

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4511-07
Bill No.: SCS for SB 980
Subject: Retirement - Local Government; Retirement - Schools; Retirement - State;
 Retirement Systems and Benefits - General; Political Subdivisions
Type: Original
Date: February 25, 2016

Bill Summary: This proposal requires public retirement plans to provide certain financial information to participants and modifies the criteria for when a public retirement plan will be deemed delinquent.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government		\$0	\$0\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Kansas City Public School Retirement System** assume this proposal would have minimal fiscal impact on the system since they would use their current member portal available to all members through the website. The system would enhance the current active member statements to include information regarding the plan's assumed rate of return on investments and financial condition and provide links to our annual auditor and actuary reports which are currently available on our website.

Oversight assumes the minimal fiscal impact from these administrative responsibilities can be absorbed with existing resources.

Officials from the **Missouri Local Government Employees Retirement System**, the **Sheriffs' Retirement System**, the **Joint Committee on Public Employee Retirement** and the **Missouri State Employees Retirement System** assume the current proposal would not fiscally impact their respective agencies.

Officials from the **County Employees Retirement Fund** assume this proposal will require a one time additional cost of \$18,750, primarily involving custom programming and testing of the administrative system to generate the required disclosure data.

In response to a previous version of this proposal, Oversight received the following responses:

Officials from the **Public School Retirement System of St. Louis**, the **Public School and Education Employees Retirement System** and the **Police Retirement System of St. Louis** each assumed the proposal would not fiscally impact their respective organizations.

Officials from the **Prosecuting and Circuit Attorneys' Retirement System (PACARS)** assumed the proposal imposed a number of new administrative duties upon the system. The new duties will require additional expenses for actuaries, attorneys and administrative personnel. It is difficult at this time to estimate exactly how much money it will cost in additional expenses. However, we estimate the additional cost to comply with these new mandates will be approximately \$10,000 annually.

ASSUMPTION (continued)

Officials from the **Police Retirement System of Kansas City (PRSKC)** assume expenses from mailing benefit statements annually to 2,000 active members of the system. In addition, programming and setup costs including costs to generate member data, convert data from database to be downloaded into a format for generating individual statements, and creation a document format for individual member statements. Personnel costs will include verifying accuracy of data for 2,000 member statements annually and providing follow up information to members. In FY17 the programming and setup costs are estimated to be \$25,000, and personnel and mailing costs to be \$16,200 (\$14,200 personnel and \$2,000 mailing) for a total of \$41,200 in FY17. The costs for FY18 and FY19 are estimated to be \$16,800 (\$14,700 personnel and \$2,100 mailing) and \$17,500 (\$15,300 personnel and \$2,200 mailing) respectively.

Oversight assumes these minimal additional expenses may or may not impact the contribution rate of local political subdivisions to the retirement systems. For fiscal note purposes, Oversight will assume the local political subdivisions will not be impacted by this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<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.

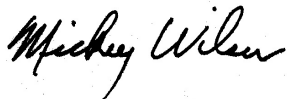
FISCAL DESCRIPTION

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

Kansas City Public School Retirement System
Missouri Local Government Employees Retirement System
County Employees Retirement Fund
Sheriffs' Retirement System
Joint Committee on Public Employee Retirement
Missouri State Employees Retirement System
Prosecuting and Circuit Attorneys' Retirement System
Police Retirement System of Kansas City
Prosecuting and Circuit Attorneys' Retirement System
Police Retirement System of Kansas City
Public School and Education Employees Retirement System



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