COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1870-01
Bill No.: SB 466
Subject: State Employees; Retirement - State
Type: Original
Date: March 29, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	$6,491,449 to $21,212,261	$6,061,868 to $20,737,630	$5,467,552 to $20,188,314
Total Estimated Net Effect on General Revenue Fund*	**$6,491,449 to $21,212,261**	**$6,061,868 to $20,737,630**	**$5,467,552 to $20,188,314**

***This proposal will increase the Missouri State Employees Retirement System Unfunded Actuarial Accrued Liability (UAAL) by $71,813,000 to $119,688,000**.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Other Funds	$4,070,654 to $13,301,669	$3,773,025 to $13,004,040	$3,428,557 to $12,659,572
Total Estimated Net Effect on Other State Funds*	**$4,070,654 to $13,301,669**	**$3,773,025 to $13,004,040**	**$3,428,557 to $12,659,572**

***This proposal will increase the Missouri State Employees Retirement System Unfunded Actuarial Accrued Liability (UAAL) by $71,813,000 to $119,688,000**.
Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 16 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Federal Funds	$909,306	$131,669	$709,764
Admin. Fund	$13,390	$14,046	$15,642
Total Estimated Net Effect on All Federal Funds	**$922,696**	**$145,714**	**$725,406**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

The **Joint Committee on Public Retirement** indicates that this legislation does represent a "substantial proposed change" in future plan benefits as defined in Section 105.660(5). Therefore, an actuarial cost statement as defined in Section 105.665 must be provided prior to final action on this legislation by either legislative body or committee thereof.

Pursuant to Section 105.670, this actuarial cost statement must be filed with 1) the Chief Clerk of the Missouri House of Representatives, 2) the Secretary of State and 3) the Joint Committee on Public Employee Retirement as public information for at least (5) legislative days before final passage of the bill.

An actuarial cost statement for this legislation has not been filed with the Joint Committee on Public Retirement. It would be impossible to accurately determine the fiscal impact of this proposed legislation without the actuarial cost statement prepared in accordance with Section 105.665.

ASSUMPTION (continued)

Officials from the **Missouri State Employees Retirement System** assume the proposal would, if enacted, allow certain eligible employees to retire under temporary medical and retirement incentives. As proposed, it would allow employees who are otherwise eligible to retire on or after the effective date of the proposal but no later than September 1, 2005, to continue medical coverage for the member and eligible dependents at the active employee rate for a maximum of five years or until becoming eligible for Medicare, whichever occurs first, at which time the rate reverts to the applicable retiree rate in place at that time.

The proposal also would allow employees, who would not otherwise be eligible, to retire under a Rule of 78 and further provides that unused sick leave may be used for retirement eligibility. As proposed members retiring under the Rule of 78 may continue medical coverage for themselves and eligible dependents at 70% of the active employee rate for a maximum of five years or upon becoming eligible for Medicare, whichever occurs first, at which time the rate reverts to the applicable retiree rate in place at that time. This provision, would apply only to qualifying employees who retire on or after May 1, 2005 but no later than September 1, 2005.

The proposal further limits the number of employees departments may hire to replace those employees who retired during the window to no more than 25% of the positions vacated. Exceptions to the 25% restriction may be made for critical or seasonal positions or any positions impacting federal fund matches. The 25% restriction does not apply to Truman University, Lincoln University or the educational institutions described in Chapter 174, RSMo.

The proposal also provides that annual leave accruals in excess of $2,000 would be paid over a two-year period, with the first payment payable on July 1, 2005, and the second and final payment payable on July 1, 2006. Such payments may be distributed and rolled over into an employee's deferred compensation plan. Lastly, the proposal prohibits any reemployment with any department for a period of two years.

As it relates to the retirement incentive, the Rule of 78 would apply to all members of MOSERS which would include Truman University, Lincoln University, the colleges and universities, and the Department of Conservation. As it relates to the healthcare incentive, the boards that govern Truman University, Lincoln University, the colleges and universities, and the commissions that govern MoDOT and the highway patrol and the Department of Conservation may elect to offer the same healthcare retirement incentive to eligible employees.

MOSERS has no way of estimating the number of employees who might retire under this proposal; however, the table that follows illustrates the number of employees who would be eligible to retire.

