

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1230-01  
Bill No.: HB 477  
Subject: Retirement - State Employees; Veterans  
Type: Original  
Date: February 18, 2009

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Bill Summary: Allows certain veterans who have been state employees for a specified period of time to receive two years of free creditable service in Missouri State Employees' Retirement System

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
General Revenue	(\$829,166)	(\$994,999)	(\$994,999)
<b>Total Estimated Net Effect on General Revenue Fund*</b>	<b>(\$829,166)</b>	<b>(\$994,999)</b>	<b>(\$994,999)</b>

**\* This proposal will increase the Missouri State Employees' Retirement System Unfunded Actuarial Accrued Liability (UAAL) by \$15,000,000 and increase employer contributions by \$1,658,332 annually (0.10%)**

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
Other Various Funds	(\$552,777)	(\$663,333)	(\$663,333)
<b>Total Estimated Net Effect on Other State Funds*</b>	<b>(\$552,777)</b>	<b>(\$663,333)</b>	<b>(\$663,333)</b>

**\* This proposal will increase the Missouri State Employees' Retirement System Unfunded Actuarial Accrued Liability (UAAL) by \$15,000,000 and increase employer contributions by \$1,658,332 annually (0.10%)**

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<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>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<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>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **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 **Missouri State Employees Retirement System (MOSERS)** assume the primary effect of this proposal would be to allow all state employees who have been employed for ten or more years who have met the previously stated criteria to be given two years of creditable service in MOSERS. As proposed eligible members who have already purchased up to four years of military service may also receive two additional years of creditable service free of charge.

Officials from the **MoDOT & Patrol Employees' Retirement System (MPERS)** assume their agency is not named in the proposal; therefore, the proposal will have no fiscal impact on MPERS.

Officials from the **Office of Administration** assume the fiscal impact of this proposal will be provided by MOSERS and other retirement systems.

Officials from the **Department of Transportation** assume there will be no fiscal impact to their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>GENERAL REVENUE</b>			
<u>Increase - Employee Contributions</u>	<u>(\$829,166)</u>	<u>(\$994,999)</u>	<u>(\$994,999)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE*</b>	<b><u>(\$829,166)</u></b>	<b><u>(\$994,999)</u></b>	<b><u>(\$994,999)</u></b>
<b>OTHER VARIOUS FUNDS</b>			
<u>Increase - Employee Contributions</u>	<u>(\$552,777)</u>	<u>(\$663,333)</u>	<u>(\$663,333)</u>
<b>ESTIMATED NET EFFECT ON OTHER VARIOUS FUNDS*</b>	<b><u>(\$552,777)</u></b>	<b><u>(\$663,333)</u></b>	<b><u>(\$663,333)</u></b>

**\* This proposal will increase the Missouri State Employees' Retirement System Unfunded Actuarial Accrued Liability (UAAL) by \$15,000,000 and increase employer contributions by \$1,658,332 annually (0.10%)**

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<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.

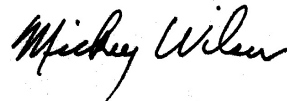
#### FISCAL DESCRIPTION

The proposed legislation requires that certain veterans who have been state employees for a specified period of time and who meet certain eligibility requirements be given two years of creditable service in MOSERS.

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  
Missouri State Employees' Retirement System  
MoDOT & Patrol Employees' Retirement System  
Office of Administration  
Department of Transportation

A handwritten signature in black ink, reading "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
February 18, 2009