COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5750-04
Bill No.: Truly Agreed To and Finally Passed CCS for SCS for SB 892
Subject: Retirement - Local Government; Retirement Systems and Benefits - General; Attorneys; County Officials; Counties
Type: Original
Date: June 22, 2018

Bill Summary: This proposal modifies provisions relating to various retirement plans for public employees.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Parks, Soils and Water Sales Tax Fund	$0 to ($402,789)	$0 to ($610,236)	$0 to ($625,492)
Total Estimated Net Effect on Other State Funds	**$0 to ($402,789)**	**$0 to ($610,236)**	**$0 to ($625,492)**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 17 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	($864,000)	($3,184,000)	($4,640,000)

FISCAL ANALYSIS

ASSUMPTION

Prosecuting and Circuit Attorney's Retirement System (PACARS) - Sections 56.363 - 56.840

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** state the 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 105.665, RSMo.

Pursuant to section 105.670, an actuarial cost statement must be filed with the Chief Clerk of the Missouri House of Representatives, the Secretary of the Senate, and the Joint Committee on Public Employee Retirement as public information for at least five legislative days prior to final passage of the bill. An actuarial cost statement for this legislation has not been filed with the JCPER.

PACARS Current System Status: (as of July 1, 2016)

Market Value:	$37,851,019	Funded Ratio:83.9%
Actuarial Value:	$37,851,019	Funded Ratio: 83.9%
Liabilities:	$45,074,928	

Recommended contribution for 2016/2017: $2,037,365

Anticipated contribution for 2016/2017:

Expected Monthly County Contribution	$ 860,030
Expected $4 Surcharge Contribution	$1,248,337
Interest Credit	$ 72,545
Total Anticipated 2016 Contribution	$2,180,912

Current Monthly County Contribution:

1st Class Counties	$646
2nd Class Counties	$271
3rd Class Counties	$187
4th Class Counties	$187

Covered Payroll: $9,910,390

ASSUMPTION (continued)

Officials from the **Prosecuting and Circuit Attorney's Retirement System (PACARS)** have reviewed the bill and, based on that review, state we are of the view that the bill was intended by the drafters to be at least revenue neutral, and, possibly, to improve the future fiscal health of the system, as compared to the existing statutory provisions.

There are provisions in the bill which correlate the way in which creditable service is accumulated more closely with the way the retirement benefits are calculated, so as to make the contributions to the system more closely relate to the expected retirement payments. Also, the bill requires new full time prosecutors to contribute to their retirement funds, in a manner similar to other retirement systems.

The bill also addresses certain issues presented by the current language of Sections 56.800 et seq. For example, the current language now allows members who qualified for a retirement benefit as a part-time prosecutor, and returned to serve as a full time prosecutor, to obtain a retirement benefit equal to 50% of the Final Average Compensation as a full time prosecutor. Provisions in SB 892 would make the benefits and the payments into the System correspond. In this way the bill addresses a "loophole" which currently allows certain members to qualify for a retirement benefit which costs the System more than the payments into the system would have "paid for". According to the System's actuaries, each such individual currently reduces the System's funded ratio by 1%. The bill also addresses transfers of creditable service between the System, and other retirement systems of the State, as well as the effect of returning to work as a prosecutor after leaving the position (having already fully vested) for a significant period of time.

Oversight assumes, based on the response from PACARS, that the proposal will have no fiscal impact on PACARS. Oversight also assumes this proposal is **not** making changes to section 56.807 that would change the monthly contributions from counties or from the City of St. Louis into PACARS; therefore, Oversight will not show a fiscal impact to local governments.

Officials from the **Missouri Local Government Employees Retirement System** assume the proposal will have no fiscal impact on their organization.

In response to a pervious version, officials from **Boone County** assumed the proposal will have no fiscal impact on their organization.

In response to a similar proposal (HCS/SB 639) from 2016, officials from the **City of Columbia** and the **City of Kansas City** each assumed the proposal will have no fiscal impact on their respective organizations.

ASSUMPTION (continued)

Missouri Local Government Employees Retirement System (LAGERS), Metropolitan Planning Organizations - Section 70.227

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** assume this legislation would permit additional entities to join Missouri Local Government Employees Retirement System (LAGERS). Any entity eligible to join LAGERS under this legislation would likely need to follow other statutory and regulatory requirements. Our review of this legislation would indicate that its provisions do not create a "substantial proposed change" in future plan benefits as defined in section 105.660(10). Therefore, an actuarial cost statement is not required.