ASSUMPTION (continued)

Number Eligible	**Group**
5,203	Eligible to retire by 9/1/05
1,027	Additional eligible to retire by 9/1/05 (Rule of 78)
180	Additional eligible to retire by 9/1/05 (Rule fo 78 using sick leave)
6,410	Total

In addition, some members may be eligible to combine other types of prior government work with their MOSERS service by purchasing or transferring the other eligible service, which would also make them eligible to retire during this window. We have no way to determine how many members may have additional service that could be purchased or transferred.

As is relates to those employees eligible to participate in the healthcare incentive, 745 employees of the 6,410 eligible for retirement are presently age 65 or older and therefore would not be eligible to receive the health subsidy.

Any potential payroll savings realized as a result of the retirement incentive needs to be offset by payroll reduction that would have been realized from those members who would have retired without any such incentive. On average over the last three years 125 MOSERS covered employees have retired from active service each month. Normal attrition (employees leaving the state workforce) including retirement and turnover is approximately 4,600 employees per year over the last three years. Given that the previous medical incentive resulted in a participation of approximately 30% and considering that numerous positions were deemed critical and thus replaced this incentive could likely produce results similar to the 30% utilization - 50% replacement scenario that results in a net reduction of approximately $11,737,000 in payroll and retirement contributions.

It should be noted that there are three years remaining on the health care subsidy that must be budgeted and paid to members who retired under the previous retirement incentive.

Officials from the **Office of Administration - Division of Budget and Planning** assume that the Missouri State Employees' Retirement System is commenting on the retirement rate and payroll fiscal impact; and that Missouri Consolidated Health Care is commenting on the healthcare fiscal impact of this legislation. Budget and Planning's analysis only includes state fringe benefit issues not addressed by either of these groups. Additional retirements will produce savings to state fringe benefit costs appropriated in HB 5. In determining cost savings for the state for state for the social security tax, workers compensation, unemployment insurance , and deferred compensation, we adopted MOSERS assumptions. MOSERS claims 6,410 employees are eligible to retire under the retirement incentive plan outlined in this legislation.

According to

ASSUMPTION (continued)

MOSERS analysis, this resulted in a estimated payroll savings from this legislation of $25,367,000 under the assumption that 30% of eligibles would retire, of which 50% would be replaced. When computing other fringes, eligible retirees of colleges and universities (1,247 eligibles) must be extracted from this total because their fringe costs are not included in the state budget. This results in a net of 5,163 eligibles who have other fringe costs included in the state budget. The estimated cost savings to the state for the various other fringes given the four scenarios MOSERS incorporated in their analysis are as follows:

	30/25	**30/50**	**50/25**	**50/50**
Cost savings of Social Security Tax, Workers Compensation & Unemployment Tax, and Deferred Compensation using MOSERS assumptions:	$3,016,510	$1,997,042	$5,927,610	$3,951,740

30/35 - 30% Utilization; 25% Replacement
30/50 - 30% Utilization; 30% Replacement
50/25 - 50% Utilization; 25% Replacement
50/50 - 50% Utilization; 50% Replacement

Officials from the **Office of Administration - Division of Accounting** assume no impact to their division and are relying on MOSERS for an estimate of the state fiscal impact.

Officials from the **Office of Administration - Division of Personnel** assume the proposal would result in the retirement of state employees who are not currently eligible for retirement, under the rule of 78 and the sick leave eligibility provisions. Each agency would only be allowed to back fill 25% of the positions from which employees retired (with exceptions identified by rule promulgated by the Office of Administration). This legislation would ostensibly result in the retirement of the more senior, higher paid workers within an agency, whereas layoffs typically affect the least senior, lower paid employees by job class and division of service involved. The net result is that more expertise and institutional knowledge could be lost, but perhaps more positions could be retained than if layoffs are necessary to achieve the same amount of savings. Under the retirement proposed legislation only 25% of the positions can be refilled (subject to exceptions). In a layoff situation, none of the positions are refilled.

It is difficult to estimate a fiscal impact of the proposal as the number of employees who would be elegible to retire under the proposed legislation are not known. The Office of Administration -

ASSUMPTION (continued)

Division of Personnel would have to defer to MOSERS for the eligible employee impact and to MCHCP for the potential health care impact.

