JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT
THIRD QUARTER MEETING
September 11th, 2024

The Joint Committee on Public Employee Retirement (JCPER) held its third quarter meeting on Wednesday, September 11, 2024, at 10:00 AM in the Joint Committee Room (Room 117) in the State Capitol. The meeting was livestreamed via the House and Senate websites. Chair Hovis called the meeting to order.

The first item on the agenda was roll call. JCPER members in attendance were:

Chair Hovis, Representative Richard Brown (27), Reedy, and West. Vice Chair Bernskoetter, Senator Beck, Fitzwater, McCreery, Moon, and Williams, as well as Representatives Paula Brown(87) were not in attendance.

Representative Bosley arrived after roll call.

Following the roll call, Chair Hovis turned the meeting over to Executive Director Robert Coleman to present the JCPER 2024, 3rd Quarter report. Of the public pension defined benefit plans, most reported double digit returns. The Director noted this did not included MOSERS or LAGERS which did not reach their expected ROR on 12 month year to date.

The director proceeded to a markets update, where he indicated all major indices are up year to date. The Federal Reserve Chair feels the inflation is moving to the Federal Reserve's goals and interest rate cut could be on the way this month. The Director noted this was not a guarantee of a future rate cut.

The meeting continued with comments from the director regarding two plans. The director first addressed the Springfield Police and Fire pension fund. Their supplementary funding mechanism, a sales tax, is set to expire. This is not a concern for the JCPER as the plan is at a 90% funded rate. Additionally, Director of Finance for the city believes a new tax to support the fund will be passed by the city.

The director then pivoted to Sheriffs' Retirement Fund. The plan's primary funding mechanism has been suspended. This past legislative session SJR 71 was approved for the November ballot, this ballot measure would restore the funding mechanism. The director believes public sentiment is mixed for the ballot measure.

Representative Bosley joined the meeting.

The Reason Foundation begin their presentation. They stressed the stance there are three major steps the legislator can do to improve the state of pensions: maximizing the rate plans pay down future debt, audit current plan actuarial assumptions, and insuring competitive benefits.

The last order of business was comments and questions from the committee. Chair Hovis found none and with no further business to be presented, the committee adjourned.

Robert Coleman
Executive Director

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JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT

3rd QUARTER MEETING
September 11, 2024
10:00am— Joint Committee Room (Room 117), State Capitol

AGENDA

Roll Call

Quarterly Investment Reporting

Market Update

Springfield Police & Fire Retirement Fund

Sheriffs' Retirement Fund

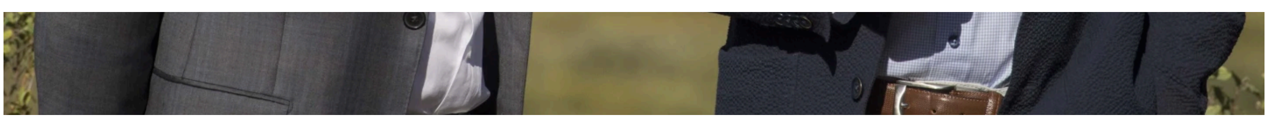
Prosecuting Attorneys' & Circuit Attorneys' Retirement System

Reason Foundation, Pension Integrity Project

Comments of the Chair

BUSINESS

Takeaways from Fed Chair Powell's speech at Jackson Hole



BY PAUL WISEMAN

Updated 2:13 PM CDT, August 23, 2024

WASHINGTON (AP) — Federal Reserve Chair Jerome Powell all but proclaimed victory in the fight against inflation and signaled that interest rate cuts are coming in a much-anticipated speech Friday in Jackson Hole, Wyoming.

Under Powell, the Fed raised its benchmark rate to the highest level in 23 years to subdue inflation that two years ago was running at the hottest pace in more than four decades. Inflation has come down steadily, and investors now expect the Fed to start cutting rates at its next meeting in September — an expectation that essentially got Powell's endorsement Friday.

Powell declares victory over inflation

“My confidence has grown that inflation is on a sustainable path back to 2%,” Powell said in his keynote speech at the Fed’s annual economic conference in Jackson Hole.

