

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4815H.011
Bill No.: HB 2156
Subject: Retirement - Schools; Retirement Systems and Benefits - General; Teachers;
Education, Elementary and Secondary
Type: Original
Date: February 5, 2024

Bill Summary: This proposal modifies provisions relating to certain public school retirement systems boards of trustees.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** state the proposal has no direct fiscal impact to the JCPER. 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).

Officials from the **Public School Retirement System of the City of St. Louis (PSRSST)** state this proposal contains provisions that concern the PSRSSTL. This proposal changes portions of RSMo. 169.450 which increases the number of Board Trustees from 11 to 13. These two new Trustees would be appointed by the Missouri Public Charter School Association.

In reviewing the proposal, the Trustees and Staff of the System believe there is some financial impact. Trustees do not receive compensation, but administrative costs would increase slightly primarily due to the cost of additional postage for mailing materials to new Trustees. Also, new Trustees are required to complete six hours of continuing education annually when first appointed and then two hours annually on an ongoing basis. This would mean an increase in travel expenses for the new Trustees to attend programs and be able to complete the required continuing education. Overall, costs would likely increase by about \$10,000 annually.

Any increase in expenses is concerning as the System is already facing decreased funding due to legislation that has been in place since 2017. In 2017 a law was passed, Senate Bill 62, that capped the amount paid by contributing employers, and decreases that amount slowly over time. At the same time, that 2017 law increased the amount of benefits being paid out of the Retirement System.

As a result, the System's market value funded ratio has dropped to 62.7% and this year for the first time the System has been placed on the Watchlist by the Joint Committee on Public Employee Retirement.

Oversight only reflects the impact to state agencies and local political subdivisions. Based on the response provided by PSRSSTL, Oversight assumes the employer (St. Louis Public Schools and Charter Schools) contributions are capped and will not be impacted by additional costs incurred by the retirement system. Therefore, Oversight will reflect a zero impact on the fiscal note.

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

<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.

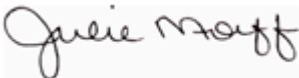
FISCAL DESCRIPTION

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
 St. Louis Public Schools Retirement System



Julie Morff
 Director
 February 5, 2024



Ross Strope
 Assistant Director
 February 5, 2024