

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3048S.01I
Bill No.: SB 877
Subject: Retirement - Schools; Retirement Systems and Benefits - General; Teachers
Type: Original
Date: March 13, 2024

Bill Summary: This proposal modifies the retirement allowance multiplier for certain members of the Public School Retirement System of Missouri.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0	\$0 or Unknown or (Unknown)	\$0 or Unknown or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** state the bill has no direct fiscal impact to the Joint Committee on Public Employee Retirement.

According to actuarial information provided by the retirement system, SB 877 would constitute a “substantial proposed change” in future plan benefits as defined in section 105.660(10). Pursuant to section 105.670, an actuarial cost statement must be filed with the Chief Clerk of the House of Representatives, the Secretary of the Senate, and the Joint Committee on Public Employee Retirement as public information for at least five legislative days prior to final passage.

Officials from the **Public Schools and Education Employee Retirement Systems** state, as currently drafted, this bill has a fiscal and operational impact on PSRS or PEERS of Missouri. The Systems have an actuary firm, PricewaterhouseCoopers (PWC), that prepares actuarial cost statements on any proposed legislation as well as the annual actuarial valuation reports for the Systems. This legislation is being submitted to them for an actuarial statement. As soon as the actuarial statement is available, we will be amending our fiscal response to include their analysis.

Oversight did not receive an actuarial cost statement by the time this fiscal note was completed. Therefore, Oversight assumes this proposal will have an unknown (positive or negative) impact on employer member contributions beginning in FY 2026.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
SCHOOL DISTRICTS			
<u>Cost/Savings</u> – from changes in employer member contributions - \$169.070 (actuarial analysis is not available yet)	\$0	\$0 or Unknown or (Unknown)	\$0 or Unknown or (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0	\$0 or Unknown or (Unknown)	\$0 or Unknown or (Unknown)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

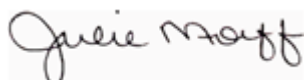
Current law provides that a member of the Public School Retirement System of Missouri with 32 years or more of service, regardless of age, be provided a retirement allowance with a multiplier of 2.55% of the member's final average salary for each year of the membership service. This act modifies this provision by providing that the multiplier factor for the normal retirement allowance of certain members with creditable service, regardless of age, be as follows:

- (1) 2.53% for those members with 31 years or more of service, but less than 32 years of service;
- (2) 2.56% for those members with 32 years or more of service, but less than 33 years; and
- (3) 2.6% for those members with 33 years of service or more.

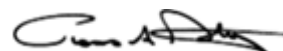
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement
 Public Schools and Education Employee Retirement Systems



Julie Morff
 Director
 March 13, 2024



Ross Strobe
 Assistant Director
 March 13, 2024