He noted that inflation, according to the Fed’s preferred gauge, had fallen to 2.5% last from a peak of 7.1% two years ago. Measured by the better known consumer price index, inflation has dropped from a peak 9.1% in mid-2022 to 2.9% last month. Both are edging closer to the Fed’s 2% target.

Powell sounded confident that the Fed would achieve a so-called soft landing — containing inflation without causing a recession. “There is good reason to think that the economy will get back to 2% inflation while maintaining a strong labor market,'' he said.

RELATED STORIES

Jerome Powell says Fed to soon begin reducing interest rates

Powell may use Jackson Hole speech to hint interest rate cuts

Fed's preferred inflation gauge cools, adding to likelihood of a September rate cut

Higher rates contributed to progress against inflation, as did the easing of supply chain bottlenecks and worker shortages that caused shipping delays and higher prices as the economy bounded back with unexpected strength from COVID-19 lockdowns.

Rate cuts are coming

Powell suggested Friday that rate cuts are all but inevitable. “The direction of travel is clear, and the timing and pace of rate cuts will depend on incoming data, the evolving outlook, and the balance of risks,” he said.

Last year, the Fed had predicted that it would trim rates three times this year. But the cuts kept getting pushed back as the progress against inflation faltered early in 2024. Since then, the steady drop in inflation has resumed, giving the Fed more confidence that victory was in sight.

Fed misjudged inflation

Powell acknowledged that he and his Fed colleagues misjudged the inflationary threat when it emerged in early 2021. At the time, they expected the flareup of higher prices to be short-lived — the temporary consequence of pandemic-related supply chain disruptions. The pressure, they thought, would fade “fairly quickly without the need for a monetary policy response — in short, that the inflation would be transitory.''

They weren’t alone in their optimism. “The good ship Transitory was a crowded one,'' Powell said, ”with most mainstream analysts and advanced-economy central bankers on board.''

But the word “transitory” came back to haunt the Fed as inflation proved more intractable than expected. It spread from goods that were subject to supply chain backlogs into services, where it is harder to dislodge without raising rates and risking severe economic pain in the form of layoffs and higher unemployment. The Fed proceeded to raise rates 11 times in 2022 and 2023.

Unpredictable economy leaves policymakers humble

Powell admitted that policymakers and economists have struggled to understand and respond to an economy that has been unpredictable since COVID-19 hit in early 2020. First, the pandemic shut down commerce and companies collectively slashed millions of jobs. Then the economy roared back with unexpected vigor, setting off inflationary pressures that been dormant since the early 1980s. When the Fed belated responded with aggressive rate hikes, economists predicted the hiring borrowing costs would cause a painful recession. But it didn’t.

“The limits of our knowledge — so clearly evident during the pandemic — demand humility and a questioning spirit focused on learnings lessons form the past and applying them flexibly to our current challenges,'' Powell said.

Economic News Release

CPI

Consumer Price Index Summary

Transmission of material in this release is embargoed until
8:30 a.m. (ET) Wednesday, August 14, 2024   USDL-24-1662

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CONSUMER PRICE INDEX - JULY 2024

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.2 percent on a seasonally adjusted basis, after declining 0.1 percent in June, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index increased 2.9 percent before seasonal adjustment.

The index for shelter rose 0.4 percent in July, accounting for nearly 90 percent of the monthly increase in the all items index. The energy index was unchanged over the month, after declining in the two preceding months. The index for food increased 0.2 percent in July, as it did in June. The food away from home index rose 0.2 percent over the month, and the food at home index increased 0.1 percent.

The index for all items less food and energy rose 0.2 percent in July, after rising 0.1 percent the preceding month. Indexes which increased in July include shelter, motor vehicle insurance, household furnishings and operations, education, recreation, and personal care. The indexes for used cars and trucks, medical care, airline fares, and apparel were among those that decreased over the month.

The all items index rose 2.9 percent for the 12 months ending July, the smallest 12-month increase since March 2021. The all items less food and energy index rose 3.2 percent over the last 12 months and was the smallest 12-month increase in that index since April 2021. The energy index increased 1.1 percent for the 12 months ending July. The food index increased 2.2 percent over the last year.

