

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4749-01
Bill No.: SB 1042
Subject: Retirement - Schools
Type: Original
Date: February 19, 2008

Bill Summary: Modifies provisions relating to teacher and school employee retirement systems.

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
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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*	(\$923,660)	(\$923,660)	(\$923,660)

***Does not reflect an increase in Unfunded Actuarial Accrued Liability (UAAL) of \$15,700,000 to Public School Retirement System and \$1,200,000 in the Non-Teacher Retirement System.**

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 **Public School Retirement System** assume this bill makes the following changes:

For PSRS, this legislation would provide a temporary increase in monthly benefits of \$5 per month per year of credit for any member who has retired and is age seventy-five or older and who has reached the 80% COLA cap prior to January 1, 2009. The benefit would be payable through January 1, 2014. The proposed increase in retirement benefits for PSRS will increase the actuarial accrued liability of the system by \$15.7 million. This increase in liabilities will require a .02% total increase in the contribution rate for active members and school districts.

For PEERS, this legislation would provide a temporary increase in monthly benefits of \$3 per month per year of credit for any member who has retired and is age seventy-five or older and who has reached the 80% COLA cap prior to January 1, 2009. The benefit would be payable through January 1, 2014. The proposed increase in retirement benefits for PEERS will increase the actuarial accrued liability of the system by \$1.2 million. This increase in liabilities will require a .01% total increase in the contribution rate for active members and school districts.

<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
<u>Costs - School Districts</u>			
Teacher and Employee Contributions*	<u>(\$923,660)</u>	<u>(\$923,660)</u>	<u>(\$923,660)</u>

***Does not reflect an increase in Unfunded Actuarial Accrued Liability (UAAL) of \$15,700,000 to Public School Retirement System and \$1,200,000 in the Non-Teacher Retirement System.**

FISCAL IMPACT - Small Business

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

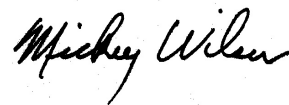
FISCAL DESCRIPTION

The proposed legislation extends the provisions relating to teacher retirement and does appear to have a fiscal impact to local government.

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
Public School Retirement System



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