

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2760-02
Bill No.: SB 1195
Subject: State Retirement; Retirement Systems and Benefits – General
Type: Updated#
Date: February 26, 2004
#Updated to reflect corrected Missouri Consolidated Health Care Plan response.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2005 | FY 2006 | FY 2007 |
| General Revenue# | \$0 | \$0 | \$0 |
| | | | |
| Total Estimated Net Effect on General Revenue Fund*# | \$0 | \$0 | \$0 |

***The provisions affecting the Missouri State Employees Retirement increases the Unfunded Actuarial Accrued Liability (UAAL) by an unknown amount.**

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2005 | FY 2006 | FY 2007 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> 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 2005 | FY 2006 | FY 2007 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2005 | FY 2006 | FY 2007 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration (COA)** assume the proposed legislation would have no fiscal impact on their agency. COA reimburses a portion of salaries for juvenile court personnel in circuits composed of a single county of the first class. COA also reimburses one circuit for retirement benefits for one juvenile officer hired after July 1, 1999. The proposed legislation does not change those reimbursements. Present reimbursement is done pursuant to Section 211.393.2(2)(4)(a), RSMo.

Officials from the **Office of State Courts Administrator** assume the proposed legislation would have no fiscal impact on the courts.

Officials from the **County Employees' Retirement System (CERF)** assume Section 211.393.1(1), RSMo excludes the CERF from the definition of a "county retirement plan." Therefore, CERF assumes the proposal would generate no additional revenue or costs for CERF. However, if CERF's presumption is incorrect, then costs for CERF would be significant and would significantly exceed any revenue derived from employee contributions.

ASSUMPTION (continued)

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** assume, because the affected employees are currently county employees, MCHCP has no way of determining the exact number eligible to become state employees. MCHCP also has no way of determining the number of eligible employees that will enroll in the healthcare plan under this proposal. However, based on estimated figures received from the Office of State Courts Administrator, MCHCP assumes the proposal could affect approximately 40 employees. For FY 05, the proposal could have a fiscal impact of approximately \$207,600 (\$519 PEPM x 40 employees for 10 months).

#Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** assume the proposal would have no fiscal impact on their agency. In their initial response, MCHCP misinterpreted the legislation and assumed there would be 40 individuals that were not eligible who would become eligible under MCHCP. However, these individuals are currently state employees and would currently be eligible under MCHCP.

Officials from the **Missouri State Employees' Retirement System (MOSERS)** assume the proposed legislation would allow certain juvenile court personnel whose positions are financed in whole or in part by a public or private grant to receive prior service credit for grant paid service prior to July 1, 1999. Based on estimates MOSERS received from Office of State Courts Administrator, there are approximately 40-100 employees who could be affected by the proposed legislation. Assuming there would be approximately 100 employees eligible, it is doubtful that the inclusion of grant paid personnel would cause a significant increase in the contribution rate, although the unfunded liability would be affected. MOSERS is unable to assess this impact through the actuarial process (valuation) since they do not have any data on their system on the juvenile court personnel that could be affected by the proposal.

Officials from the **Missouri Joint Committee on Public Employee Retirement (JCPER)** assume this proposal would not create a "substantial proposed change" in future plan benefits as defined in Section 105.660(5). Therefore, no actuarial cost statement is required for this legislation.

The provisions affecting MOSERS increases the Unfunded Actuarial Accrued Liability (UAAL) by an unknown amount.

| <u>FISCAL IMPACT - State Government</u> | FY 2005 (10 Mo.) | FY 2006 | FY 2007 |
|--|---------------------|-------------------|-------------------|
| GENERAL REVENUE FUND | | | |
| <u>Costs – Missouri Consolidated Health Care Plan#</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND*# | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

***The provisions affecting the Missouri State Employees Retirement increases the Unfunded Actuarial Accrued Liability (UAAL) by an unknown amount.**

| <u>FISCAL IMPACT - Local Government</u> | FY 2005 (10 Mo.) | FY 2006 | FY 2007 |
|---|---------------------|------------|------------|
| | <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.

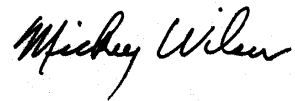
DESCRIPTION

The proposed legislation would include certain prior service of juvenile court personnel who were paid by a grant, prior to July 1, 1999, to the definition of “juvenile court employee” within Section 211.393, RSMo. This modification would allow such juvenile court personnel to include time served in such position towards creditable service for MOSERS purposes.

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

Office of Administration
Office of State Courts Administrator
County Employees' Retirement System
Missouri Consolidated Health Care Plan
Missouri State Employees' Retirement System
Joint Committee on Public Employee Retirement

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 26, 2004