

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0449S.01I
Bill No.: SB 255
Subject: Counties; Retirement - Local Government
Type: Original
Date: January 6, 2021

Bill Summary: This proposal modifies provisions relating to Missouri Local Government Employees' Retirement System to provide for coverage of certain employee classes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
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 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
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 2022	FY 2023	FY 2024
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Sections 70.631 Public Safety Personnel

Officials from **Joint Committee on Public Employee Retirement (JCPER)** assume SB 255 has no direct fiscal impact to the Joint Committee on Public Employee Retirement. The JCPER's review of SB 255 indicates it would not create a "substantial proposed change" in future plan benefits as defined in Section 105.660(10).

Current Status of the LAGERS as of February 29, 2020 (most recent actuarial valuation):

	Funded Ratio
Market Value of Assets:	\$8,137,172,285 94.3%
Actuarial Value of Assets:	\$8,083,990,980 93.7%
Liabilities:	\$8,630,842,143

Annual Payroll of Active Members: \$1,787,038,817

Officials from **Local Government Employees Retirement System (LAGERS)** assume this proposal could impact any LAGERS-participating political subdivision in Lincoln, Callaway, and Newton County, including cities, ambulance districts, and other emergency services. This includes but is not limited to Lincoln County Ambulance, Lincoln County Emergency Services, and Callaway County Ambulance.

LAGERS assumes SB 255 extends the option already provided for under RSMo 70.631 to employers residing in counties of the 2nd classification. LAGERS also assumes that all necessary programming was implemented following the passage of the original provision in SB 17 (2019), and that there would be no additional fiscal impact for programming.

LAGERS assumes no other fiscal impact.

Any impact to an employer's contribution under the option provided for in RSMo 70.631 would be borne by the electing political subdivision. The fiscal impact of electing this provision cannot be known until the date in time in which an employer makes the election. Any time an employer makes a change in benefit election in LAGERS, an actuarial cost analysis is completed at that time and posted for a 45-day public notice prior to adoption pursuant to RSMo 105.675.

Oversight notes the minimum retirement age for general employees is 60 years of age. Oversight assumes the minimum retirement age is 55 years of age for certain employees defined

as public safety personnel. Oversight assumes there could be an increase in employer contributions for local political subdivisions (for counties of the second classification) for employees they elect to cover under the retirement system as public safety personnel who retire at the age of 55 instead of 60.

Oversight notes each individual employer electing to add certain employees as public safety personnel would have an actuarial cost statement done to determine if the change would require an increase in their employers' contribution rate.

Oversight notes the limitation on increases in employer contribution rates does not apply to any contribution increase resulting from this proposal.

Oversight will show a range of \$0 (no local political subdivisions elect to cover additional employees as public safety personnel) to an unknown cost to local political subdivisions if an increase in employer contributions were needed. Oversight assumes this proposal is discretionary and would have no local fiscal impact without action by the governing body.

Oversight received a limited number of responses from eligible retirement systems related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost</u> - increase in employer contribution rates for employers who elect to cover certain positions as public safety personnel - §70.631	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

FISCAL IMPACT – Small Business

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

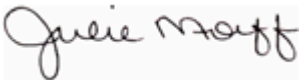
FISCAL DESCRIPTION

Currently, political subdivisions located in third class counties and Cape Girardeau County may, by majority vote of the governing body, elect to cover certain employee classes as public safety personnel members in the Local Government Employees' Retirement System (LAGERS). This act allows political subdivisions located in counties of the second classification to also cover such employee classes.

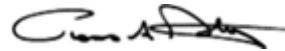
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement
Local Government Employees Retirement System



Julie Morff
Director
January 6, 2021



Ross Strobe
Assistant Director
January 6, 2021