

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6734-01  
Bill No.: SB 1146  
Subject: Retirement - Schools  
Type: Original  
Date: March 15, 2016

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Bill Summary: This proposal allows the board of trustees of the Public School Retirement System of the City of St. Louis to provide cost-of-living increases.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<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 2017	FY 2018	FY 2019
<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 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</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 2017</b>	<b>FY 2018</b>	<b>FY 2019</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 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

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)** believe that the proposal constitutes a substantial proposed change. The increase in retirement benefits, as required by this proposal, would result in potential increase in employer and/or employee contributions in excess of .25% for its actuarial soundness to not be affected.

**Oversight** assumes this proposal may or may not result in increased employer and/or employee contributions to the plan. Without an actuarial study completed by the PSRSSTL (assumed increased employer and/or employee contributions of more than .25%), Oversight will show a fiscal impact from the legislation of 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
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**LOCAL SCHOOL DISTRICTS**

<u>St. Louis City Public School District -</u> Change in Employer Contributions	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<b>ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICTS</b>	<u><b>(Unknown)</b></u>	<u><b>(Unknown)</b></u>	<u><b>(Unknown)</b></u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal allows the board of trustees of the Public School Retirement System of the City of St. Louis to provide cost-of-living increases to retirement allowances. If the cost-of-living increases by at least two percent, the retirement allowance shall be increase by two percent. If the cost-of-living increases by at least five percent, the retirement allowance shall be increase by five percent. The cost-of-living increase shall not exceed five percent in a given year, and the total amount of increases shall not exceed eighty percent of the member's retirement allowance established at the time of retirement.

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

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

Mickey Wilson, CPA

Director  
March 15, 2016



Ross Strope  
Assistant Director  
March 15, 2016