Officials from the **Missouri Local Government Employees Retirement System** assume the proposal will have no fiscal impact on their organization.

Kansas City Public School Retirement System (KCPSRS), Sections 169.291-169.360

Officials from the **Joint Committee on Public Retirement (JCPER)** also assume the following:

JCPER's review of this legislation would indicate such provisions would not create a "substantial proposed change" in future plan benefits as defined in Section 105.660(10).

Kansas City Public School Retirement System as of January 1, 2017

		Funded Ratio
Assets: Market Value	$631,442,613	64.3%
Actuarial Value	$684,412,437	69.7%
Liabilities:	$981,514,827	

Actuarially Determined Contribution Rate (PY 16)

Employer:	9.61%	$18,656,156
Employee:	9.00%	$17,471,946 (estimate)
Total:	18.61%	$36,128,102(estimate)

Covered Payroll: $194,132,739

ASSUMPTION (continued)

Officials from the **Kansas City Public School Retirement System (KCPSRS)** assume this proposal modifies the provisions for the Kansas City Public School Retirement System's (KCPSRS) contribution rate from a fixed/capped rate to the actuarially required contribution (the ARC). The overall goal of the legislation is to move the System toward an actuarial funding ratio of 100% with all due expediency. While a ratio of less than 100% is not necessarily a problem or crisis, the combination of a decreasing funded ratio and contributions falling short of the ARC would, over time, threaten the plan's sustainability. In addition, KCPSRS is required to be 100% funded before the board may consider granting a cost of living increase to retirees. Other objectives of the legislation include limiting the member rate to 9%; and, after the first two years, limiting any potential employer rate increases to no more than 1% in any year.

One of the most important factors for a well-funded pension plan is making the full actuarially required contribution (the ARC) necessary to fund the benefits promised to members. Currently, the KCPSRS contribution rate is set by statute at a fixed or capped rate and KCPSRS is at the capped contribution rate of 18% (9% active member and 9% employer). Best practices for public pension plans includes paying the ARC each year. Not paying the ARC in one year simply "kicks the bucket" to following years, thereby exacerbating any pension plan underfunding.

KCPSRS' Board of Trustees spent this past year analyzing the System's assets, liabilities, and funding plan. All participating employers were engaged in discussions and proposals.

The proposal to increase employer contribution rates, as reflected in SB 892, evolved from those discussions.

The provisions of SB 892 (5750-04) include: • Effective January 1, 2019, the total contribution rate will be 19.5%, (members 9% + employers 10.5%) • Effective January 1, 2020, the total contribution rate will be 21.0%, (members 9% + employers 12.0%) • Rates for 2021 and subsequent years: 1. The member contribution rate will remain at 9% until the retirement system's funded ratio reaches 100% and the ARC falls below 18%.

The member contribution rate will then be 50% of the ARC, but not more than 9%. 2. The employer contribution rate will vary depending on the ARC and the retirement system's funded ratio. (a) While the funded ratio is below 100%: The employer contribution rate will be the difference between the ARC and the 9% member contribution rate, but not less than 12%, subject to the annual adjustment limits described in (d) below. (b) When the funded ratio reaches 100% and the ARC is at or above 18%:

ASSUMPTION (continued)

The employer contribution will be the difference between the ARC and the 9% member contribution rate, subject to the annual adjustment limits described in (d) below. The 12% minimum will no longer apply. © When the funded ratio is at or above 100% and the ARC is below 18%: The ARC rate will be divided equally between the employer and the member.

To achieve equal contribution rates, the annual adjustment limits described in (d) below will not apply for any year in which the ARC falls below 18% after being above 18% in the prior year, but the limits will apply for other years. (d) Annual adjustment limits: Except as stated in © above, contribution rates will not be increased by more than 1% over the rate in effect for the prior year and will not be decreased by more than ½% from the rate in effect for the prior year. The rates for 2021 and subsequent years will become effective July 1 rather than January 1 to better coincide with schools' budget and fiscal year. The rate for each July 1 will be known and available to the employers in the previous year, 18 months in advance of the effective date.

Fiscal Impact: There is no state General Revenue impact from this proposed legislation. KCPSRS is a participating employer of the System and thus will pay the employer contribution increases on its employees from the System's investment fund. The fiscal impact of this proposal to the Kansas City Retirement System is projected as $7,820 in calendar year 2019 and $7,820 in calendar year 2020, thereafter the fiscal impact is projected to be in the range of $0 zero to $5,213 in any given year.

