

March 12, 2009

A lengthy hearing was held last week in the House Retirement Committee on a proposal that would eliminate the use of overtime pay when calculating a retirement annuity for state employees. The bill, HB347, would impact both MPERS and MOSERS workers, beginning June 30, 2010.

The legislation is designed as a cost-saving plan primarily for the MPERS retirement system which, analysts say, is underfunded and has been weakened by the recent economic downturn. A member of the MPERS board of directors, Rep. Charlie Schlottach, said the group has been searching for methods to stabilize the struggling retirement fund.

“This would save about \$2.9 million a year,” Rep. Schlottach said. “And we have to look at every opportunity to save money. We owe it to our employees to have some stability and a long-term plan for the retirement system.”

Several members of the committee agreed that something has to be done to strengthen MPERS however there was no consensus as to what steps should be taken. A new member of the committee from St. Louis, Rep. Mike Leara said “I understand the pension plan is in trouble but I feel for the man who is working out there on the street.”

“This is a tough one,” Rep. Leara added. “Things are going to get worse. We’re going to have to look at combining plans or adding a lot of money to the fund.”

The committee took no action on the bill. In a related matter, the MPERS board recently sent a letter to Gov. Nixon asking him to consider appointing a task force to examine state employee benefits. The letter noted that the MPERS plan had increased to a 59% funding level but it is anticipated that it will be dramatically lower after the next actuarial evaluation at the end of the fiscal year.

The legislature is scheduled to be on its annual spring break from March 12 to March 23.

**From Harry Hill, Lobbyist
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