Under the 2003 incentive, 1,595 employees retired, representing 42% of the3,821 eligible. Of the 1,430 retiree positions being reported to OA, the 2003 retirement incentive legislation resulted in 563 positions being cut from core budgets. Overall the 2003 incentive resulted in net savings to the state of $19.1 million, of which $11.05 million was General Revenue.

Officials from the **Department of Labor and Industrial Relations (DOL)** obtained a listing of employees who would be eligible for retirement under the provisions of the bill. The current annual leave payout was calculated and totaled by fund source. The total annual leave payout was divided by the total number of annual leave hours (max of 336 hours) and multiplied by 2,080 hours to reach an average salary for all employees for retirement.

Salary savings were calculated by multiplying the number of eligible retirees by fund source by 75% (if the fund source is nonfederal) to determine the number of positions which will have to be left vacant. The number of vacant positions were multiplied by the average salary for the fund source, described in the previous paragraph, to obtain the salary savings.

The current annual leave payout under existing provisions by fund source was calculated for those employees who are currently eligible to retire. This amount was divided into two equal payments to be made in FY 2006 and FY 2007 under the provisions of this bill. FY 2006 shows a savings equal to half of the total annual leave payout and this amount is shown as a cost in FY 2007. The additional annual leave payout costs for the employees only eligible under this bill was determined and is shown with half of the cost in FY 2006 and half in FY 2007.

The increased medical premium costs (shown as Other Costs (Medical Prem Costs)) were calculated by multiplying the proposed medical premium of $570 by 70% and then subtracting the current cost which would be the premium of $570 multiplied by the employee's years of service multiplied by 2.5%, not to exceed 65%.

The cost savings reported is likely overstated as the fringe benefit rate built into the schedules of 42.66%, includes percentage amounts for the medical premium and deferred comp match which would not be paid on the annual leave payout.

ASSUMPTION (continued)

Oversight assumes, based on the Office of Administration - Division of Budget and Planning's (BAP) response, that DOL costs and savings have been included in BAP's calculations. However, the costs and savings for federal funds provided by DOL will be included in the calculations.

Officials from the **Highway Employees and Patrol Retirement System** assume the proposal provides a retirement incentive plan for state employees. The key elements of the proposal are:

1. The retirement incentive "window" would be for retirements effective May 1 thru September 1, 2005.
2. A temporary Rule of 78 would allow employees to retire under the window. For those employees, unused sick leave (at the rate of one month of service credit for each 168 hours) could be used for retirement eligibility. The age minimum of 48 would remain in effect.
3. For individuals retiring during the window under normal eligibility (not under the Rule of 78), their medical premium (for the member and eligible dependents) would be at the active employee rate for a maximum of 5 years or until becoming eligible for Medicare, whichever occurs first. Note: The proposal gives discretion to the Highway commission as to whether or not to offer the medical incentive to MoDOT and Patrol employees.
4. For individuals retiring under the Rule of 78 (regardless of whether or not accumulated sick leave is used for retirement eligibility) the medical premium (for the member and eligible dependents) would be 70% of the active employee rate for a maximum of 5 years or until becoming eligible for Medicare, whichever occurs first. Note: The proposal gives discretion to the Highway Commission as to weather or not to offer the medical incentive to MoDOT and the Patrol. However, the Commission would not have discretion over whether to allow employees to retire under the Rule of 78.
5. Individuals retiring under the window will be prohibited from being re-employed by any state agency for a period of 2 years.
6. For employees retiring under the window, accrued annual leave in excess of $2,000 would be paid over a 2-year period. The first payment would be on July 1, 2005 with the second payment on July 1, 2006. The restriction does not apply to payment of accumulated compensatory time.
7. The proposal would not impact the BackDROP.

ASSUMPTION (continued)

Highway Employees and Patrol eligibility shows:

	Projected to Be Eligible for Ret. As of 9-1-05	Eligible for 78 & Out W/O Sick Lve	Eligible for 78 & Out W/ Sick Lve	Total
MoDOT	503	133	42	678
Civilian Pat.	108	26	10	144
Uniformed Pat.	88	20	12	120
Ret. System	2	2	0	4
Totals	701	181	64	946

Note: 1) A total of 245 qualify under the 78 & Out provision.

2) Some employees qualify during the window under the current rules. Those individuals are not included in the 78 & Out numbers.

