

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3204H.011  
 Bill No.: HB 1722  
 Subject: Retirement - Schools; Retirement Systems and Benefits - General; Teachers;  
 Education, Elementary and Secondary  
 Type: Original  
 Date: February 23, 2024

Bill Summary: This proposal modifies provisions relating to school employee retirement systems.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<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 2025	FY 2026	FY 2027
<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 2025</b>	<b>FY 2026</b>	<b>FY 2027</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 2025</b>	<b>FY 2026</b>	<b>FY 2027</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 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from **Joint Committee on Public Employee Retirement (JCPER)** state 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).

Officials from the **Public Schools and Education Employee Retirement Systems (PSRS/PEERS)** state this proposal makes changes to the critical shortage statute, 169.596 for the Public Education Employee Retirement System (PEERS). As currently drafted, this bill has a positive fiscal and operational impact on PEERS.

The critical shortage employment exception found in Section 169.596, RSMo, indicates the total number of retired noncertificated employees hired under the critical shortage declaration shall not exceed the lesser of ten percent of the total noncertificated staff for that school district, or five employees. The proposed legislative would change this provision to be the greater of one percent of the total certificated teachers and noncertificated staff for that school district or five employees. This change is consistent with changes made to the same statute during the 2023 legislative session for the Public School Retirement System of Missouri (PSRS).

The Systems have an actuary firm, PwC US (PwC), that prepares actuarial cost statements on any proposed legislation as well as the annual actuarial valuation reports for the Systems. PwC has reviewed this legislation and estimates the impact of the proposed critical shortage modifications to be an insignificant fiscal gain to PEERS. In addition, participating employers and PEERS would benefit from increased operational efficiencies with critical shortage calculations being consistent between PSRS and PEERS.

**Oversight** assumes the impact to the retirement system would be immaterial. Therefore, Oversight will reflect a zero impact in the fiscal note for the employer members, Community Colleges.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

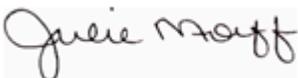
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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 Schools and Education Employee Retirement Systems



Julie Morff  
Director  
February 23, 2024



Ross Strobe  
Assistant Director  
February 23, 2024