

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3442S.01T  
 Bill No.: Truly Agreed To and Finally Passed SB 655  
 Subject: Cities, Towns and Villages; Counties; County Government; Political Subdivisions;  
 Retirement - Local Government; Retirement Systems and Benefits - General  
 Type: Original  
 Date: May 20, 2022

Bill Summary: This proposal modifies provisions relating to Missouri Local Government Employees' Retirement System in order to provide for coverage of certain employee classes.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
<b>Total Estimated Net Effect on <u>Other State Funds</u></b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<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 FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Local Government</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

**Section 70.631 Public Safety Personnel**

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** assume the proposal has no direct fiscal impact to the Joint Committee on Public Employee Retirement. The JCPER’s review of this legislation indicates it would not create a “substantial proposed change” in future plan benefits as defined in Section 105.660(10).

**Current Status of the LAGERS as of February 28, 2021** (most recent actuarial valuation):

Number of participating employers as of February 28, 2021: 801

Active Members:

General: 25,974

Police: 6,591

Fire: 2,715

Public Safety: 100

Total Actives: 35,380

Inactive Members: 16,413

Total membership: 51,793

		<b>Funded Ratio</b>
<b>Market Value of Assets:</b>	\$9,246,453,190	100.7%
<b>Actuarial Value of Assets:</b>	\$8,777,019,738	95.6%
<b>Liabilities:</b>	\$9,182,065,489	

Officials from the **Local Government Employees Retirement System (LAGERS)** assume this proposal removes the limit prohibiting all but employers in counties of the third classification from electing the provision under RSMo 70.631, which allow a LAGERS employer to voluntarily cover Jailers, EMS, and Emergency Telecommunicators as public safety personnel. LAGERS also assumes that all necessary programming was implemented following the passage of the original provision in SB 17 (2019), and that there would be no additional fiscal impact for programing to the system.

LAGERS assumes no other fiscal impact. Any impact to an employer’s contribution under the option provided for in RSMo 70.631 would be borne by the electing political subdivision.

**Oversight** notes this proposal removes language that limits the provisions in section 70.631 to specific local political subdivisions.

**Oversight** notes the minimum retirement age for general employees is 60 years of age. Oversight assumes this proposal lowers the minimum retirement age to 55 years of age for certain employees defined as public safety personnel. Oversight assumes there could be an increase in employer contributions for local political subdivisions for employees if they elect to cover under the retirement system as public safety personnel who retire at the age of 55 instead of 60.

**Oversight** notes each individual employer electing to add certain employees as public safety personnel would have an actuarial cost statement done to determine if the change would require an increase in the employers’ contribution rate.

**Oversight** notes the limitation on increases in employer contribution rates does not appear to apply to any contribution increase resulting from this proposal. Additionally, Oversight notes the board can set different rates of contributions employers having policeman members or having fireman members (70.730.4, RSMo). Oversight is uncertain if “public safety personnel” would qualify as policeman members or fireman members which would allow for a different contribution rate than general employees.

**Oversight** will show a range of \$0 (no local political subdivisions elect to cover additional employees as public safety personnel) to an unknown cost to local political subdivisions if an increase in employer contributions were needed. Oversight assumes this proposal is discretionary and would have no fiscal impact without action by the governing body.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Cost – potential increase in employer contribution rates for employers who elect to cover certain positions as public safety personnel - §70.631</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>ESTIMATED NET LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>

FISCAL IMPACT – Small Business

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

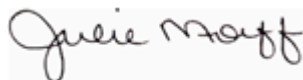
FISCAL DESCRIPTION

Currently, political subdivisions located in third class counties and Cape Girardeau County may, by majority vote of the governing body, elect to cover certain employee classes as public safety personnel members in the Local Government Employees' Retirement System ("LAGERS"). This act removes this restriction and allows any political subdivision to cover such employee classes.

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

Local Government Employees Retirement System  
 Joint Committee on Public Employee Retirement



Julie Morff  
 Director  
 May 20, 2022



Ross Strobe  
 Assistant Director  
 May 20, 2022