COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6545-03
Bill No.: SCS for SB 1021
Subject: Judges, Retirement - State; Retirement - Local Government; Retirement - Schools; Retirement Systems and Benefits - General; County Officials; Soil Conservation; Kansas City; Saint Louis City
Type: Original
Date: April 6, 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
General Revenue Fund	$0	$0 or (Unknown)	$0 or (Unknown)
Total Estimated Net Effect on General Revenue	**$0**	**$0 or (Unknown)**	**$0 or (Unknown)**

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

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 18 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

Judicial Retirement Plan §476.521
Officials from the **Missouri State Employee's Retirement System (MOSERS)** assume provisions of SB 1021 (6545-02) would, if enacted, require any member of the Judicial 2011 Plan who filed as a candidate in 2010 to become a judge, was ultimately elected and became a judge in 2011, was eligible in 2010 to receive a future annuity as a general assembly member or statewide elected official, and is a judge on the effective date of this section, will become a member of the closed Judicial plan.

Summary of Benefits - Judicial Retirement Plan	
Judicial Plan (First serving prior to 01/01/11)	**Judicial Plan 2011 (First serving on or after 01/01/11)**
Member Contributions	
-None	-4% of pay
Normal Retirement Eligibility - *Age and Service required to receive an unreduced retirement benefit*	
- Age 62 with 12 years of service - Age 60 with 15 years of service - Age 55 with 20 years of service	- Age 67 if less than 12 years of service - Age 62 if less than 10 years of service
Early Retirement Eligibility - *Age and Service required to receive a REDUCED retirement benefit*	
- Age 62 if less than 12 years of service - Age 60 if less than 15 years of service	- Age 67 if less than 12 years of service - Age 62 if less than 10 years of service
Benefit Payment Options - *Determines whether or not a benefit will be paid to anyone after member's death*	
- Life Income Annuity (if unmarried) - Automatic Unreduced Joint & 50% Survivor Option	- Life Income Annuity - Joint & 50 % Survivor Option (with reduced benefit - Joint & 100 % Survivor Option (with reduced benefit -Life Income with 120 Guaranteed Payments -Life income with 180 Guaranteed Payments
Base Benefit Formula - *Payable for member's lifetime*	
- Monthly Pay x 50% = Monthly Base Benefit	- Monthly Pay x 50% = Monthly Base Benefit

ASSUMPTION (continued)

Fiscal Impact of SB 1021

The provisions of this proposal will have an unknown cost to the Judicial Retirement Plan. While not specifically outlined in the provisions of the proposal, it is reasonable to assume that any judge affected by this proposal will receive a refund of the 4% employee contributions made into the Judicial Plan 2011. The refund of employee contributions' cost is estimated to range from $25,000 to $35,000 for each affected judge. Additionally, the plan will experience an increase in the actuarial accrued liability for any judge that is moved from the Judicial Plan 2011 to the closed Judicial Plan (pre-2011).

Judicial Retirement Plan (Status as of June 30, 2017)		
Actuarial Value of Assets	$151,828,631	26.9%
Market Value of Assets	$137,634,941	24.3%
Actuarial Accrued Liability	$564,417,925	
Actuarially Determined Employer Contribution For FY 19	63.71% of payroll or $39.4 million (estimated)	
Plan Membership		
Active Members	410	
Retirees, Inactive & Other Benefit Recipients	585	

Officials from the **Joint Committee on Public Retirement (JCPER)** state that the JCPER review of this provision indicates that such provision 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.

ASSUMPTION (continued)

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 has not been filed with the JCPER.

Oversight assumes this amendment will increase the actuarial accrued liability to the Judicial Retirement Plan; however, it may or may not increase the call from the state funds to MOSERS. Therefore, Oversight will reflect an impact of $0 or a negative unknown cost to the state if the state increases the contributions to MOSERS to account for these individuals. For simplicity, Oversight will only reflect this potential cost to the General Revenue Fund, starting in FY 2020.

Fireman's Retirement System of the City of St. Louis - Section 87.135

Officials from the **Missouri State Employee's Retirement System (MOSERS)** assume this provision would not have a fiscal impact on MOSERS. The permissive nature of the proposal would not require the MOSERS board of trustees to participate in such an agreement. Should the MOSERS board of trustees elect to enter into a cooperative agreement relative to this proposal, it would only do so to the extent that the system would not experience any losses as a result of service transfers

In response to a similar proposal from this year (SB 902), officials from the **Public School & Education Employee Retirement System of Missouri (PSRS/PEERS)** assumed this legislation allows the Firemen's Retirement System of the City of St. Louis to form cooperative agreements with other public retirement systems in the state to allow members to transfer creditable service between the retirement systems.

The transfer of creditable service shall be in accordance with the provisions of section 105.691, RSMo and the policies and procedures established by the board of trustees. A cooperative transfer agreement between both systems is required. PSRS/PEERS currently have signed transfer agreements with: Kansas City Employees' Retirement System, MPERS, LAGERS, MOSERS, and KC PSRS.