Employer Contribution rates by year	**Current Rate 9%**	**2019 Rate - 10.5%**	**2020 Rate 12.0%**	**Thereafter, limited to 1% increase (13%)**
Total Salaries 2018	$512,341	$512,341	$512,341	$512,341
Employer Contribution	$46,921	$54,741	$62,561	$62,561 - $67,774
Fiscal Impact of increase		$7,820	$7,820	$0 - $5,213

Source: Kansas City Public School Retirement System

Oversight assumes this proposal will have a fiscal impact on the KCPSRS however; KCPSRS is not a local political subdivision; therefore, **Oversight** will not reflect a fiscal impact to their organization.

ASSUMPTION (continued)

Oversight assumes the KCPSRS, the Kansas City School District, the Kansas City Charter Schools (22 schools) and the Kansas City Public Library are all members of the KCPSRS.

Oversight also assumes the employers contribution rate will increase from the current 9% to 10.5% in FY 2019, to 12.0% in FY 2020 and a 1% increase thereafter until the system is 100% funded.

Oversight assumes based on the JCPER's response, the Actuarially Determined Employer Contribution is $18,656,156.

	Year ended 12/31/2016 Employee Contribution - 9.61%	2019 Rate 10.5% 1/1/19 - 12/31/19	2020 Rate 12.0% 1/1/2020 - 6/30/21
Total Contribution	$18,656,156	$20,383,937	$23,295,928
Fiscal Impact of increase from current		$1,727,781	$4,639,772
Fiscal Impact of 2021 Increase (half year)			

FY 19 (January 2019 - June 2019) = $864,000 ($1,727,781 / 2)
FY 20 (July 2019 - June 2020) = $864,000 + $2,320,000 ($4,639,772/2)
FY 21 (July 2020 - June 2021) = $4,640,000

Officials from the Brookside Charter School, Crossroads Charter School, Ewing Marion Kauffman School, Frontier Schools, KIPP Kansas City Endeavor Academy did not respond to **Oversight's** request for fiscal impact.

In response to a similar proposal from this year (SB 856), officials from the **Kansas City Public School District** assumes this increase in cost will be shouldered by the District. We estimate the cost to be nearly $5,000,000 over the next three years as it comes to the needed level. That cost will become an ongoing cost of the budget for the District.

ASSUMPTION (continued)

Public School Retirement System, Public Education Employee Retirement System (PSRS/PEERS) - Section 169.560

Officials from the **Joint Committee on Public Retirement (JCPER)** state that review of this provision would indicate that such provision would not create a "substantial proposed change" in future plan benefits as defined in section 105.660(10). The PSRS/PEERS's actuary prepared a cost study that shows no fiscal impact to PSRS and an insignificant gain to PEERS.

In response to a previous version, officials from the **Public School & Education Employee Retirement Systems of Missouri (PSRS/PEERS)** assumed this legislation allows any teacher retired from the Public School Retirement System of Missouri (PSRS) to be employed in a position covered under the Public Education Employee Retirement System (PEERS) without stopping their retirement benefit.

Such retired teacher may earn up to 60% of the minimum teacher's salary as set forth in Section 163.172, RSMo, ($12,500) and such retired teacher will not contribute to the PEERS or earn creditable service.

The employer's contribution rate will be paid by the hiring employer. If such person is employed above these limitations, the person will not be eligible to receive their retirement allowance for any month the person is employed and such person shall contribute to the retirement system if he or she is in an eligible position.

The current statutory limitation is 550 hours and 50% of salary a retiree would have earned if they returned to work for a covered employer. As of June 30, 2018, the Systems have over 88,000 retirees, of those 8,575 retired PSRS members return to work for a covered employer (1,939 PEERS retirees return to work for a covered employer). Roughly 85 % of PSRS retirees who return to work earn, under working after retirement provision, less than $15,000. The average earning per retiree who returns to work under the working after retirement provision is $7,092.

According to the actuarial study prepared for a similar proposal, HB 2335:

ASSUMPTION (continued)

Currently, when PSRS retired members are rehired into positions covered by either PSRS or PEERS, they are generally subject to the following requirements of Section 169.560 of the Revised Statutes of the State of Missouri ("RSMo"):

- The retirement allowance be suspended for any such member who:
  - o Works more than 550 hours per school year, and /or
  - o Earns more than 50% of the annual compensation a full-time member would earn in the same position.
- The member and their employer are required to contribute to PSRS or PEERS only to the extent the retirement allowance is suspended and the member satisfies other statutory eligibility requirements.

