

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5167-01
Bill No.: Perfected HB 1710
Subject: Retirement - Schools
Type: Original
Date: March 7, 2016

Bill Summary: This proposal modifies provisions relating to the teacher and school employee retirement systems.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Joint Committee on Public Employee Retirement** stated that this legislation would not create a substantial proposed change in future plan benefits as defined in Section 105.660(10).

Officials from the **Public School and Education Employees Retirement System (PSRS)** stated this proposal will have no measurable fiscal impact to the system. This proposal creates a suspension of a member's retirement allowance when they return to work, which results in a temporary savings for the system. The accrual of a second retirement allowance during the suspension period can result in a small cost or savings to the system. Historically, a very small percentage of retirees return to work in a capacity that exceeds the limitations noted above. As of June 30, 2015, 77 of 51,345 PSRS service retirees, or .15%, have returned to work and had their retirement allowance suspended.

Oversight assumes this proposal will not have a significant fiscal impact on the Kansas City Public School Retirement System (KCPSRS) based on Joint Committee on Public Employee Retirement's assessment, as shown below.

Kansas City Public School Retirement System (as of January 1, 2015)

Market Value: \$698,523,480	Funded Ratio: 78%
Actuarial Value: \$712,391,611	Funded Ratio: 80%

Current Annual Required Contribution Rate (2015)	
Employer: 11.06%	Dollars: \$18,895,471 (estimate)
<u>Employee: 8.50%</u>	<u>Dollars: \$14,521,836 (estimate)</u>
Total: 19.56%	Dollars: \$33,417,307 (estimate)

Covered Payroll: \$170,845,124

Officials from the **City of Kansas City Public School Retirement System** assume the fiscal impact is unknown because their system does not differentiate between teachers/certified individuals and non-teachers/non-certified individuals and therefore doesn't have a current count of our retirees or active members by their position type. They do know that thirty-six percent of our active members, as of January 1, 2015, are employed by Kansas City Charter Schools and another four percent by the Kansas City public library rather than the Kansas City school district.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<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.

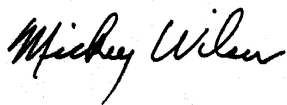
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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

Public School and Education Employees Retirement System
Joint Committee on Public Employee Retirement



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