Fiscal Impact: HEPRS actuary has provided the following cost estimates based on various rates of retirement (utilization) and employee replacement.

1. 20 % of eligible employees will select incentive plan and 25% of those employees will be replaced.

MoDOT		$ 890,374
Patrol		
Civilian Patrol	$122,566	
Uniformed Patrol	$169,602	$ 292,168
Total		$1,182,542

2. 30% of eligible employees will select incentive plan and 25% of those employees will be replaced.

MoDOT		$1,348,232
Patrol		
Civilian Patrol	$185,593	

	Uniformed Patrol	$254,140	$ 439,733
Total			$1,787,965

ASSUMPTION (continued)

3. 50% of eligible employees will select incentive plan and 25% of those employees will be replaced.

MoDOT			$2,230,201
Patrol			
	Civilian Patrol	$307,002	
	Uniformed Patrol	$416,750	$ 723,752
Total			$2,953,953

NOTE: These figures do not reflect any additional costs that may be required from MoDOT and Patrol for the medical plan. Also, these figures do not reflect any salary payroll savings that may realized from an incentive program.

Officials from the **Department of Conservation (MDC)** state this proposal, provided it was approved by the Commission, would have a fiscal impact on MDC funds. The amount would not exceed $100,000 annually.

Oversight assumes, based on the Office of Administration - Division of Budget and Planning's (BAP) response, that MDC costs and savings have been included in BAP's calculations.

Officials from the **Department of Transportation (MoDOT)** assume that MHTC/MoDOT would elect to provide the same benefits, except MHTC/MoDOT would replace 100% of those positions vacated due to employees retiring during this selected time period. MoDOT would not be able to comply with the 25% rehire provision of this proposal and still provide the vital transportation services for the citizens of Missouri. Given that the 78 and out medical incentive is more advantageous than the 80 and out incentive (where they pay what active employees pay for medical coverage) when they could take the78 and out incentive (where they pay only 70% of what active employees pay for medical coverage).

Based on the numbers reported by the MoDOT and Patrol Employees Retirement System, there are 655 MoDOT and 258 Highway Patrol (MSHP) employees eligible to retire as of July 1, 2005. These numbers include the 78 and out provision. MoDOT is going to assume all 655 MoDOT and 258n MSHP employees would retire during this selected time period to take advantage of the 78 and out provision. Currently, the amounts employees and retirees receive differ between rate categories (i.e. Subscriber Only, Subscriber/Family, etc..). The number of retirees in each rate category was based on the current overall participation ratios.

ASSUMPTION (continued)

This contribution will continue for 5 years or until the retiree is Medicare eligible, whichever occurs first. For purposes of this proposal MoDOT is going to assume that all employees would select the provisions within Section 104.405, given the fact that the 78 and out provisions are more advantages than the provisions in the 80 and out section. In addition, MoDOT is assuming the rate category would have a 11% annual increase in total premiums based upon utilization/trend and compounded annually. MoDOT is also assuming that contributions for active employees and retirees in the future would be based on the same percentages as state contributions were calculated in 2005. This is based on recommendation from Watson Wyatt Worldwide, MoDOT's current actuarial consultants.

The number of retirees in each rate category was based on the current overall participation ratios. Calculations were equal to (Number of Eligible Retirees x Percent of participation for the rate category) x (Employers Contribution for SB 466 Retirees - Retiree Employer contribution based on current contribution Percentages).

Based on the above assumptions MoDOT would have an additional cost of $1,899,282 for FY06 and MSHP would have an additional cost of $748,830. The cost increases each fiscal year based on an 11% annual increase. Although the number of retirees eligible for this additional incentive decreases eachyear, the overall premiums increase due to utilization/trends.

Costs for FY2006, FY2007 and FY2008 are listed below. Due to the emergency clause within the bill that makes it effective upon Governor signing, some costs related to the legislation may be incurred in FY2005.

FY06: MoDOT $1,899,282, MHSP $748,830
FY07: MoDOT $2,051,112; MHSP $819,738
FY08: MoDOT $2,178,492, MSHP $894,816

There could also be an increase in the retirement contribution rate due to the large number of employees participating in this medical benefit incentive program. The fiscal impact is unknown at this time, however, as soon as information is received from MoDOT's Retirement System, they will revise their response if needed.

