

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT**

LS 6512

BILL NUMBER: HB 1163

NOTE PREPARED: Dec 9, 2025

BILL AMENDED:

SUBJECT: Prosecuting Attorneys Retirement Fund COLA.

FIRST AUTHOR: Rep. Steuerwald

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill provides for an annual cost of living adjustment (COLA) for participants of the Prosecuting Attorneys Retirement Fund (PARF) based on the percentage increase in the Consumer Price Index (CPI).

Effective Date: July 1, 2026.

Explanation of State Expenditures: Providing an annual COLA would require an increase in future state General Fund appropriations for PARF. PARF receives an annual state General Fund appropriation through the biennial budget process.

The proposal will increase the actuarially determined contribution needed annually to fund PARF for the next 20 years. The proposal increases the actuarially determined contribution for PARF by an estimated \$3.0 M in FY 2027 (CavMac Actuarial Consulting Services). However, because PARF already received an appropriation for FY 2027 and the bill does not provide an appropriation, the increase in state General Fund expenditures would likely begin in FY 2028. The annual appropriation for PARF was \$5.1 M in FY 2026 and \$5.3 M in FY 2027.

The bill would increase the present value of future benefits for PARF by \$28.2 M and increase the unfunded liability of PARF by \$27.4 M. The funded status of PARF would decrease by 11.7% from 68.2% funded to 56.5% funded (CavMac Actuarial Consulting Services).

Additional Information - The bill provides an annual COLA for PARF participants on the portion of their retirement benefit paid from the PARF fund. The COLA would not apply to the portion of members' retirement benefit paid from PERF. The annual COLA amount is based on CPI and is capped at 3%.

The estimate assumes an annual CPI of 1.95%. In periods of higher inflation, the fiscal impact would be greater than estimated. For each 1% in additional COLA, PARF liabilities would increase by around \$800,000, the funded ratio would be reduced by 0.26%, and the actuarially determined contribution for the next 20 years would increase by 0.23% of pay.

The fiscal impact is based on data from the June 30, 2024 actuarial valuation.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Public Retirement System.

Local Agencies Affected:

Information Sources: CavMac Actuarial Consulting Services, LLC. (2025, July 22.) Proposed PARF COLA Amendment.

Fiscal Analyst: Camille Tesch, 317-232-5293.