

HCS HBs 1504 & 404 -- CONTRIBUTION RATES FOR PUBLIC SCHOOL RETIREMENT SYSTEM

SPONSOR: Hovis

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Pensions by a vote of 16 to 0.

The following is a summary of the House Committee Substitute for HBs 1504 & 404.

Currently, for calendar years after 2018, the percentage rate of employer contribution payable by the St. Louis Public School District that has established a retirement system for providing retirement benefits to the employees, decreases to one-half of one percent annually until calendar year 2032, when the rate of contribution payable by each employer equals 9% of the total compensation of all members employed by that employer. For calendar years after 2032, the rate of contribution payable by each employer equals 9%.

Under the bill, the percentage rate of contribution decreases one-half of one percent annually until calendar year 2025 when the rate of contribution payable by each employer equals 12.5% of the total compensation of all members employed by that employer with an exception that on the effective date of the bill, the rate of contribution payable by each employer increases from 9% to 14% of the total compensation of all members employed by that employer.

This bill includes an emergency clause to ensure the financial stability of the retirement system and provide for the welfare of the members.

This bill is the same as HB 404 (2025).

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPOSERS: Supporters say that in 2018, SB 62 was passed which made changes to the PSRS St. Louis system where a member's contribution to the system increased by 1/2% each year until the contribution reached 9%. The employer's contribution was 16% and then decreased by 1/2% each year until the rate reached 9%. The current legislation is necessary to preserve the long term viability and stability of the fund, which is currently on the watch list of the Joint Committee on Public Retirement Systems. There have been no COLA increases since 2006. The bill seeks to

address the funding mechanism by increasing the employer contribution rate to 14%, to get the fund on the right trajectory.

Testifying in person for the bill were Representative Hovis; Louis C. Cross, III, PSRS StL; Public School Retirement System of St. Louis; MO Retired Teachers Association; and American Federation of Teachers Missouri.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say it's unclear whether this bill provides an appropriate fix. The charter schools pay in about 35% of the funds and have less than 3 1/2% of retirees. In addition, they have no representation on the Board.

Testifying in person on the bill was MO Charter Public School Association.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.