

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1441-01  
Bill No.: SB 288  
Subject: Retirement - State; Retirement Systems and Benefits - General; Retirement - Schools  
Type: Original  
Date: April 15, 2013

Bill Summary: This proposal changes provisions regarding the defined contribution retirement plan for employees of certain higher education institutions.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<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 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</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 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Missouri State Employees Retirement System** state that because the plan changes that were enacted in 2010 significantly altered the design and employer normal cost of the defined benefit plan, an unintended consequence is that, over time, there will be a significant decline in the employer contribution to the College and University Retirement Plan (CURP), thus diminishing the value of the plan for those participants. This legislative proposal would establish the employer contribution rate of 7% of payroll in an effort to address this issue before the CURP contribution rate declines significantly.

Officials from the **Public School and Education Employees Retirement System, Linn State Technical College, University of Central Missouri and County Employees' Retirement Fund** each assumed the proposal would not fiscally impact their respective agencies.

Officials from the **University of Missouri** assumed that because their system does not participate in the State of Missouri Plan, they do not expect any costs to be incurred.

Officials from the **Joint Committee on Public Employees Retirement** assume this proposal would not create a substantial proposed change in future plan benefits.

Officials from the **Missouri State University** assume there will be a slight increase to the amount they will contribute. However, the cost would not be considered significant.

**Oversight** assumes that the Missouri State University will be able to absorb the minimal costs associated with the proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<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

Public School and Education Employees Retirement System  
Missouri State Employees Retirement System  
Joint Committee on Public Employees' Retirement  
County Employees' Retirement Fund  
Missouri State University  
Linn State Technical College  
University of Missouri  
University of Central Missouri



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