As currently drafted this bill has no substantial fiscal or operational impact on PSRS or PEERS of Missouri.

ASSUMPTION (continued)

Officials from the **Missouri Local Government Employees Retirement System**, the **County Employees' Retirement Fund** and **Office of Administration - Division of Accounting** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal from this year (SB 902), officials from the **MoDOT & Patrol Employees' Retirement System**, the **Sheriffs' Retirement System**, the **Police Retirement System of St. Louis** and the each assumed the proposal will have no fiscal impact on their respective organizations.

Officials from the **Department of Transportation** defer to the MoDOT & Patrol Employees' Retirement System o estimate the fiscal impact of the proposed legislation on their organization.

Officials from the **Fireman's Retirement System of the City of St. Louis** and the **Kansas City Police Retirement System** did not respond to **Oversights** request for fiscal impact.

Soil Conservation - *Missouri Local Government Employees Retirement System §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.

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.

ASSUMPTION (continued)

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)

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.

ASSUMPTION (continued)

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** and the **Missouri Department of Conservation** each assume the proposal will have no fiscal impact on their respective organizations.

Prosecuting and Circuit Attorneys Retirement System §§56.363 - 56.840

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 SCS SB 1021 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.

ASSUMPTION (continued)

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 similar proposal from this year (SB 892), 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.

Kansas City Public School Retirement System §§169.020 - 169.370

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.

ASSUMPTION (continued)

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 SCS SB 1021, evolved from those discussions.

The provisions of SCS SB 1021 (6545-03) 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%: 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. c 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 c 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.

ASSUMPTION (continued)

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.

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.

ASSUMPTION (continued)

	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 Kansas City Public School District, 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.

Public School & Education Employee Retirement Systems of Missouri - Section 169.560

Officials from the **Public School & Education Employee Retirement Systems of Missouri (PSRS/PEERS)** assume 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 50% 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.

ASSUMPTION (continued)

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 HB 2335 (a proposal with identical language):

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 50% of the minimum teacher's salary set forth in RSMo 163.172. (The current minimum teacher salary under RSMo 163.172 is $25,000.)

ASSUMPTION (continued)

- 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.

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 SCS SB 1021 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 SCS SB 1021 and described above impacts PSRS only. As such, we estimate no fiscal impact to PSRS of the first proposed change of SCS SB 1021.

With respect to the second proposed change to RSMo 169.560 in HB 2335 and 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 SCS SB 1021.

ASSUMPTION (continued)

SCS SB 1021 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.

Officials from the **Joint Committee on Public Retirement (JCPER)** assumed this legislation would indicate such provisions may constitute a "substantial proposed change" in future plan benefits as defined in Section 105.660(10). It is impossible to accurately determine the fiscal impact of this legislation without an actuarial cost statement prepared in accordance with section 105.665, RSMo. Pursuant to section 105.670, an actuarial cost statement must be filed with the Chief Clerk of the 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.

Current System Status

PSRS
As of June 30, 2017

Market Value: $37,280,246,064	83.7% Funded
Actuarial Value: $37,373,739,619	83.9% Funded
Liabilities: $44,501,771,291	

Current Annual Required Contribution Rate (17/18)

Employer	14.5%	$674,994,906
Employee	14.5%	$674,994,906
Total	29%	$1,349,989,812
Covered Payroll:		$4,655,169,121

ASSUMPTION (continued)

Current System Status

PEERS
As of June 30, 2017

Market Value:	$4,446,418,007	85.3% Funded
Actuarial Value:	$4,470,269,913	85.8% Funded
Liabilities:	$5,209,368,865	

Current Annual Required Contribution Rate (17/18)

Employer	6.86%	$106,891,383
Employee	6.86%	$106,891,383
Total	13.72%	$213,782,766

Covered Payroll: $1,558,183,433

In response to a similar proposal (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.

FISCAL IMPACT - State Government	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE FUND			
Cost - Office of Administration - potential increase in contributions to MOSERS p. 5	$0	$0 or (Unknown)	$0 or (Unknown)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	**$0**	**$0 or (Unknown)**	**$0 or (Unknown)**
PARKS, SOILS AND WATER SALES TAX FUND			
Cost - DNR Soil and Water District LAGERS participation p. 7	$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- KCPSRS members - Increased employer contribution rate p. 12	($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

This act modifies provisions relating to various retirement plans for public 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 State Employee's Retirement System
Kansas City Public School Retirement System
Missouri Local Government Employees Retirement System
Prosecuting and Circuit Attorney's Retirement System
County Employees' Retirement Fund
Public School & Education Employee Retirement System of Missouri
Department of Natural Resources
Department of Agriculture
Missouri Department of Conservation
Office of Administration
Department of Transportation
Boone County
City of Columbia
Kansas City
Kirksville R-III Schools

Ross Strope

Acting Director
April 6, 2018

KC:LR:OD