

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0858-02
Bill No.: SB 248
Subject: Administrative Law; Retirement - State; Retirement Systems and Benefits -
General; State Employees
Type: Original
Date: January 31, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

The **Joint Committee on Public Employee Retirement (JCPER)** has reviewed this proposal and has determined an actuarial study is not needed under the provisions of section 105.660, subdivision (5).

Officials from the **Local Government Employees Retirement System** assume no fiscal impact to their agency.

Officials from the **Division of Labor and Industrial Relations** assume for administrative law judges and legal advisors (as defined in section 287.812) hired on or after January 1, 2004, this legislation statutorily places these employees in the Missouri State Employees' Retirement Plan 2000 (MSEP 2000). Current or existing administrative law judges and legal advisors employed by the Department on January 1, 2004 will remain in the Administrative Law Judge Legal Advisor plan (ALJLAP). The definition of legal advisor in section 287.812(6) includes any person appointed pursuant to section 286.010 (commissioners at the Labor and Industrial Relations Commission), pursuant to 295.030 (chairperson of the state board of mediation), and any attorney employed pursuant to section 286.070 (staff counsel for the Labor and Industrial

Relations Commission). The Division of Workers' Compensation director will fall under these

ASSUMPTION (continued)

provisions based on §287.812.1, RSMo, where in addition to the definition of the Division's administrative law judges, the definition of administrative law judges also include "...any person who hereafter may have by law all the powers not vested by law in administrative law judges..." (emphasis added) by statute, the Division Director currently possesses all the power and authority of administrative law judges. Similarly, the Chief Legal Advisor is included based on the definition of legal advisor provided in §287.812.6, RSMo, which references §287.616, RSMo, in the definition of legal advisor; since the latter section includes the position of Chief Legal Advisor. This proposal also transfers all assets and liabilities in the ALJLAP into the MSEP and makes one small technical change replacing the incorrect word "advisory's" with the correct word "advisor's".

If the Department should hire administrative law judges or legal advisors (or other persons defined as legal advisors) on or after January 1, 2004 the retirement benefit would be significantly less, and thereby the Department would have to contribute less towards it.

Officials from the **Missouri State Employees Retirement Plan (MOSERS)** assume the rates for the FY 2004 have already been certified. To the extent that payroll is used to determine dollar contributions, if assets and liabilities from the ALJLAP are merged with MOSERS on January 1, 2004, then the contribution rate applied to the ALJLAP would decrease to 9.35% from 20.12% for 6 months until June 30, 2004. Then the MSEP rate would presumably include the ALJLAP actives hired before January 2004 under current provisions and a few new hires after January 1, 2004 under MSEP 2000 provisions for regular state employees.

This rate when converted to contribution dollars would be very similar to the combined result of the existing two plans. It would be slightly higher than the current 9.35% rate in the absence of other losses or changes. This would gradually trend toward the otherwise existing rate as the membership of the ALJLAP, under current provisions, leave employment and are replaced by new hires after January 1, 2004 under MSEP 2000 provisions. Therefore, the long-term implications are that the future projected dollar contributions will be less than under the current benefit structure.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
<u>Cost - Worker's Compensation Funds</u>	<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 provides that any Administrative Law Judge or Legal Advisor who is originally employed as such on or after January 1, 2004, are no longer eligible to participate in the Administrative Law Judge and Legal Advisor's Retirement System but rather are covered under the state employees' retirement system. However, no Administrative Law Judge or Legal Advisor who is employed before January 1, 2004, or who has retired before that date will be affected by this act.

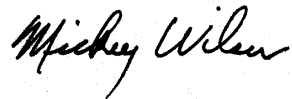
The liabilities and assets of the Administrative Law Judge's and Legal Advisor's retirement system are transferred and combined with the state employees' retirement system. The contribution rate certified by the board shall include amounts necessary to cover the costs of the Administrative Law Judge's and Legal Advisor's retirement system.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement
Missouri State Employees Retirement Plan
Local Government Employees Retirement System
Division of Labor and Industrial Relations



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January 31, 2003