

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3936-01  
Bill No.: HB 1316  
Subject: Retirement - State; Retirement Systems and Benefits - General; State Employees  
Type: Original  
Date: March 10, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Highway Fund	(\$24,889)	(\$49,778)	(\$49,778)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$24,889)</b>	<b>(\$49,778)</b>	<b>(\$49,778)</b>

**\*The provisions affecting the Missouri State Employees Retirement increases the Unfunded Actuarial Accrued Liability (UAAL) by \$10,043,616.**

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### 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 with the **Department of Conservation, Office of Administration - Division of Budget and Planning**, and **Department of Labor and Industrial Relations** assume no fiscal impact to their agency.

Officials with the **Missouri State Employees Retirement System** assume the proposal would grant one month of service for each one hundred sixty-eight hours of unused sick leave, and one additional month for any remaining hours of unused sick leave. The computed increase in the employer contribution rate that would be necessary to fund for the proposed benefit on a level cost basis is an increased Unfunded Actuarial Accrued Liability of \$10,043,616 with a total contribution rate of 0.09%.

Officials with the **Department of Transportation (MoDOT)** assume the proposal on average shows retiring employees of MoDOT will receive an additional 7 days of creditable service. The

ASSUMPTION (continued)

Highway and Transportation Employees' and Highway Patrol Retirement System's actuary calculated a contribution rate increase of .02%. Therefore, MoDOT's retirement expenses will increase by \$49,778 (estimated FY05 payroll \$248,888,459x.02%).

Officials with the **State Highway Employees and Patrol Retirement System** did not respond.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
<b>HIGHWAY FUND</b>			
<u>Cost - Contribution Rate Increase</u>	<u>(\$24,889)</u>	<u>(\$49,778)</u>	<u>(\$49,778)</u>
<b>ESTIMATED NET EFFECT ON HIGHWAY FUND</b>	<b><u>(\$24,889)</u></b>	<b><u>(\$49,778)</u></b>	<b><u>(\$49,778)</u></b>

**\*The provisions affecting the Missouri State Employees Retirement increases the Unfunded Actuarial Accrued Liability (UAAL) by \$10,043,616.**

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This bill makes changes to the laws regarding credited service for unused sick leave accumulated by members under the Highways and Transportation Employees' and Highway Patrol Retirement System (HTEHPRS), the Missouri State Employees' Retirement System (MOSERS), and the Missouri State Employees' Plan 2000 (MSEP 2000).

Currently, when calculating years of service, members retiring under HTEHPRS, MOSERS, and MSEP 2000 receive one month of credited service for each 168 hours of unused accumulated sick leave. The bill repeals this calculation and requires that members retiring under each retirement system are entitled to one day of credited service for every eight hours of unused accumulated sick leave.

DESCRIPTION (continued)

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

Division of Personnel

Division of Budget and Planning

Missouri State Employees Retirement System

Joint Committee on Public Employee Retirement

State Highway Employees and Patrol Retirement System

Department of Transportation

Missouri Highway Patrol

Department of Conservation

Department of Labor and Industrial Relations

NOT RESPONDING

State Highway Employees and Patrol Retirement System

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

Mickey Wilson, CPA  
Director  
March 10, 2004