

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1245-01
Bill No.: SB 308
Subject: Counties, County Government; County Officials; Courts; Retirement–Local Government; Retirement Systems & Benefits–General
Type: Original
Date: February 5, 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 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials with the **County Employees Retirement Fund (CERF)** assume the proposal would result in higher benefit costs for court officers and other employees compensated from county funds not covered under LAGERS. They estimate increased benefit costs of \$175,000 in FY 2002, \$182,000 in FY 2003, and \$189,000 in FY 2004. Additionally, CERF assumes they will incur a one-time cost of approximately \$20,000 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. CERF estimates 100 new members added to the system as a result of the proposal. 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.

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.

The **Office of State Courts Administrator, and Missouri Local Government Employees Retirement System** assume the proposal would have no fiscal impact on their agencies.

<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>

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 compensated directly from county funds and who is not covered under the Local Government Employees' Retirement System (LAGERS).

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

County Employees Retirement Fund
Joint Committee on Public Employee Retirement
Office of Administration
Office of State Courts Administrator
Missouri Local Government Employees Retirement System



Jeanne Jarrett, CPA
Director
February 5, 2001