

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5077-02
Bill No.: SCS for SBs 1153, 1154, 1155 & 1156
Subject: Retirement - Schools
Type: Original
Date: March 14, 2008

Bill Summary: Prevents nonprofit educational associations or organizations from having their employees join PSRS or PEERS after June 30, 2009. Allows teacher and school retirement systems to indemnify and protect trustees and employees. Modifies provisions relating to the investment of funds for teacher and school employee retirement systems. Modifies provisions relating to teacher and school employee retirement systems.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
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 **Public School Retirement System** assume there will be no fiscal impact to their agency.

Sections 169.040 & 169.630

Officials from the **Public School Retirement System (PSRS)** assume this proposal allows for the funds from both PSRS and PEERS to be combined for investment purposes into a Public School and Education Employee Retirement Systems of Missouri investment fund account. The funds of each system would be accounted for separately and for all other reporting purposes would be separate.

This request was sent to PSRS actuaries, Gabriel, Roeder, Smith and Company who estimated that there would be no cost to the systems.

Sections 169.020, 169.040, 169.056, 169.070, 169.090, 169.130, 169.630, 169.650, 169.655, 169.670, 169.690 & 169.750

Officials from the **Public School Retirement System** assume this proposal prohibits any additional nonprofit educational associations or organizations from becoming members of the Public School Retirement System of Missouri or the Public Education Employee Retirement System of Missouri after June 30, 2009.

ASSUMPTION (continued)

This proposal would explicitly allow our Board of Trustees for PSRS /PEERS to indemnify or purchase liability insurance for the trustees and employees on any action that is not willful misconduct or gross negligence. This will protect any trustee or employee of the system against liability claims.

This proposal allows for the funds from both PSRS and PEERS to be combined for investment purposes into a Public School and Education Employee Retirement Systems of Missouri investment fund account. The funds of each system would be accounted for separately and for all other reporting purposes would be separate.

This proposal allows for technical, cleanup of some of our statutes relating to final monthly payment, statutory succession for Options 5 & 6, venue, garnishment of wages, social security purchase of credit and deadline for purchase of credit.

This proposal allows for when a member's and/or option beneficiary's last payment(s) is returned by the financial institution (account has been closed or institution will not accept it), payment of the last benefit would be made in accordance with statutory succession of beneficiaries. It allows for retirees who choose Options 5 or 6 (Term-Certain plans), to have the same protections as retirees who choose Options 1-4. It allows for the payment to be made in accordance with statutory succession of beneficiaries of the last benefit recipient. It also expands our venue statute to require that all suits and proceedings, directly or indirectly against the system be brought in Cole County and tightens our garnishment of wages statute to comply with a recent court decision. This broadens the language in the purchase statute so that the statute clearly allows us to comply with the Internal Revenue Code on the purchase of Social Security credit. This bill allows the systems to recalculate the purchase of credit on October 1 rather than on July 1.

This language was sent to our actuaries, Gabriel, Roeder, Smith and Company who estimated that there would be no cost to the systems.

Officials from the **PSRS of the City of St. Louis** assume no fiscal impact to their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<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
Public School Retirement System
PSRS of the City of St. Louis



L.R. No. 5077-01
Bill No. SCS for SBs 1153, 1154, 1155 & 1156
Page 6 of 6
March 14, 2008

Mickey Wilson, CPA
Director
March 14, 2008