

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4623-01  
Bill No.: HB 1902  
Subject: Retirement - Schools; Teachers  
Type: Original  
Date: April 9, 2008

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Bill Summary: Changes regarding the public schools retirement systems.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<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>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Local Government*</b>	<b>(\$923,660)</b>	<b>(\$923,660)</b>	<b>(\$923,660)</b>

**\*Does not reflect an increase in Unfunded Actuarial Accrued Liability (UAAL) of \$15,700,000 to Public School Retirement System and \$1,200,000 in the Non-Teacher Retirement System.**

## FISCAL ANALYSIS

### ASSUMPTION

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

Officials from the **Public Shool Retirement System of the City of St. Louis** assume no fiscal impact to their agency.

Officials from the **Public School Retirement System** assume this bill makes the following changes:

For PSRS, this legislation would provide a temporary increase in monthly benefits of \$5 per month per year of credit for any member who has retired and is age seventy-five or older and who has reached the 80% COLA cap prior to January 1, 2009. The benefit would be payable through January 1, 2014. The proposed increase in retirement benefits for PSRS will increase the actuarial accrued liability of the system by \$15.7 million. This increase in liabilities will require a .02% total increase in the contribution rate for active members and school districts.

For PEERS, this legislation would provide a temporary increase in monthly benefits of \$3 per month per year of credit for any member who has retired and is age seventy-five or older and who has reached the 80% COLA cap prior to January 1, 2009. The benefit would be payable through January 1, 2014. The proposed increase in retirement benefits for PEERS will increase the actuarial accrued liability of the system by \$1.2 million. This increase in liabilities will require a .01% total increase in the contribution rate for active members and school districts.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<u>Costs - School Districts</u>			
Teacher and Employee Contributions*	<u>(\$923,660)</u>	<u>(\$923,660)</u>	<u>(\$923,660)</u>

**\*Does not reflect an increase in Unfunded Actuarial Accrued Liability (UAAL) of \$15,700,000 to Public School Retirement System and \$1,200,000 in the Non-Teacher Retirement System.**

FISCAL IMPACT - Small Business

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

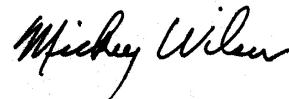
FISCAL DESCRIPTION

The proposed legislation extends the provisions relating to teacher retirement and does appear to have a fiscal impact to local government.

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

Joint Committee on Public Employee Retirement  
Public School Retirement System  
Public School Retirement System of  
the City of St. Louis



Mickey Wilson, CPA  
Director  
April 9, 2008