

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2284-01
Bill No.: HB 1087
Subject: State Employees; Salaries
Type: Original
Date: March 16, 2015

Bill Summary: This proposal increases the allowable monthly amount to be credited to each participant's state employee deferred compensation account from up to \$75 to up to \$100.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	\$0 or (\$2,081,083)	\$0 or (\$2,497,300)	\$0 or (\$2,497,300)
Total Estimated Net Effect on General Revenue	\$0 or (\$2,081,083)	\$0 or (\$2,497,300)	\$0 or (\$2,497,300)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Other State Funds	\$0 or (\$1,807,950)	\$0 or (\$2,169,540)	\$0 or (\$2,169,540)
Highway Fund	\$0 or (\$270,050)	\$0 or (\$324,060)	\$0 or (\$324,060)
Total Estimated Net Effect on Other State Funds	\$0 or (\$2,078,000)	\$0 or (\$2,493,600)	\$0 or (\$2,493,600)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Federal Funds	\$0 or (\$1,161,583)	\$0 or (\$1,393,900)	\$0 or (\$1,393,900)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 or (\$1,161,583)	\$0 or (\$1,393,900)	\$0 or (\$1,393,900)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Treasurer** assume the current proposal would not fiscally impact their agency.

Officials from the **Missouri State Employees Retirement System** state that employer contributions to the Deferred Compensation Incentive Plan were suspended in March 2010 and no state contributions have been made to the incentive plan since that time. This proposal would have no fiscal impact unless Deferred Compensation Incentive Plan contributions are reinstated and the related appropriations allow for contributions exceeding \$75 per month.

Oversight assumes this proposal increases the deferred compensation incentive plan match by the state to employees. This change could potentially cost the State of Missouri approximately \$6,384,800 annually, according to HB 2005 from 2008 session. Oversight will reflect a fiscal impact of zero or \$6,384,800 to the appropriate funds affected.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND			
<u>Costs</u> - Increase in employer contribution to the Deferred Compensation Plan	<u>\$0 or</u> <u>(\$2,081,083)</u>	<u>\$0 or</u> <u>(\$2,497,300)</u>	<u>\$0 or</u> <u>(\$2,497,300)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0 or</u> <u>(\$2,081,083)</u>	<u>\$0 or</u> <u>(\$2,497,300)</u>	<u>\$0 or</u> <u>(\$2,497,300)</u>
FEDERAL FUNDS			
<u>Costs</u> - Increase in employer contribution to the Deferred Compensation Plan	<u>\$0 or</u> <u>(\$1,161,583)</u>	<u>\$0 or</u> <u>(\$1,393,900)</u>	<u>\$0 or</u> <u>(\$1,393,900)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0 or</u> <u>(\$1,161,583)</u>	<u>\$0 or</u> <u>(\$1,393,900)</u>	<u>\$0 or</u> <u>(\$1,393,900)</u>
HIGHWAY FUND			
<u>Costs</u> - Increase in employer contribution to the Deferred Compensation Plan	<u>\$0 or</u> <u>(\$270,050)</u>	<u>\$0 or</u> <u>(\$324,060)</u>	<u>\$0 or</u> <u>(\$324,060)</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>\$0 or</u> <u>(\$270,050)</u>	<u>\$0 or</u> <u>(\$324,060)</u>	<u>\$0 or</u> <u>(\$324,060)</u>
OTHER STATE FUNDS			
<u>Costs</u> - Increase in employer contribution to the Deferred Compensation Plan	<u>\$0 or</u> <u>(\$1,807,950)</u>	<u>\$0 or</u> <u>(\$2,169,540)</u>	<u>\$0 or</u> <u>(\$2,169,540)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>\$0 or</u> <u>(\$1,807,950)</u>	<u>\$0 or</u> <u>(\$2,169,540)</u>	<u>\$0 or</u> <u>(\$2,169,540)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<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.

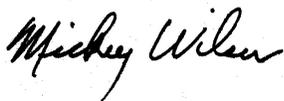
FISCAL DESCRIPTION

This proposal changes, from up to \$75 to up to \$100, the monthly amount that the state can match a contribution from a qualified participant in the State Employee Deferred Compensation Program if it does not exceed the amount appropriated by the General Assembly for each participant.

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

Office of the State Treasurer
Missouri State Employees Retirement System



Mickey Wilson, CPA
Director
March 16, 2015

Ross Strope
Assistant Director
March 16, 2015