LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
301 State House
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FISCAL IMPACT STATEMENT

LS 7259
BILL NUMBER: HB 1324

DATE PREPARED: Dec 31, 1998
BILL AMENDED:

SUBJECT: Change PERF vesting period.

FISCAL ANALYST: James Sperlik
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FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that a member of the Public Employees' Retirement Fund is vested in the fund after five years of service instead of ten years of service. It makes conforming amendments.

Effective Date: July 1, 1999.

Explanation of State Expenditures: The impact of the five year vesting is shown in the table below:

	State	Municipalities	Total
Additional Unfunded Accrued Liability	$4.3 million	$4.6 million	$8.9 million
Additional Annual Cost	$1.1 million	$2.1 million	$3.2 million
Cost as % of Payroll	0.08%	0.12%	0.11%

The funds affected are the State General Fund 55% and various dedicated funds 45%. This split represents the proportion of the costs contributed by the State General Fund and the portion contributed by various dedicated funds.

Explanation of State Revenues:

Explanation of Local Expenditures: See Explanation of State Expenditures.

Explanation of Local Revenues:

State Agencies Affected: Public Employees Retirement Fund.

Local Agencies Affected: Those entities with members in the Public Employees Retirement Fund.

Information Sources: Doug Todd of McCready & Keene, Inc., actuaries for the Public Employees Retirement Fund, 576-1508.

The unfunded accrued liability (sometimes called the unfunded liability) of a retirement system at any time is the excess of its actuarial liability at that time over the value of its cash and investments.

Funding--a systematic program under which assets are set aside in amounts and at times approximately coincident with the accruing of benefit rights under a retirement system.