It is our understanding that there are two proposed changes to RSMo 169.560 in HB 2335. The first is to replace the word "district" with "employer" in the current text of RSMo 169.560. This change clarifies that all employers participating in PSRS, including teacher associations, community colleges, and other participating entities, are subject to the working after retirement provisions of RSMo 169.560.

The second proposed change would create new working after retirement provisions under RSMo 169.560 for retired PSRS members who return to work in positions that are covered by PEERS. A summary of the proposed provisions is as follows:

- The PSRS retirement allowance is suspended for any such member who:
  - o Earns more than 60% of the minimum teacher's salary set forth in RSMo 163.172. (The current minimum teacher salary under RSMo 163.172 is $25,000.)

- To the extent the member's employment does not exceed this limitation and the PSRS retirement allowance is not suspended:
  - o The member shall not earn membership service in PEERS, and
  - o Only the hiring employer shall contribute to PEERS at the rate established by the PEERS Board.

- To the extent the member's employment exceeds this limitation and the PSRS retirement allowance is suspended:
  - o The member shall become a member of PEERS, and
  - o Both the member and the hiring employer shall contribute to PEERS at the rates established by the PEERS Board.

ASSUMPTION (continued)

It is our understanding that current PSRS retirees who have returned to work in PEERS positions and have had their PSRS retirement allowance suspended based on the current limitations of RSMo 169.560, but who would not have their PSRS retirement allowance suspended under the proposed working after retirement thresholds, would have their PSRS retirement allowance reinstated and would cease accruing additional benefits and contributing to the PEERS.

Finally, it is noted that HB 2335 does not modify the working after retirement provisions of RSMo 169.560 for retired PSRS members who return to work in PSRS positions.

The first proposed change to RSMo 169.560 in HB 2335 as described above impacts PSRS only. As such, we estimate no fiscal impact to PSRS of the first proposed change of HB 2335.

With respect to the second proposed change to RSMo 169.560 in HB 2335 as described above, we note that historically a very small number of retirees have returned to work in a capacity that exceeds the current limitations noted above. As of June 30, 2017, 58 of 54,629 PSRS service retirees, or 0.11%, had returned to work in a capacity that resulted in suspension of their PSRS retirement allowance, and only a portion of those members had returned to work in PEERS positions.

Therefore, we estimate no impact on the number of retired PSRS members who return to work in PEERS positions, above and below the stated applicable limitations, and no fiscal impact to PSRS due to the second proposed change of HB 2335.

HB 2335 would require employers to contribute to PEERS on behalf of retired PSRS members who return to work in PEERS positions, whether or not the member's employment exceeds the proposed pay threshold. For retired PSRS retired members who return to work in a PEERS position and in a capacity below the pay threshold, contributions would be collected by PEERS without a corresponding accrual of additional benefits, resulting in a gain to PEERS. As noted above, we estimate no impact on the number of retired PSRS members who return to work in PEERS positions, above and below the stated applicable limitations. Therefore, we estimate an insignificant fiscal gain to PEERS, resulting from the collection of employer contributions on behalf of PSRS retirees who return to work in PEERS positions in a capacity that does not exceed the proposed pay threshold.

ASSUMPTION (continued)

In response to a similar proposal from this year (SB 1045), officials from the **Kansas City Public School Retirement System (KCPSRS)** assumed the provisions of SB 1045 (6590-01) allows a retiree from PSRS to return to work in a PEERS position and continue to receive a PSRS pension benefit. There is no hour limitation. There is a limitation of the salary (up to 50% of the minimum teacher's salary as set forth in RSMO 163.172). The employer must contribute the current contribution rate to PEERS of that individual's salary. The individual does not contribute and does not accrue retirement service credit for such time worked.

This proposal would have no known fiscal impact on the Kansas City Public School Retirement System. The provisions do not impact the statutes for KCPSRS.

In response to a similar proposal from this year (SB 1045), officials from **Kirksville R-III Schools** assumed the proposal will have no fiscal impact on their respective organizations.

Oversight assumes this proposal will have an insignificant fiscal impact on the PSRS/PEERS; however, PSRS/PEERS is not a local political subdivision. **Oversight** will not reflect a fiscal impact to their organization.

