

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1634-01  
Bill No.: SB 405  
Subject: Highway Patrol, Retirement, Salaries.  
Type: Original  
Date: March 7, 2001

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Various state funds	\$124,040	\$124,040	\$124,040
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$124,040</b>	<b>\$124,040</b>	<b>\$124,040</b>

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

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

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 3 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Joint Committee on Public Employee Retirement** stated that their review of the proposal would indicate that such legislation is not a "substantial proposed change" in future plan benefits as described in Section 105.660(5). Therefore, no actuarial costs statement is required for this legislation.

Officials from the **State Highway Employee & Patrol Retirement System (HRS)** state currently, Uniformed Patrol members are assumed to retire at age 60 at the latest. For the purposes of this supplemental valuation, the probabilities of retirement were extended to age 65. The results show an apparent reduction in computed contribution rates. Whether or not there is an actual reduction depends upon the extent to which people work beyond age 60. Finally, it is possible that long-term disability benefits may increase due to this proposal, effectively offsetting any apparent contribution reduction.

HRS assumes the Uniformed Patrol mandatory retirement age of 60 would be eliminated. Based on data provided by their actuary, HRS has calculated an annual savings of \$124,040 to their retirement system. This calculation is based on an annual uniformed payroll cost of \$44.3 million and a reduced contribution rate of 0.28%.

Officials from the **Department of Public Safety - Missouri Highway Patrol** state the proposed legislation would impact the Highway Patrol because the mandatory retirement age of 60 would be eliminated. Assuming that the average age of retirement would become 65 years of age, the Patrol anticipates an annual savings of \$124,040 for the retirement system, which would impact various state funds.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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### **VARIOUS STATE FUNDS**

<u>Savings</u> - to the Highway Patrol Retirement System	\$124,040	\$124,040	\$124,040
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal deletes the authority of the Superintendent of the Highway Patrol to provide for salary increases every five years. The act also removes the mandatory retirement age of 60 for Highway Patrol members.

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  
Department of Public Safety - Missouri Highway Patrol  
State Highway Employee & Patrol Retirement System



Jeanne Jarrett, CPA  
Director

March 7, 2001