

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1501-02  
Bill No.: SB 389  
Subject: Education, Higher; Retirement Systems  
Type: Original  
Date: February 20, 2001

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Various State Funds	\$0	unknown	unknown
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>unknown</b>	<b>unknown</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
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 2002	FY 2003	FY 2004
<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 with the **Joint Committee on Public Employee Retirement** indicate that the legislation does not represent a “substantial proposed change” in future plan benefits, and that an actuarial cost statement is not required.

Officials with the **Office of Administration** assume that the Missouri State Employees’ Retirement System should determine the cost of the proposal.

The **Missouri State Employees’ Retirement System (MOSERS)** indicates that this proposal will be cost-neutral. The proposed legislation would establish a defined contribution plan for faculty & senior administrative personnel at regional colleges & universities hired after June 30, 2002. Contributions are to be set at 1% less than the normal cost rate established for the general population of employees participating in MOSERS. The rate would change year to year for the defined contribution plan, corresponding to year to year changes in the defined benefit plan.

Officials with **Central Missouri State University** and **Missouri Southern State College** assumed the fiscal impact to the school is unknown.

Officials with **Harris-Stowe State College** and **Linn State Technical College** assumed there would be no fiscal impact to the school.

**Southwest Missouri State University (SMS)** assumed the proposal would provide savings of 1% of pay for faculty and senior administration officials hired after June 30, 2002. SMS estimated 70 new hires per year at \$56,667 per year, providing savings of \$39,667 in FY 2003 (70 x \$56,667 x 1%). For FY 2004, new hires from FY 2003, plus FY 2004 hires were assumed to have an average salary of \$58,934 (4% adjustment), for a total savings for the year of \$83,508 (140 x \$58,934 x 1%).

**Oversight** assumes there will be unknown savings to the state institutions.

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
	(10 Mo.)		
<u>Savings—Various State Funds</u>			
MOSERS Contributions for New Employees	\$0	<u>unknown</u>	<u>unknown</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2002	FY 2003	FY 2004
	(10 Mo.)		
	<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 would create a defined contribution plan for state colleges and universities for teaching personnel, instructors, assistant professors, associate professors, professors, and academic administrators holding faculty rank. MOSERS is authorized to establish the plan, select a third party administrator, select investment products, and establish contribution rates.

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  
Central Missouri State University  
Harris-Stowe State College  
Linn State Technical College  
Missouri Southern State College  
Southwest Missouri State University

NOT RESPONDING

Lincoln University  
Missouri Western State College  
Northwest Missouri State University  
Southeast Missouri State University  
Truman State University



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