

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5137H.011
 Bill No.: HB 2469
 Subject: Retirement Systems And Benefits - General; Retirement - State; Retirement - Schools; Employees - Employers
 Type: Original
 Date: February 23, 2024

Bill Summary: This proposal modifies provisions relating to retirement systems.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|------------|----------------------------|------------|
| FUND AFFECTED | FY 2025 | FY 2026 | FY 2027 |
| General Revenue | \$0 | Up to (\$8,700,000) | \$0 |
| Total Estimated Net Effect on General Revenue | \$0 | Up to (\$8,700,000) | \$0 |

*Oversight will show a cost to the state to appropriate funds for a supplemental pension benefit for members of the Public Schools Retirement Systems of the City of St. Louis.

| 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 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** this proposal has no direct fiscal impact to the Joint Committee on Public Employee Retirement. The JCPER’s review of this proposal indicates that its provisions may constitute a “substantial proposed change” in future plan benefits as defined in section 105.660(10). It is impossible to accurately determine the fiscal impact of this legislation without an actuarial cost statement prepared in accordance with section 105.665. 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 **Public Schools Retirement Systems of the City of St. Louis (PSRSSTL)** state the Retirement System believes that an additional monthly pension benefit would cost the State approximately \$8.7 Million. However, the exact amount cannot be known until a cost statement is prepared. The Retirement System believes that this proposal constitutes a “substantial proposed change” within the meaning of §§ 105.660 and 105.670, meaning that a cost statement is required before final legislative action may be taken on the measure.

Officials from **Office of Administration - Budget and Planning (B&P)** state this proposal provides for the State of Missouri, subject to appropriation, to make a one-time supplemental payment to the Public Schools Retirement System of the City of St. Louis. This language caps the cost of the payment at a maximum amount of \$2,000 per retiree or beneficiary. B&P defers to PSRS-STL for specific cost estimates.

Oversight assumes the one-time supplemental payment will be provided only if the General Assembly appropriates an amount equal to the cost incurred to provide such payment. The supplemental payment shall be payable no later than September 30, 2025 (FY 2026). Therefore, Oversight will show an impact to general revenue up to the cost as estimated by PSRSSTL in FY 2026.

| <u>FISCAL IMPACT – State Government</u> | FY 2025 (10 Mo.) | FY 2026 | FY 2027 |
|--|---------------------|---------------------------------------|-------------------|
| GENERAL REVENUE | | | |
| <u>Cost – to provide a one-supplemental payment to PSRSSTL - \$169.542</u> | <u>\$0</u> | Up to <u>(\$8,700,000)</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>\$0</u> | Up to <u>(\$8,700,000)</u> | <u>\$0</u> |

| <u>FISCAL IMPACT – Local Government</u> | FY 2025 (10 Mo.) | FY 2026 | FY 2027 |
|---|---------------------|------------|------------|
| | | | |
| | <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.

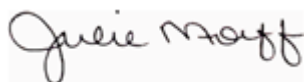
FISCAL DESCRIPTION

This bill allows retirees from the St. Louis Public School Retirement System to receive a one-time supplemental payment equal to the lesser of the person's gross amount of the regular pension benefit or \$2,000. Subject to appropriation the supplemental payment shall be payable no later than September 30, 2025.

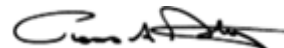
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement
 Office of Administration - Budget and Planning
 Public Schools Retirement Systems of the City of St. Louis



Julie Morff
 Director
 February 23, 2024



Ross Strobe
 Assistant Director
 February 23, 2024