If the current provisions remain intact, MoDOT would likely have to opt-out of the early retirement incentive program due to the rehire provision. If this occurs, the fiscal impact of the legislation would be zero. The Missouri Highways and Transportation Commission would ultimately make the decision on this issue.

ASSUMPTION (continued)

Officials from the **Missouri Highway Patrol** will defer to the Department of Transportation to respond on their behalf.

Officials with the **Department of Health and Senior Services (DHSS)** state they cannot estimate the effect this proposal will have on DHSS, as it is not possible to estimate the number of eligible employees who will opt to retire under this incentive plan. Furthermore, because it is not possible to estimate the number of employees who will take the incentive, it is also not possible to estimate the amount of annual leave payout DHSS will have to make to those retirees. Any leave payout in excess of $2,000 will be made over a two-year period. Therefore, the impact on DHSS is unknown.

The proposal restricts agencies to filling only twenty-five percent of the positions vacated as a result of the retirement incentive unless they are federally funded. There will be an impact on DHSS; however, since it is not possible to estimate the number of people who will take advantage of this incentive, the impact on DHSS is unknown.

The retirees who take advantage of this incentive will be allowed to continue their health insurance coverage at the active employee rate. Though the direct cost of the health insurance coverage will not be paid by DHSS, it will be paid from the various funds used by DHSS.

Oversight notes in a previous proposal in 2003 (Truly Agreed to and Finally Passed CCS for HS for HCS for SS 32 for SCS for SB's 248, 100, 118, 233, 247, 341 and 420 (FN 0858-14) officials with the DHSS assumed the proposal would not be expected to significantly impact the operations of DHSS. If the proposal were to substantially impact any DHSS programs, then the Department would request funding through the legislative process.

Officials from the **Department of Economic Development - Public Service Commission (PSC)** has forty (40) employees of which it is aware that will be eligible for retirement under normal or early retirement provisions between the time period of May 1, 2005 through September 1, 2005. Should all of the eligible employees decide to retire within the specified time frame, the agency would be impacted greatly for a number of reasons.

A) First, the agency is small with only 220 FTE. The number of eligible retirees represents

approximately eighteen percent (18%) of the agency's workforce. Should the agency experience any core cuts to its authorized FTE, the ratio of eligible retirees to total FTE will increase.
B) Second, the tenured employees who are eligible to retire possess a high degree of expertise, many of them specializing in selected areas of utility regulation.
C) Third, retirees under proposed legislation are unable to work on a part-time basis, which

would affect the Public Service Commission's ability to use retirees are resources.

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** assume this proposal would allow certain eligible employees to retiree under temporary medical and retirement incentives. The proposal would allow employees who are eligible to retire and who do retire on or after the effective date by no later than September 1, 2005, to continue medical coverage for the member and eligible dependents at the active employee rate for a maximum of five years or until becoming eligible for Medicare, whichever occurs first, at which time the rate reverts to the applicable retiree rate in place at that time. This proposal would also allow employees, who would not otherwise be eligible, to retire under a Rule of 78 and further provides that unused sick leave may be used for retirement eligibility. Those retiring under this provision could maintain their medical coverage at 70% of the active rate for 5 years or until eligible for Medicare. The proposal also limits, inmost cases, the number of employees department may hire to replace those who retired to no more than 25% of the vacant positions, unless they are identified as critical positions.

Since it is not known exactly who will take advantage of this proposal, the fiscal impact is very difficult to estimate. Therefore, MCHCP's costs are based upon the assumptions noted below:

4,142 eligible to retire by 9/1/2005; 884 additional employees eligible to retire by 9/1/2005 under the Rule of 78; 162 eligible to retire by 9/1/2005 with the Rule of 78 and combined sick leave;

Assuming 30% of all eligible employees take this option and 50% of those are replaced (based upon the results of last year's retirement incentive bill), this proposal could result in a cost of $5,559,012 for FY 06, $6,331,272 for FY 07 and $7,225,056 for FY 08. This does not account for any offsetting payroll savings that may be incurred by the state.

Oversight assumes these costs will only occur during the five year period indicated on the proposal.

Officials from **Southwest Missouri State University** defer their comments regarding this proposal to the Missouri State Employees Retirement System (MOSERS) because that agency would be better able to determine the fiscal impact of the proposal since MOSERS determines the amounts required to fund the retirement plan of employees at this insitution.

