

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2180-01
Bill No.: SB 492
Subject: Fire Protection; Retirement - State; Retirement Systems and Benefits - General;
 State Employees
Type: Original
Date: February 21, 2007

Bill Summary: Modifies several provisions regarding public employee retirement plans.

FISCAL SUMMARY

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Non-State Funds - CERF	(\$21,000)	(\$16,000)	(\$170,000)
Non-State Funds MOSERS	(\$20,000)	(\$20,000)	(\$20,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$41,000)	(\$36,000)	(\$190,000)

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

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

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

- 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

The **Joint Committee on Public Employee Retirement (JCPER)** has reviewed this proposal and has determined an actuarial study is not needed under the provisions of section 105.660, subdivision (5).

Officials from the **Local Government Employees' Retirement System** assume no fiscal impact to their agency.

Officials from the **County Employees Retirement System (CERF)** assume this proposal will generate additional costs for CERF to implement and execute the comprehensive board member education program. These costs will be in the nature of travel and per diem for board members, cost to develop training programs, and for professional and educational fees and materials. The figures provided are a broad estimate. Actual cost could differ substantially as the real-life requirements of proposed section 105.666 unfold.

Officials from the **MoDOT and Patrol Employees' Retirement System** assume no fiscal impact to their agency.

Officials from the **Missouri State Employees' Retirement System** assume the cost to implement the two mandatory continuing education requirements would be minimal (less than \$20,000 annually). As it relates to education, MOSERS' trustees are presently provided with an educational manual regarding the roles and responsibilities of trustees immediately following appointment to the board. In addition, MOSERS' staff provides educational training regarding the topics addressed in the legislation during annual board retreats. Trustees are also encouraged to obtain additional training at outside conferences and seminars held throughout the year.

Since 1991, MOSERS' funded status has fallen below 80% only once – immediately following passage of HB 356 in 1997 which granted an unreduced joint and 50% survivor option to all state employees retiring after 1984 (resulting from equal protection litigation) along with a permanent correction to the structure associated with post-retirement cost-of-living adjustments, at which time the funded status fell to 79.9%. As of June 30, 2006, MOSERS funded status was 85.3%. MOSERS is presently amortizing its UAAL over a 30-year period.

Regarding ethics, the MOSERS board has adopted a governance policy that addresses a fiduciary code of conduct for members including provisions that prohibit self-dealing and acceptance of any gratuity, political contribution or compensation for the purpose of influencing action with

ASSUMPTION (continued)

respect to the retirement plan. Such actions are also subject to the penalties prescribed for bribery.

Lastly, the legislation would exclude the Judicial Plan from being subject to the funding restrictions associated with benefit enhancements. (Prior to 1998, the Judicial Plan was funded on a pay-as-go basis. In 1998, legislation was enacted that required the plan to be funded on an actuarial basis.) As of June 30, 2006, the Judicial Plan was 16.7% funded.

Officials from the **Public School Retirement System** did not respond to Oversight's request for a fiscal impact from their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
NON-STATE FUNDS			
<u>Cost</u> - County Employees Retirement System - Various Expenses	(\$21,000)	(\$16,000)	(\$170,000)
<u>Cost</u> - MOSERS - Continuing Education	(\$20,000)	(\$20,000)	(\$20,000)
ESTIMATED NET EFFECT ON NON-STATE FUNDS	(\$41,000)	(\$36,000)	(\$190,000)

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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 appears to have no fiscal impact.

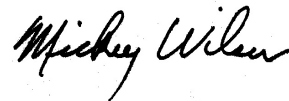
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement
County Employee Retirement Plan
Local Government Employees Retirement System
MoDOT and Patrol Employees' Retirement System
Missouri State Employees' Retirement System

NOT RESPONDING

Public School Retirement System



Mickey Wilson, CPA
Director
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