

Virginia Retirement System 2016 Fiscal Impact Statement

1. Bill Number: HB 1245

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

2. Patron: Prior to amendment: Knight

3. Committee: Passed both houses

4. Title: Judicial Retirement System; mandatory judicial retirement

5. Summary: Broadens the age 73 mandatory retirement provision to include all judges regardless of when elected by the General Assembly. Effective June 1, 2017.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Final; beginning June 1, 2017, this bill will apply the age 73 mandatory retirement age to all judges regardless of when they were appointed. HB 1984 (Ch. 762 of the 2015 Virginia Acts of Assembly) and SB 1196 (Ch. 773 of the 2015 Virginia Acts of Assembly) increased the mandatory retirement age to 73 for certain judges. There has not yet been enough experience to determine the impact of the increased mandatory retirement age for these judges.

During the 2015 legislative session, VRS provided a maximum estimated savings of \$1.4 million for HB 1984 and SB 1196 based on the scenario that nearly all judges would work to age 73. VRS noted that there would be little to no impact if very few judges worked to age 73. In addition VRS cautioned that plan savings could be further reduced by the provisions in the enactment clauses that placed additional limits on the number of judges eligible to work until age 73. The third enactment clause in each bill provided that in order to be eligible for the age 73 mandatory retirement, circuit, general district, and juvenile and domestic relations district judges must be elected or appointed to an original or subsequent term commencing on or after July 1, 2015.

With the passage of HB 1984 and SB 1196 during the 2015 session, the General Assembly applied the maximum estimated savings while reducing the required funding rate for the Judicial Retirement System for fiscal year 2015. Since the full estimated savings were applied during the 2015 session, and no additional experience associated with Judges has emerged, VRS is unable to quantify any additional savings associated with the provisions of HB 1245.

8. Fiscal Implications: Currently, the judicial retirement system provides for the mandatory retirement of Supreme Court, Court of Appeals, Worker' Compensation Commission and State Corporation Commission judges once they attain age 73. The extended mandatory retirement age of 73 only applies to circuit, general district, and juvenile and domestic relations district judges who are elected or appointed to an original or subsequent term commencing on or after July 1, 2015. This bill would extend the mandatory retirement age to 73 for all judges effective June 1, 2017.

9. Specific Agency or Political Subdivisions Affected: VRS, JRS and agencies employing judges.

10. Technical Amendment Necessary: No.

11. Other Comments: HB 1984 and SB 1196, both passed during the 2015 General Assembly session, deleted the provisions in § 51.1-305 (B)(1) that provided for mandatory retirement for most judges at a prescribed date following the judge reaching age 70. The 2015 legislation, however, contained two enactment clauses. The first provided that the provisions of the legislation extending the mandatory retirement age to 73 were to apply to justices of the Supreme Court of Virginia and judges of the Court of Appeals of Virginia effective July 1, 2015.

The third enactment clause in each 2015 bill provided that the legislation would apply only to those judges of the circuit, general district, and juvenile and domestic relations district courts who are elected or appointed to an original or subsequent term commencing on or after July 1, 2015. HB 1245 would strike the third enactment clause from HB 1984, (Ch. 762 of the 2015 Virginia Acts of Assembly) and SB 1196 (Ch. 773 of the 2015 Virginia Acts of Assembly) effective June 1, 2017.

Date: 3/8/2016

Document: HB1245ER.DOC/VRS