

HCS HB 619 -- ST. LOUIS PUBLIC SCHOOL RETIREMENT

SPONSOR: Dogan

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Pensions by a vote of 9 to 3. Voted "Do Pass" by the Standing Committee on Rules- Administrative Oversight by a vote of 12 to 2.

This bill changes the laws regarding the Public School Retirement System of the City of St. Louis. In its main provisions, the bill:

(1) Allows a teacher within the Public School Retirement System of the City of St. Louis to retire at age 65 or when his or her age added to the number of years of credited service is not less than 80. This will commonly be known as the Rule of 80. Currently, the retirement age is 65 or when the age added to the number of years of credited service is 85 and the rule is commonly known as the Rule of 85;

(2) Beginning January 1, 2018, new employees hired for the first time, will have their retirement benefits calculated using a 1.75% multiplication factor. Existing employees will have their benefits calculated using a multiplication factor of 2% for all years of service;

(3) Increases a current member's contribution to the system by .5% of the member's compensation each year until the contribution rate equals 9%. New members will automatically contribute 9%;

(4) Beginning January 1 of the year immediately following the year that the total contribution rate provided by the employer and member, when added together, is greater than 15%, then the percentage contribution amount paid by the employer and member must be equal. The equally divided contribution percentage rate must not be greater than 9%; and

(5) Changes in contribution rates from year to year must be in increments of .5% per year and shall not be greater or less than .5% from the previous year's rate.

This bill is similar to HB 2314 (2016) and HB 1205 (2015).

PROPONENTS: Supporters say that this bill will help to promote more accurate planning, something that has been difficult because the actuarial findings and rates change each year. One of the largest problems is the unreliable way in which they receive pension information (as determined by the actuarial board) and the impact that this has financially on the district.

Testifying for the bill were Representative Dogan; Kelvin Adams; and Mary J. Armstrong, Aft St. Louis Local 420.

OPPONENTS: Those who oppose the bill say that this bill would decrease the pension amounts for current teachers and that is not the right thing to do to them. When they started they were promised the 2% multiplication factor.

Testifying against the bill were Jim Kreider, Missouri Retired Teachers Association; Association of Active & Retired Missouri State Employees; and James P. Faul, Public School Retirement System - City of St. Louis.