

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1929-02  
Bill No.: HB 1205  
Subject: Retirement - Schools  
Type: Original  
Date: March 30, 2015

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Bill Summary: This proposal modifies provisions relating to the St. Louis Public School Retirement System.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<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 2016	FY 2017	FY 2018
<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 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</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 2016</b>	<b>FY 2017</b>	<b>FY 2018</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 \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Joint Committee on Public Employee Retirement** state this proposal may constitute a substantial proposed change in future plan benefits as defined in Section 105.660(10), RSMo. It is impossible to accurately determine the fiscal impact of this proposal without an actuarial cost statement prepared in accordance with Section 105.665, RSMo.

Officials from the **Public School Retirement System of the City of St. Louis (PSRSSTL)** assume this proposal changes retirement eligibility requirements for members, and reduces the amount of pension benefits for members. PSRSSTL states they have made initial inquiries into the costs this proposal would impose on the system. They have been informed that because of the high probability of teachers retiring earlier than original calculated, and the likelihood that many members would take advantage of new earlier retirement dates, there are numerous unforeseen possibilities that need to be examined. The estimated cost of researching the effect of this proposal on the system is estimated to be between \$15,000 and \$20,000.

In addition, PSRSSTL states, pursuant to 105.680 RSMO, the cost for performing an actuarial study and preparing the subsequent cost statement must be paid for from a source other than the PSRSSTL because the system did not initiate the proposal. Further under 105.600 RSMo, it appears the cost statement cannot be prepared by the PSRSSTL's actuary but such cost statement must be made prior to final action by the General Assembly. The PSRSSTL is unaware whether or not such a review has been completed or requested.

**Oversight** assumes a fiscal impact of positive unknown to negative unknown. Oversight cannot currently estimate anything more specific without an actuarial analysis.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
PSRSSTL - Changes to Retirement System	Unknown to <u>(Unknown)</u>	Unknown to <u>(Unknown)</u>	Unknown to <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal changes the laws regarding the Public School Retirement System of the City of St. Louis.

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 of the City of St. Louis



Mickey Wilson, CPA  
Director  
March 30, 2015

Ross Strope  
Assistant Director  
March 30, 2015

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