

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1209-04
Bill No.: Truly Agreed and Finally Passed CCS for HCS for SB 274
Subject: Counties, County Government; Retirement–Local Government
Type: Original
Date: May 23, 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

***Does not reflect unknown amount of increase in the UAAL of County Employees' Retirement Fund. System funds are not considered local funds for fiscal note purposes.**

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 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 based on the number of additional participants, of which CERF is unsure. If 100 participants are added, costs of \$200,000 in FY 2002; \$208,000 in FY 2003; and \$216,000 in FY 2004 would be realized. If 50 participants are added, costs of \$100,000 in FY 2002; \$104,000 in FY 2003; and \$108,000 in FY 2004 would be realized. If 30 participants are added, CERF estimates additional costs of \$60,000 in FY 2002; \$62,400 in FY 2003; and \$64,800 in FY 2004. CERF assumes they will incur no additional costs for staff time, outside advisors, and plan vendors. (This differs from previous responses from CERF which estimated one-time costs of approximately \$20,000.) Any 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. The proposal requires adequate funds to be provided for the costs of coverage for any individuals in a job classification that does not qualify for coverage under the definition of “employee.” CERF assumes this will only prevent future groups from seeking coverage, and will have no effect on the group added by this legislation, as the definition is altered by 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.

ASSUMPTION (continued)

Officials with the **Office of State Courts Administrator** assume the proposal will have no fiscal impact to the Office. In response to previous similar legislation, officials with the **Missouri Local Government Employees Retirement System (LAGERS)** assumed the proposal would have no fiscal impact on their system.

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
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

***Does not reflect unknown amount of increase in the UAAL of County Employees' Retirement Fund. System funds are not considered local funds for fiscal note purposes.**

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. The proposal requires adequate funds to be provided for the costs of coverage for any individuals in a job classification that does not qualify for coverage under the definition of "employee."

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.

DESCRIPTION (continued)

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

May 23, 2001