

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1673-01  
Bill No.: HB 659  
Subject: General Assembly; Retirement–State; Retirement Systems & Benefits–General  
Type: Original  
Date: March 27, 2001

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Various State Funds	\$0	(\$184,000)	(\$189,000)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>(\$184,000)</b>	<b>(\$189,000)</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. As such, no actuarial cost statement is required.

Officials with the **Office of Administration** indicate that the Missouri State Employees' Retirement System should determine the potential cost of the proposal.

Officials with the **Missouri State Employees' Retirement System (MOSERS)** assume the proposal will increase the current legislative benefit formula in the Missouri State Employees' Plan (MSEP) from \$150 to \$160 per biennial assembly served. Additionally, any former member of the general assembly who served at least two full biennial assemblies could receive benefits under the MSEP. (Previously, a member was required to serve three full assemblies to vest.)

MOSERS obtained an actuarial cost valuation for the proposed changes, and estimates that the required contribution as a percentage of payroll for all employees will increase by .01%, or \$184,000 annually, based on a \$1.84 billion payroll estimate for June 30, 2002.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>VARIOUS STATE FUNDS</b>			
<u>Cost-Variou State Agencies</u>			
Additional MOSERS Contributions	<b><u>\$0</u></b>	<b><u>(\$184,000)</u></b>	<b><u>(\$189,000)</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

**FISCAL IMPACT - Small Business**

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

**DESCRIPTION**

This bill increases the multiplier used to calculate retirement for members of the General Assembly from \$150 to \$160.

DESCRIPTION (continued)

Effective August 28, 2001, the bill requires former members of the General Assembly who served at least 2 full terms and had no creditable service for the same period in another system to be made special consultants on the problems related to retirement. As compensation for consulting duties, former members will be entitled to retire with a normal annuity effective the first of the month following application. In no event will retroactive benefits be paid.

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



Jeanne Jarrett, CPA  
Director

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