

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1245-02
Bill No.: SCS for SB 308
Subject: Counties, County Government; County Officials; Courts; Retirement–Local Government; Retirement Systems & Benefits–General
Type: Original
Date: February 28, 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 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 \$175,000 in FY 2002, \$182,000 in FY 2003, and \$189,000 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 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. 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.

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.

In response to previous similar legislation, 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.

<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 employee hired and fired by the circuit court in a first-class, non-charter county that does not participate in 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

NOT RESPONDING

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



Jeanne Jarrett, CPA
Director

February 28, 2001