FISCAL IMPACT - State Government	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE**			
Savings - Office of Administration Net reduction in personal service costs, fringe benefits, expense and equipment	\$8,680,686 to \$20,985,721	\$8,680,686 to \$20,985,721	\$8,680,686 to \$20,985,721
Savings - Office of Administration Net reduction in Social Security Tax, Workers' Comp. & Unemployment Tax, and Deferred Comp	\$1,227,382 to \$3,643,109	\$1,227,382 to \$3,643,109	\$1,227,382 to \$3,643,109
Cost - Missouri Consolidated Health Care Plan Net cost in retiree health insurance	(\$3,416,569)	(\$3,891,200)	(\$4,440,516)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	**\$6,491,449 to \$21,212,261**	**\$6,016,868 to \$20,737,630**	**\$5,467,552 to \$20,188,314**
OTHER STATE FUNDS**			
Savings - Office of Administration Net reduction in person service costs, fringe benefits, expense and equipment	\$5,443,437 to \$13,159,611	\$5,443,437 to \$13,159,611	\$5,443,437 to \$13,159,611
Savings - Office of Administration Net reduction in Social Security Tax, Workers' Comp. & Unemployment Tax, and Deferred Comp	\$769,660 to \$2,284,501	\$769,660 to \$2,284,501	\$769,660 to \$2,284,501
Cost - Missouri Consolidated Health Care Plan Net cost in retiree health insurance	(\$2,142,443)	(\$2,440,072)	(\$2,784,540)

ESTIMATED NET EFFECT ON ALL OTHER FUNDS	**$4,070,654 to $13,301,669**	**$3,773,025 to $13,004,040**	**$3,428,557 to $12,659,572**

***This proposal will increase the Missouri State Employees Retirement System Unfunded Actuarial Accrued Liability (UAAL) by $71,813,000 to $119,688,000.**
***The percentage of General Revenue and Other State Funds is based on what was budgeted in 2005**

FISCAL IMPACT - Federal Government	FY 2006 (10 Mo.)	FY 2007	FY 2008
Federal Funds	$909,306	$131,669	$709,764
Admin. Fund	$13,390	$14,046	$15,642
ESTIMATED NET EFFECT ON FEDERAL FUNDS	**$922,696**	**$145,714**	**$725,405**

FISCAL IMPACT - Local Government	FY 2006 (10 Mo.)	FY 2007	FY 2008
	$0	$0	$0

FISCAL IMPACT - Small Business

Yes. Employees who retire from state government have a source of income. If employees who are laid off don't find another job in the area, they receive income only from unemployment insurance for a limited period of time and may need to leave the area to secure employment. This could have an economic impact on small business in areas of the state where there are significant concentrations of state employees.

DESCRIPTION

This act provides temporary retirement incentives and medical incentives for employees currently eligible to retire under the Missouri State Employees' Retirement System (MOSERS).

This act provides that employees currently eligible to retire will receive medical coverage at the active employee rate. The active employee rate will then revert to the regular retiree rate after five years or Medicare eligibility, which ever occurs first.

This act also provides a temporary retirement incentive from May 1, 2005 through September 1, 2005, for employees whose age and service total seventy-eight years. Unused sick leave will be credited towards eligibility. Currently, the employee's age and service must total eighty years. In addition, the act allows for a seventy percent health care subsidy to be provided to the retiree for five years or until Medicare eligibility. If a retiree's annual leave accrual payments are in excess of two thousand dollars, the payments will be staggered over a two-year period. Also, the retiree

DESCRIPTION (continued)

will be prohibited from any employment with any department for a period of two years from the date of election.

All of the vacated positions are held to a twenty-five percent re-hire limitation, with exceptions for critical, seasonal or federally funded positions. The exceptions are defined by rules promulgated from the Office of Administration.

This act has an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION
Joint Committee on Public Employee Retirement
Missouri State Employees Retirement System
Department of Labor and Industrial Relations
Highway Employees and Patrol Retirement System
Missouri Highway Patrol
Office of Administration
    Division of Budget and Planning
Missouri Department of Conservation
Department of Health and Senior Services
Department of Economic Development
Department of Insurance
Missouri Consolidated Health Care Plan
Southwest Missouri State University

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