

The **Association** report

from the **Capitol**

June 11, 2003

A legislative session dominated by budgetary disputes and veto threats finally wound down recently with modest gains for our Association members and our goals and ideas alive for another day.

Much-anticipated early retirement legislation (with a motive of cost savings by reducing state employee payroll) was announced by the governor then languished and appeared near death in the legislature. However it was revised and resurrected before the end of the session with the possibility of a "3-year purchase" of additional credit to become retirement eligible. This was a modification of the governor's original proposal which would simply concede additional years to an employee who is nearing retirement.

While the governor's plan, upon close scrutiny, proved to be a "revenue loser" rather than a cost savings for the state, the "3-year purchase" plan was expected to initially save the state several million dollars over the next few years. In the end, however, legislative leaders decided to offer a much smaller carrot to encourage early retirement. Offering additional years in some form to reach retirement eligibility may be in a future legislative package.

In the end, SB248 was whittled down to the point of essentially offering only health insurance as an incentive for early retirement. Assuming the governor signs SB248, an employee can retire between Feb. 1 and Sept. 1, 2003 and receive health insurance benefits at an active employee rate for up to five years or until he or she becomes eligible for medicaid. The health insurance benefit would include the retiree's dependents. (An employee who is eligible for retirement before Feb. 1, 2004 can take advantage of early retirement provisions of SB248 but must elect to retire by Sept. 1, 2003).

Also included in SB248 is a provision to lower the minimum age from 50 to 48 to reach retirement age under the rule of "80 and out." The governor has until July 14 to sign bills passed during this legislative session. Provisions of the legislation signed by July 14 are to become effective on Aug. 28, 2003 unless otherwise stipulated in the legislation.

Appropriations bills must be signed by July 1. Included in those appropriations bills are pay raises for some state employees. Persons who are paid less than \$40,000 a year are to receive a \$50 a month pay increase beginning with the July pay period. Our Association employees pay raises are found in HB 5 (MoDOT appropriations bill) which was signed by the governor on May 30. At that time, the governor vetoed the appropriations (including pay raises) for the departments of education, social services, health and mental health. At the time of this report, the legislature is in special session to work out an agreement on these vetoed budgets.

In a legislative session where our proposals did not pass in their originally introduced and numbered form, our ideas could be found in various stages of legislation affecting state employees. This would include the use of vacation time and unused sick leave to qualify for early retirement (found in versions of SB248) to changes in the minimum age for the "80 and out" retirement formula. It all serves as a reminder that persistence will pay off in the end. We've all seen difficult times in the past but conditions change and so too will the fortunes of our employees. Persistence and perseverance, we've also learned, will help those changes come about in a more systematic manner.

**From Harry Hill, Lobbyist
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