

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0365-01  
Bill No.: SB 94  
Subject: Retirement - State; General Assembly; Insurance - Life; Insurance - Medical;  
 Public Officer; Governor & Lt. Governor; Secretary of State; Attorney General;  
 State Auditor; State Treasurer  
Type: Original  
Date: January 26, 2015

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Bill Summary: This proposal modifies retirement benefits for newly elected members of the General Assembly and statewide elected officials.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<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 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</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 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Joint Committee on Public Retirement** state that their review of the proposal indicates that such may constitute a substantial proposed change in future plan benefits as defined in Section 105.660(10), RSMo. It is impossible to accurately determine the fiscal impact of this proposed legislation without an actuarial cost statement prepared in accordance with Section 105.665, RSMo.

Officials from the **Missouri State Employees Retirement System** state that the proposed removal of benefits for new hires has no effect on MOSERS' current benefit obligation or current employer contributions for the active members currently covered under the MSEP 2000.

The long term effect of the proposed change on the defined benefit contributions is a decrease in employer normal cost of approximately .11% of total MOSERS' payroll. It is important to note that unfunded actuarial accrued liability contributions for MOSERS are assumed to be made on total payroll, including those members hired on or after January 1, 2016.

<b>FY15-16 Contributions</b>	<b>Present Benefits</b>	<b>Proposed Benefits</b>	<b>Increase/(Decrease)</b>
Normal Cost	8.21%	8.19%	(0.02)%
Member Contributions	(1.32)%	(1.32)%	0.00%
UAAL% (30yr amortization)	<u>10.08</u>	<u>10.10</u>	<u>0.02</u>
<b>Total Contribution Rate</b>	<b>16.97%</b>	<b>16.97%</b>	<b>(0.00)%</b>
Employer Normal Cost (\$mil)	\$139.1	\$138.7	\$(0.4)
Estimated Employer Contribution (\$mil)	\$342.6	\$342.6	0.0%

There is no change in the Unfunded Actuarial Accrued Liability (UAAL) valuation from the present benefits to the proposed benefit changes.

Officials from the **Missouri Senate**, the **Missouri House of Representatives** and the **Office of Administration** each assume the current proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<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.

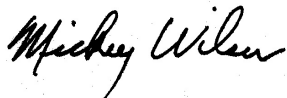
FISCAL DESCRIPTION

The proposed legislation appears to have no direct 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

Missouri State Employees Retirement System  
Missouri Senate  
Missouri House of Representatives  
Office of Administration  
Joint Committee on Public Retirement



Mickey Wilson, CPA  
Director  
January 26, 2015

Ross Strope  
Assistant Director  
January 26, 2015