

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0544-01  
Bill No.: SB 172  
Subject: Kansas City; Law Enforcement Officers and Agencies; Retirement Systems and Benefits - General  
Type: Original  
Date: January 29, 2007

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Bill Summary: Modifies provisions regarding supplemental retirement benefits for Kansas City Police Officers and Civilian Employees.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Local Government*</b>	<b>\$21,558</b>	<b>\$25,869</b>	<b>\$25,869</b>

**\*This proposal will increase the Kansas City Police Employees' Retirement System Unfunded Actuarial Accrued Liability (UAAL) by \$1,091,366 and decrease the Kansas City Civilian Police Employees' Retirement System Unfunded Actuarial Accrued Liability (UAAL) by \$486,130.**

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## 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 been filed with the Joint Committee on Public Employee Retirement.

Officials from the **Kansas City Police and Civilian Retirement System** assume any retired member or eligible surviving spouse of the Police Retirement System not eligible for the 2.5% multiplier would be eligible for an equalizing supplemental benefit of \$10 per month. The amount of the equalizing supplemental benefit may be adjusted by cost of living adjustments but in no event shall the aggregate of the equalizing supplemental benefit and cost of living adjustments exceed 25% of the member's base pension.

The proposed benefit would increase the computed employer contribution rate for FY2008 by 0.09%, employer contributions would increase by \$70,602 and the unfunded actuarial accrued liability would increase by \$1,091,366 to \$140,741,769.

Future retired members of the Civilian Employees' Retirement System for the Police Department of Kansas City must have 15 years of service at the time of retirement to receive the supplemental benefit which currently at \$160.00 per month. (The living adjustments). Any member eligible for a disability retirement will also be eligible for the supplemental benefit upon retirement. Current retired and disabled members and their surviving spouses are eligible to receive the supplemental benefit in addition to pension benefits.

The proposed change would decrease the computed employer contribution rate for FY2008 by - 0.37%, employer contributions would decrease by \$96,471 and the unfunded actuarial accrued liability would decrease by \$486,000 to \$26,595,325.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2008 (10 Mo.)	 FY 2009	 FY 2010
<b>Kansas City Police and Civilian Retirement System</b>			
<u>Savings</u> - Increase in Annual Employer Contributions Police Employees' Retirement System	\$80,393	\$96,471	\$96,471
<u>Cost</u> - Decrease in Annual Employer Contributions Civilian Police Employees' Retirement System	(\$58,835)	(\$70,602)	(\$70,602)
<b>TOTAL ESTIMATED NET EFFECT ON KANSAS CITY POLICE AND CIVILIAN RETIREMENT SYSTEM*</b>	<b><u>\$21,558</u></b>	<b><u>\$25,869</u></b>	<b><u>\$25,869</u></b>

**\*This proposal will increase the Kansas City Police Employees' Retirement System Unfunded Actuarial Accrued Liability (UAAL) by \$1,091,366 and decrease the Kansas City Civilian Police Employees' Retirement System Unfunded Actuarial Accrued Liability (UAAL) by \$486,130.**

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

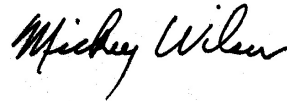
The proposed legislation modifies provisions regarding supplemental retirement benefits for Kansas City Police Officers and Civilian Employees and will have a fiscal impact on local government.

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

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SOURCES OF INFORMATION

Joint Commission on Public Employee Employment  
Kansas City Police Retirement System

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
January 29, 2007