Oversight assumes only 0.11% (58 out of 54,629) PSRS service retirees have returned to work in a capacity that resulted in suspension of their PSRS retirement allowance and of those 58, only a portion had returned to work in PEERS positions, according to the actuarial study provided by PSRS/PEERS. These minimal additional expenses may or may not impact the contribution rate of local school districts to the retirement systems. For fiscal note purposes, Oversight will assume local school districts will not be impacted by this proposal.

Missouri Local Government Employees Retirement System (LAGERS), Soil and Water Conservation Districts - Section 278.157

Officials from the **Department of Natural Resources (DNR)** assume this proposal would affect the 114 soil and water conservation districts that may become eligible for Local Government Employees Retirement System (LAGERS). Soil and water conservation district staff are not state employees but are primarily funded through the Parks, Soils and Water sales tax. This also affects the Missouri Department of Natural Resources Soil and Water Conservation Program which currently provides funding through district grants to soil and water conservation districts for retirement.

ASSUMPTION (continued)

DNR's current budget includes funds for retirement through district grants. DNR assumes the proposal would likely increase funds for retirement as estimates (based upon a small actuary study) show that the LAGERS rate would be higher than the 7.0 percent of gross salary currently provided.

In FY 2019, up to 111 (3 districts have already had an actuary study completed) soil and water conservation districts may request an actuary study to determine costs to the district for their employees (typically there are 2-3 employees per district) which would be a one time cost of $500 per district.

Based upon the results of the actuary study, if all 114 districts chose retirement through LAGERS, (Soil and water conservation districts can choose whether to participate in LAGERS) the cost to the Soil and Water Conservation Program through district grants could increase from the current employer contribution rate of 7 percent to up to 13.7 percent (this includes a 2% prior service cost). Currently, the actual annual cost of salaries for approximately 280 county soil and water district employees is $8,885,843.00. If all 114 soil and water conservation districts participate in LAGERS and all employees have been with a districts for 20 years or more, the employer contribution rate would increase an additional $595,352 ($8,885,843 x (13.7% - 7%)) per year.

For purposes of this fiscal note, DNR as made the assumption that if this legislation goes into effect August 28, 2018, it would take approximately 3 months for implementation making FY 19 estimated dollars based on 7 months.

Calculation for Increase in Employer Retirement Contribution:
- 13.7% (Estimated Maximum contribution rate) -7% (Current rate) = 6.7% (Percent of Increase)
- $8,885,843 (Current Salaries) x 6.7% (Percent of Increase) = $595,352 per year

FY19
$55,500 (Actuary study (One time cost))
$347,289 (Increase in Employer Retirement Contribution (prorate for 7 months))
$402,789 Total

FY20 and FY21

$595,532 (Increase in Employer Retirement Contribution plus a 2.5% inflationary increase)

ASSUMPTION (continued)

Oversight will range the cost to the Parks, Soils and Water Sales Tax Fund as $0 (no Soil and Water Conservation Districts choose to participate in LAGERS) to $402,789 (all Soil and Water Conservation Districts require an actuary study and participate in LAGERS, prorated for 7 months) in FY 2019 and will show a cost of $0 to $595,532 (plus inflation) in FY 2020 and 2021.

Officials from the **Department of Agriculture**, the **Missouri Department of Conservation** and the **Missouri Local Government Employees Retirement System** each assume the proposal will have no fiscal impact on their respective organizations.

FISCAL IMPACT - State Government	FY 2019 (10 Mo.)	FY 2020	FY 2021
PARKS, SOILS AND WATER SALES TAX FUND			
Cost - DNR Soil and Water District LAGERS participation (§278.157)	$0 to ($402,789)	$0 to ($610,236)	$0 to ($625,492)
ESTIMATED NET EFFECT TO THE PARKS, SOILS AND WATER SALES TAX FUND	**$0 to ($402,789)**	**$0 to ($610,236)**	**$0 to ($625,492)**

FISCAL IMPACT - Local Government	FY 2019 (10 Mo.)	FY 2020	FY 2021
LOCAL POLITICAL SUBDIVISIONS			
Cost Increased employer contribution rate §169.291-169.360 (KCPSRS)	($864,000)	($3,184,000)	($4,640,000)
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	**($864,000)**	**($3,184,000)**	**($4,640,000)**

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

When a county votes to make the office of prosecuting attorney a full-time position then the position shall qualify for the same retirement benefits as a full-time prosecutor of a first class county and such county shall make the same contributions to the Prosecuting Attorneys and Circuit Attorneys' Retirement Fund (PACARS) as paid by a first class county.

