

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1914-01
Bill No.: HB 927
Subject: Law Enforcement Officers and Agencies; Retirement - Local Government;
Retirement Systems and Benefits - General
Type: Original
Date: March 9, 2009

Bill Summary: Allows members of the St. Louis Police Retirement System to be credited with unused sick leave upon retiring.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| | | | |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

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).

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|---|---|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| Local Government* | \$0 | (Unknown greater than \$100,000) | (Unknown greater than \$100,000) |

***Does not include an increase in the Unfunded Actuarial Accrued Liability (UAAL) greater than \$100,000.**

FISCAL ANALYSIS

ASSUMPTION

The **Joint Committee on Public Employee Retirement (JCPER)** indicate that the legislation represents a “substantial proposed change” in future plan benefits for the St. Louis Police Retirement System. As such an actuarial cost statement was required.

In response to previous similar legislation in 2001, TAFP HS for SCS for SB 290, officials with the **St. Louis Firemen’s Retirement System** assumed the proposal would adjust the full lump-sum sick leave benefit to pay one-half of the leave as a lump-sum, provide additional service credit for one-quarter of the leave, and add one-quarter of the leave to the final average compensation. An actuarial valuation was obtained by the system for this proposal that indicated that the proposal would add \$2.14 million to the system’s Unfunded Actuarial Accrued Liability. To amortize the additional liability and pay the increased normal cost of benefits, contributions must be increased by 0.65% of payroll, or \$206,000 annually. At that time officials stated that the increased contributions would be effective beginning FY 2003. **Oversight** assumes this proposal is similar to the previous legislation and that the increase would be effective beginning FY 2011.

Officials from the St. Louis Police Retirement System were unable to obtain the actuarial study due to time constraints; however, the cost are similar to the legislation in the 2001 legislation and there would be an increase in the UAAL as well as increased costs to the Police Retirement System greater than \$100,000.

| <u>FISCAL IMPACT - State Government</u> | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
|---|---------------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
|--|---------------------|---|---|
| CITY OF ST. LOUIS | | | |
| Cost - Increased Contributions to Police Retirement System | <u>\$0</u> | <u>(Unknown greater than \$100,000)</u> | <u>(Unknown greater than \$100,000)</u> |

***Does not include an increase in the Unfunded Actuarial Accrued Liability (UAAL) greater than \$100,000.**

FISCAL IMPACT - Small Business

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

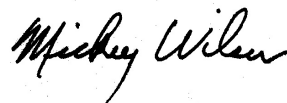
FISCAL DESCRIPTION

Allows members of the St. Louis Police Retirement System to be credited with unused sick leave upon retiring .

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
St. Louis Police Retirement System



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