

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3442S.01P
Bill No.: Perfected SB 655
Subject: Cities, Towns and Villages; Counties; County Government; Political Subdivisions; Retirement - Local Government; Retirement Systems and Benefits - General
Type: Original
Date: March 3, 2022

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

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ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 70.631 Public Safety Personnel

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** assume the proposal has no direct fiscal impact to the Joint Committee on Public Employee Retirement. The JCPER's review of this legislation 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 28, 2021 (most recent actuarial valuation):

Number of participating employers as of February 28, 2021: 801

Active Members:

General: 25,974

Police: 6,591

Fire: 2,715

Public Safety: 100

Total Actives: 35,380

Inactive Members: 16,413

Total membership: 51,793

		Funded Ratio
Market Value of Assets:	\$9,246,453,190	100.7%
Actuarial Value of Assets:	\$8,777,019,738	95.6%
Liabilities:	\$9,182,065,489	

Officials from the **Local Government Employees Retirement System (LAGERS)** assume This proposal removes the limit prohibiting all but employers in counties of the third classification from electing the provision under RSMo 70.631, which allow a LAGERS employer to voluntarily cover Jailers, EMS, and Emergency Telecommunicators as public safety personnel. 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 to the system. 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.

Oversight notes this proposal removes language that limits the provisions in section 70.631 to specific local political subdivisions.

Oversight notes the minimum retirement age for general employees is 60 years of age. Oversight assumes this proposal lowers the minimum retirement age to 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 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 the employers' contribution rate.

Oversight notes the limitation on increases in employer contribution rates does not appear to apply to any contribution increase resulting from this proposal. Additionally, Oversight notes the board can set different rates of contributions employers having policeman members or having fireman members (70.730.4, RSMo). Oversight is uncertain if "public safety personnel" would qualify as policeman members or fireman members which would allow for a different contribution rate than general employees.

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 fiscal impact without action by the governing body.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
LOCAL POLITICAL SUBDIVISIONS			
Cost – potential 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 LOCAL POLITICAL SUBDIVISIONS	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL IMPACT – Small Business

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

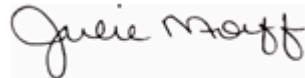
FISCAL DESCRIPTION

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 removes this restriction and allows any political subdivision to 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

Local Government Employees Retirement System
Joint Committee on Public Employee Retirement



Julie Morff
Director
March 3, 2022



Ross Strope
Assistant Director
March 3, 2022