The term "compensation" as used in the PACARS retirement statutes shall include any salary reduction amounts under a cafeteria plan or a deferred compensation plan, but not include reimbursement for any expenses, consideration for agreeing to terminate employment, or any unusual payment not part of regular work pay.

Beginning on January 1, 2019, all members who are eligible to receive an annuity equal to fifty percent of the final average compensation upon retirement will contribute two percent of their salary to the fund, and beginning in the year 2020, such members shall contribute four percent of salary to the fund. Upon retirement and at the discretion of the board of trustees, a member can receive a lump sum of his or her total contribution not to exceed twenty-five percent of average pay, in addition to any retirement benefits.

A person who becomes a member on or after January 1, 2019, may retire with a normal annuity with twelve or more years of service and reaching the age of sixty-five. Upon termination of employment such member is entitled to a deferred normal annuity payable at age sixty.

A former member who has forfeited creditable service may have the service restored again, in addition to requirements under current law, by becoming a an employee within ten years of termination and contributing an amount to the retirement fund equal to any lump sum payment of contributions received upon termination of service.

All members serving in a county that has elected to make the position of prosecuting attorney a full-time position shall receive one year of creditable vesting service for each year served as a part-time or full-time prosecuting attorney. However, a member serving as a part-time prosecuting attorney shall receive six-tenths of a year of creditable benefit service for each year served. Any member who has less than twelve years of creditable benefit service upon retirement shall receive a reduced full-time benefit.

FISCAL DESCRIPTION (continued)

A member who vested as a part-time prosecuting attorney and ceased being a member for more than six months before returning as a full-time prosecuting attorney shall be entitled only to part-time benefits, and any creditable service earned as a full-time prosecutor shall begin a new vesting period. A member cannot receive benefits while employed as a prosecuting attorney.

This bill modifies provisions relating to the Public School Retirement System of Kansas City. The retirement system's funded ratio as of January 1st of the year preceding the year of a proposed increase shall be at least 100% before adjusting for the effect of the proposed increase.

The member contribution rate for 2019 and subsequent periods shall be 9% of compensation unless a lower member contribution rate applies as set forth in the bill.

Currently, the actuary for the retirement system determines the rate of contribution payable by employers each year. For calendar year 2019, the employer contribution rate shall be 10.5%.

From January 1, 2020, through June 30, 2021, the rate shall be 12%. For the 12-month period beginning July 1, 2021, and for each subsequent 12-month period beginning July 1 of each year, the employer contribution rate shall be determined as set forth in the bill.

The Board of Trustees shall certify to the employers the contribution rate to be effective for July 1, 2021, and for each following July 1st no later than six months prior to the date such rate is to be effective.

Starting January 1, 2019, each employer shall transfer its employer contributions to the retirement system promptly following the end of each payroll period at the time the employer transfers member contributions.

This act allows any teacher retired from the Public School Employee Retirement System of Missouri (PSRS) to be employed in a position covered under the Public Education Employee Retirement System (PEERS) without stopping their retirement benefit. Such retired teacher may earn up to 50% of the minimum teacher's salary as set forth in Missouri statute and shall not contribute to PEERS or earn creditable service.

The employer's contribution rate shall be paid by the hiring employer. If a person is employed in excess of the salary limitation set forth in the act the person shall not be eligible to receive their retirement allowance for any month the person is employed and such person shall contribute to PEERS if he or she is employed in an eligible position.

FISCAL DESCRIPTION (continued)

This proposal allows employees of soil and water conservation districts to become members of the Missouri Local Government Employees' Retirement System upon a majority vote of the district's governing board.

Prior to the disestablishment of a soil and water conservation district, the district must pay all monies owed to the retirement plan for unfunded accrued liabilities of past and current employees.

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 Retirement
Missouri Local Government Employees Retirement System
Prosecuting and Circuit Attorney's Retirement System
Kansas City Public School Retirement System
Public School Retirement System, Public Education Employee Retirement System
Kansas City Public School District
Department of Natural Resources
Department of Agriculture
Missouri Department of Conservation
Boone County
City of Kansas City
City of Columbia

Ross Strope

Acting Director
June 22, 2018

KC:LR:OD