

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 4258-01  
BILL NO.: HB 1847  
SUBJECT: Retirement  
TYPE: Original  
DATE: February 15, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
All State Funds	(\$11,473,378)	(\$13,768,053)	(\$13,768,053)
Highway/Road Funds	(\$6,319,000)	(\$7,582,800)	(\$7,582,800)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$17,792,378)</b>	<b>(\$21,350,853)</b>	<b>(\$21,350,853)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
<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 LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 3 pages.

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials of the **Joint Committee on Public Employee Retirement** have reviewed this proposal and have determined that it represents a “substantial proposed change” in future plan benefits as defined in section 105.660(5), RSMo. Therefore, an actuarial cost statement must be provided prior to final action on this legislation by either legislative body or committee thereof.

Officials of the **Office of Administration** assume fiscal impact would be determined by the Missouri State Employees’ Retirement System.

Officials of the **Missouri State Employees’ Retirement System (MOSERS)** assume the proposal would increase the benefit multiplier in the Missouri State Employees’ Plan (MSEP) from 1.6% to 1.7% for all active, terminated-vested, and retired members. Based on an actuarial analysis obtained by MOSERS, the state’s contribution rate would increase from 11.59% to 12.47%, or an annual increase in contributions of \$13,768,053 based on a valuation payroll of \$1,564,551,532 as of June 30, 1999.

Officials of the **Highway and Transportation Employees’ and Highway Patrol Retirement System** assume the proposal would increase the benefit multiplier in the closed plan from 1.6% to 1.7% and from 2.13% to 2.27% for uniformed patrol. Based on an actuarial analysis, annual increases in contributions to the system are estimated to be \$5,133,600 for the Department of Transportation (MoDOT) and \$2,449,200 for the Missouri Highway Patrol (MHP).

	FY 2001	FY 2002	FY 2003
<b><u>FISCAL IMPACT - State Government</u></b>	(10 Mo.)		

**ALL STATE FUNDS**

<b><u>Costs - increased contributions to MOSERS</u></b>	<b><u>(\$11,473,378)</u></b>	<b><u>(\$13,768,053)</u></b>	<b><u>(\$13,768,053)</u></b>
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**HIGHWAY/ROAD FUNDS**

<b><u>Costs - MoDOT</u></b>			
Increased retirement contributions	(\$4,278,000)	(\$5,133,600)	(\$5,133,600)

<b><u>Costs - MHP</u></b>			
Increased retirement contributions	<b><u>(\$2,041,000)</u></b>	<b><u>(\$2,449,200)</u></b>	<b><u>(\$2,449,200)</u></b>

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	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>FISCAL IMPACT - State Government</u>			
<b>ESTIMATED NET EFFECT ON HIGHWAY/ROAD FUNDS</b>	<b><u>(\$6,319,000)</u></b>	<b><u>(\$7,582,800)</u></b>	<b><u>(\$7,582,800)</u></b>

	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>FISCAL IMPACT - Local Government</u>			
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

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

DESCRIPTION

The proposal would increase the benefit multipliers in the Missouri State Employees' Retirement System and the Highway and Transportation Employees' Retirement System.

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  
Office of Administration  
Missouri State Employees' Retirement System  
Highway and Transportation Employees' and Highway Patrol Retirement System



Jeanne Jarrett, CPA  
Director  
February 15, 2000