

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0859-02
Bill No.: SB 233
Subject: Retirement - Schools; Education, Elementary and Secondary
Type: Ordinary
Date: January 23, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

The **Joint Committee on Public Employee Retirement (JCPER)** has reviewed this proposal and has determined an actuarial study is not needed under the provisions of section 105.660, subdivision (5).

Officials from the **Department of Elementary and Secondary Education** assume no fiscal impact.

Officials from the **Public School Retirement System (PSRS)** assume this proposal will change the current method of establishing the contribution rate for both systems. It will enable the rate to be increased no more than 1/2% per year in order to abide by the GASB 30-year amortization requirement. It will simplify current service credit purchase formulas in both systems and will provide a no cost option for retirees enabling them to take a partial lump sum option at retirement providing certain requirements are met. Officials from PSRS assume no fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<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.

DESCRIPTION

This act revises provisions of the public school and non-teacher retirement systems. The act specifies that the contribution rate shall be fixed by the board and certified to the employer. The level rate of contribution for any fiscal year may not exceed the prior year's rate of contribution by more than ½%.

The act simplifies credit purchases under PSRS and NTRS systems. Payment for credit purchases must be completed prior to termination of membership with the retirement system. The act clarifies that the member must have covered employment with the retirement system following the purchase credit. The act also defines the calculation of payment for such credit purchases.

The act creates a partial lump sum option for PSRS and NTRS members whose age plus creditable service equal at least 86 or whose creditable service is at least 33 years. The election to receive a partial lump-sum distribution must be made at least 30 days prior to retirement. The member may make such election in a 12, 24 or 36 month increment of their entire retirement benefit.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement
Department of Elementary and Secondary Education
Public School Retirement System



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January 23, 2003