

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2423H.02C  
Bill No.: HCS for HB 1157  
Subject: Retirement Systems and Benefits - General; Retirement - Local Government;  
Employees - Employers; Labor and Management  
Type: Original  
Date: April 8, 2021

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</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.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</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 2022</b>	<b>FY 2023</b>	<b>FY 2024</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 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Local Government</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

#### **Sections 70.631 Public Safety Personnel**

Officials from **Joint Committee on Public Employee Retirement (JCPER)** assume this proposal has no direct fiscal impact to the Joint Committee on Public Employee Retirement. The JCPER's review of this proposal 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 29, 2020** (most recent actuarial valuation):

		<b>Funded Ratio</b>
<b>Market Value of Assets:</b>	\$8,137,172,285	94.3%
<b>Actuarial Value of Assets:</b>	\$8,083,990,980	93.7%
<b>Liabilities:</b>	\$8,630,842,143	

**Annual Payroll of Active Members:** \$1,787,038,817

Officials from the **Local Government Employees Retirement System** assume the proposal will have no fiscal impact on their organization.

In response to the previous version, officials from **Local Government Employees Retirement System (LAGERS)** assumed this proposal would extend the option already provided for under RSMo 70.631 to employers residing in counties of the 2nd classification. 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.

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. The fiscal impact of electing this provision cannot be known until the date in time in which an employer makes the election. Any time an employer makes a change in benefit election in LAGERS, an actuarial cost analysis is completed at that time and posted for a 45-day public notice prior to adoption pursuant to RSMo 105.675.

**Oversight** notes the minimum retirement age for general employees is 60 years of age. Oversight assumes the minimum retirement age is 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 (within certain counties) for employees 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 their employers' contribution rate.

**Oversight** notes the limitation on increases in employer contribution rates does not apply to any contribution increase resulting from this proposal.

**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 local fiscal impact without action by the governing body.

**Oversight** received a limited number of responses from eligible retirement systems related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Cost</u> - increase in employer contribution rates for employers who elect to cover certain positions as public safety personnel - §70.631	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (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

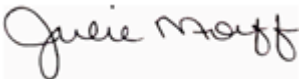
Currently, political subdivisions located in third class counties and Cape Girardeau County may, by majority vote of the governing body, elect to cover certain employee classes as public safety personnel members in the Local Government Employees' Retirement System (LAGERS).

This bill adds political subdivisions located in counties of the second classification and any county of the first classification with more than 65,000 but fewer than 75,000 inhabitants and with a county seat with more than 15,000 but fewer than seventeen thousand inhabitants, allowing St. Francis County to also cover such employee classes.

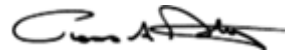
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement  
Local Government Employees Retirement System



Julie Morff  
Director  
April 8, 2021



Ross Strobe  
Assistant Director  
April 8, 2021