fiscal Implications:** Currently, under § 51.1-305, the judicial retirement plan generally provides for the mandatory retirement of judges once they attain age 70. Also as set forth in § 51.1-305, the mandatory retirement provisions for State Corporation Commission members vary slightly from judges. The proposed bill would extend the mandatory retirement age to 73. The data in Item 7 also includes the reduction in costs for the retiree health insurance credit program and group life insurance program.
- 9. Specific Agency or Political Subdivisions Affected:** VRS, Judicial Retirement System employers, and members of the Judicial Retirement System.
- 10. Technical Amendment Necessary:** See “Other Comments” section below.
- 11. Other Comments:** HB279 contains an enactment clause that provides that the legislation will not go into effect unless the Judicial Performance Evaluation Program is funded and implemented under the provisions of § 17.1-100 of the *Code of Virginia*.

With the exception of the enactment clause, the House substitute for HB 279 is identical to HB 81.

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