

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2760-03
Bill No.: Truly Agreed To and Finally Passed SCS for SB 1195
Subject: State Retirement; Retirement Systems and Benefits – General
Type: Original
Date: May 17, 2004

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 the proposal would have no fiscal impact on their agency.

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</u> – Missouri State Employees Retirement System | | | |
| Retirement Contributions | <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.**

FISCAL IMPACT - Local Government

FY 2005
(10 Mo.)

FY 2006

FY 2007

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

DESCRIPTION

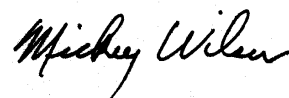
The proposed legislation would include certain prior service of juvenile court personnel who were paid by a grant, prior to July 1, 1999, to the definition of "juvenile court employee" within Section 211.393, RSMo. This modification would allow such juvenile court personnel to include time served in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

The proposal would remove the July 1, 1999, tolling date for the six month election to receive prior creditable service within Section 211.393.2.(e). Thus, individuals could again elect to receive such prior creditable service within the section.

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



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