

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1227-06
Bill No.: Truly Agreed To and Finally Passed CCS for SCS for HCS for HB 397 and HCS for HB 947
Subject: Law Enforcement Officers and Agencies; Retirement - Local Government
Type: Original
Date: June 3, 2009

Bill Summary: Modifies provisions relating to the Police Department Civilian Employees' Retirement System

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Local Government*	\$0	(\$8,800)	\$0

***This proposal will increase the Kansas City Police Department Retirement System Unfunded Actuarial Accrued Liability (UAAL) by \$130,000 and increase employer contributions by \$8,800 FY 2011.**

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 **Kansas City Police Department Retirement System** assume the proposal would allow four widows and one retired member of the Police Retirement System of Kansas City, Missouri to receive a \$600 minimum monthly pension benefit. Members who retired on a non-duty disability or widows whose husbands died in service were not addressed in the 2000 legislative change.

Using assumptions from the April 30, 2008 actuarial valuation for the Police Retirement System, and using a 20 year amortization period the actuary estimated an \$8,800 increase in employer contributions for FY2010 and an increase in the unfunded actuarial accrued liability of \$130,000.

Officials from the **St. Louis Police Officers Retirement System** assume there will be no fiscal impact to their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012

KANSAS CITY POLICE DEPARTMENT RETIREMENT SYSTEM*	<u>\$0</u>	<u>(\$8,800)</u>	<u>\$0</u>
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***This proposal will increase the Kansas City Police Department Retirement System Unfunded Actuarial Accrued Liability (UAAL) by \$130,000 and increase employer contributions by \$8,800 for FY 2011.**

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill changes the laws regarding retirement based on disability in the police retirement systems of Kansas City and St. Louis.

POLICE RETIREMENT SYSTEM OF KANSAS CITY

The bill changes the retirement benefits of any member of the Police Retirement System of Kansas City who retired due to being permanently disabled or any eligible surviving spouse of a member who died in service on or before August 28, 2009. If the member's or surviving spouse's current retirement benefit is less than \$600 per month, excluding supplemental retirement benefits, he or she may be appointed as a special consultant to the board and will receive \$600 per month until the member's or surviving spouse's current total base pension and cost-of-living adjustments exceed \$600 per month.

POLICE RETIREMENT SYSTEM OF ST. LOUIS

The bill:

- (1) Defines a "reserve officer" as it relates to the Police Retirement System of St. Louis as any member of the police reserve force, armed or unarmed, who works less than full time without compensation and who, by his or her assigned function or as implied by his or her uniform, performs duties associated with those of a police officer and who currently receives retirement benefits;
- (2) Specifies that a reserve officer will not be considered a member of the system for the purpose of determining creditable service, nor will any contributions be due. A reserve officer will not be entitled to any benefits other than those awarded upon his or her original retirement. Service as a reserve officer will not prohibit distribution of these benefits;
- (3) Eliminates the medical board of physicians that arranges for required disability-related medical examinations and replaces it with a medical director who must appoint doctors to investigate the physical and mental conditions of applicants for disability retirement. The medical director must report in writing to the board of trustees of the system on the doctor's conclusions and recommendations in connection with an application for disability retirement;

FISCAL DESCRIPTION (continued)

(4) Allows a member who has completed at least 10 years of creditable service and who becomes permanently unable to perform the duties of a police officer as the result of an injury or illness not exclusively caused or induced by his or her official duties or by his or her negligence to retire upon certification of the medical director and approval by the board of trustees;

(5) Allows members who are permanently disabled exclusively as a result of an accident occurring within the actual performance of duty at some definite time and place to retire upon certification by the medical director and the approval of the board of trustees. These members must apply for disability within five years of the accident, unless the accident was reported within five years and the member was examined by a health care provider supplied by the board of police commissioners within 30 days of the accident;

(6) Allows the board to requires a member who retires because of disability and is younger than 60 years of age to submit to a medical examination yearly for the first five years following his or her retirement and at least once every three years thereafter. If the retiree refuses to submit to a medical examination, his or her disability pension may be discontinued. If the retiree continues to refuse for one year, his or her pension may be revoked; and

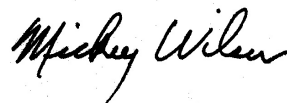
(7) Specifies that the disability pension will end if the medical director certifies to the board of trustees that a member who retires because of disability is able to perform the duties of a police officer and the board agrees. If the officer returns to active service, the period of time during which the officer received a disability pension will not be included in his or her time of service.

The bill contains an emergency clause for the provisions regarding the surviving spouses being appointed as special consultants for the Police Retirement System of Kansas City.

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
Kansas City Police Department Retirement System
St. Louis Police Officers Retirement System



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