

COMMITTEE ON LEGISLATIVE RESEARCH
 OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1209-03
Bill No.: HCS for SB 274
Subject: Counties, County Government; Retirement—Local Government
Type: Original
Date: April 16, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

The **Joint Committee on Public Employee Retirement** assumes this legislation is not a “substantial proposed change” in the plan as defined in Section 105.660(5), and that no actuarial cost statement is required.

The **Office of Administration** indicates that there may be a fiscal impact from this legislation, but recommends that the County Employees Retirement Fund determine any possible cost through an actuarial report.

Officials with the **County Employees Retirement Fund (CERF)** assume the proposal would result in higher benefit costs for employees hired and fired by the circuit court in a first-class, non-charter county which does not participate in the Missouri Local Government Employees’ Retirement System (LAGERS). They estimate increased benefit costs of \$200,000 in FY 2002, \$208,000 in FY 2003, and \$216,000 in FY 2004, based on 100 additional participants. If more or less than 100 participants are added, costs would be affected proportionately. Additionally, CERF assumes they will incur one-time costs in FY 2002 for additional staff time and expenses. Outside vendors and advisors will be used to identify the additional members, and to establish appropriate records and procedures to administer their benefits. These one-time costs would be passed through to plan participants. Officials did not calculate the unfunded actuarial accrued liability (UAAL) for the plan as a result of the proposal.

Oversight assumes that the system’s UAAL would increase under the proposal, but notes that the contributions to CERF by counties are fixed and are dependent on the collection of certain county taxes, penalties and fees. Consequently, the calculated required contribution does not in actuality represent contributions to CERF by counties. **Oversight assumes that the contributions made to CERF from current funding sources would not be sufficient to meet the benefit obligations.** Additionally, Oversight notes that it is unlikely that 100 participants will be added to the system, as there is only one first-class non-charter county not participating in LAGERS. Figures provided by CERF are slightly higher than figures cited in response to previous similar legislation, which CERF estimated would cost \$175,000 in FY 2002; \$182,000 in FY 2003; and \$189,000 in FY 2004, with a one-time additional cost of \$20,000 for additional staff time, expenses, and outside vendors.

Officials with the **Office of State Courts Administrator** and the **Missouri Local Government Employees Retirement System (LAGERS)** assumed the proposal would have no fiscal impact on their agencies.

Officials with the **County of Boone** did not respond to our request for a fiscal note response. **Oversight** assumes no fiscal impact to the county.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</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.

DESCRIPTION

This act expands coverage under the County Employees' Retirement Fund to include any circuit court-appointed officer or employee who is hired and fired and controlled by the Boone County Circuit Court.

This act allows counties to make matching contributions to the County Employees' Retirement Fund for members employed by the county. Currently, only the Board may make matching contributions.

This act also allows proceeds from a forfeiture acquired from a county's matching contribution to continue to be used toward that county's matching contributions. A forfeiture is the portion of a member's contribution account that is forfeited when a member of the County Employees' Retirement Fund has less than five years of creditable service and leaves employment.

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
Office of Administration
County Employees Retirement Fund
Office of State Courts Administrator
Missouri Local Government Employees Retirement System

NOT RESPONDING

County of Boone



Jeanne Jarrett, CPA
Director

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