

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6494-01
Bill No.: SB 1059
Subject: Retirement - Schools
Type: Original
Date: February 29, 2016

Bill Summary: This proposal modifies several provisions relating to the Public School Retirement System of St. Louis.

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 | Unknown to (Unknown) | Unknown to (Unknown) | Unknown to (Unknown) |

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials from the **Office of Administration** assume the current proposal would not fiscally impact their agency.

Officials from the **Joint Committee on Public Employee Retirement** assume this proposal 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.

St. Louis Public School Retirement System (as of January 1, 2015)

| | | |
|------------------|-----------------|-------------------|
| Market Value: | \$936,930,500 | Funded Ratio: 86% |
| Actuarial Value: | \$926,905,797 | Funded Ratio: 85% |
| Liabilities: | \$1,093,593,248 | |

Annual Required Contribution Rate (2016):

| | | |
|-----------|--------------|---------------------------------|
| Employer: | 15.14% | \$37,210,752 (estimated) |
| Employee: | <u>5.00%</u> | <u>\$12,284,979</u> (estimated) |
| Total: | 20.14% | \$49,495,731 (estimated) |

| | | |
|------------------|----------------|------------------|
| Covered Payroll: | \$245,699,583 | |
| Membership: | Active - 5,011 | Inactive - 6,636 |

Officials from the **Public School Retirement System of the City of St. Louis (PSRSSTL)** assume this proposal constitutes a substantial proposed change within 105.660 and 105.670 RSMo. The Retirement System believes that the decrease in the age requirement and conversion from a "Rule of 85" to a "Rule of 80" would exceed the .25% threshold in 105.660 RSMo and would require increased employer contributions in addition to the increased employee contributions provided for elsewhere in this proposal. PSRSSTL has not completed an actuarial study to determine the impact of the bill.

Oversight assumes this proposal may or may not result in increased employer contributions to the plan. Without an actuarial study completed by the PSRSSTL (assumed to cost between

ASSUMPTION (continued)

\$15,000 and \$20,000), Oversight will show a fiscal impact from the legislation of positive unknown to negative unknown to the St. Louis Public School District.

| | | | |
|---|---------------------|------------|------------|
| <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 |
|---|---------------------|---------|---------|

LOCAL SCHOOL DISTRICTS

| | | | |
|---|--------------------------------|--------------------------------|--------------------------------|
| <u>St. Louis City Public School District - Change in Employer Contributions</u> | Unknown to <u>(Unknown)</u> | Unknown to <u>(Unknown)</u> | Unknown to <u>(Unknown)</u> |
|---|--------------------------------|--------------------------------|--------------------------------|

| | | | |
|---|--|--|--|
| ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICTS | <u>Unknown to (Unknown)</u> | <u>Unknown to (Unknown)</u> | <u>Unknown to (Unknown)</u> |
|---|--|--|--|

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

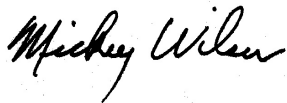
This act lowers the retirement age from sixty-five to sixty-two, or a combination of age and years of credited service that is not less than eighty.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement
Public School Retirement System of the City of St. Louis
Office of Administration



Mickey Wilson, CPA
Director
February 29, 2016

Ross Strobe
Assistant Director
February 29, 2016