Table A. Percent changes in CPI for All Urban Consumers (CPI-U): U.S. city average

	Seasonally adjusted changes from preceding month							Un-adjusted 12-mos. ended Jul. 2024
	Jan. 2024	Feb. 2024	Mar. 2024	Apr. 2024	May 2024	Jun. 2024	Jul. 2024	
All items	0.3	0.4	0.4	0.3	0.0	-0.1	0.2	2.9
Food	0.4	0.0	0.1	0.0	0.1	0.2	0.2	2.2
Food at home	0.4	0.0	0.0	-0.2	0.0	0.1	0.1	1.1
Food away from home(1)	0.5	0.1	0.3	0.3	0.4	0.4	0.2	4.1
Energy	-0.9	2.3	1.1	1.1	-2.0	-2.0	0.0	1.1
Energy commodities	-3.2	3.6	1.5	2.7	-3.5	-3.7	0.1	-2.0
Gasoline (all types)	-3.3	3.8	1.7	2.8	-3.6	-3.8	0.0	-2.2
Fuel oil	-4.5	1.1	-1.3	0.9	-0.4	-2.4	0.9	-0.3
Energy services	1.4	0.8	0.7	-0.7	-0.2	-0.1	-0.1	4.2
Electricity	1.2	0.3	0.9	-0.1	0.0	-0.7	0.1	4.9
Utility (piped) gas service	2.0	2.3	0.0	-2.9	-0.8	2.4	-0.7	1.5
All items less food and energy	0.4	0.4	0.4	0.3	0.2	0.1	0.2	3.2
Commodities less food and energy commodities	-0.3	0.1	-0.2	-0.1	0.0	-0.1	-0.3	-1.9
New vehicles	0.0	-0.1	-0.2	-0.4	-0.5	-0.2	-0.2	-1.0
Used cars and trucks	-3.4	0.5	-1.1	-1.4	0.6	-1.5	-2.3	-10.9
Apparel	-0.7	0.6	0.7	1.2	-0.3	0.1	-0.4	0.2
Medical care commodities(1)	-0.6	0.1	0.2	0.4	1.3	0.2	0.2	2.8
Services less energy services	0.7	0.5	0.5	0.4	0.2	0.1	0.3	4.9
Shelter	0.6	0.4	0.4	0.4	0.4	0.2	0.4	5.1
Transportation services	1.0	1.4	1.5	0.9	-0.5	-0.5	0.4	8.8
Medical care services	0.7	-0.1	0.6	0.4	0.3	0.2	-0.3	3.3

Footnotes
(1) Not seasonally adjusted.

Food

The food index increased 0.2 percent in July, as it did in June. The index for food at home rose 0.1 percent in July. Three of the six major grocery store food group indexes increased over the month while the other three indexes declined in July. The index for meats, poultry, fish, and eggs rose 0.7 percent in July as the index for eggs increased 5.5 percent. The fruits and vegetables index rose 0.8 percent over the month and the nonalcoholic beverages index increased 0.5 percent.

The index for other food at home fell 0.5 percent in July, after rising 0.5 percent June. The cereals and bakery products index also decreased 0.5 percent over the month and the dairy and related products index declined 0.2 percent.

The food away from home index rose 0.2 percent in July, after rising 0.4 percent in each of the preceding two months. The index for limited service meals rose 0.3 percent and the index for full service meals increased 0.1 percent over the month.

The index for food at home rose 1.1 percent over the last 12 months. The meats, poultry, fish, and eggs index rose 3.0 percent over the last 12 months and the nonalcoholic beverages index increased 1.9 percent. Over the same period, the index for other food at home rose 0.9 percent. The index for cereals and bakery products was unchanged over the last 12 months. In comparison, the fruits and vegetables index fell 0.2 percent over the year as did the dairy and related products index.

The index for food away from home rose 4.1 percent over the last year. The index for limited service meals increased 4.3 percent over the last 12 months and the index for full service meals rose 3.8 percent over the same period.

Energy

The energy index was unchanged in July, after decreasing 2.0 percent in June. The gasoline index was also unchanged over the month. (Before seasonal adjustment, gasoline prices rose 0.8 percent in July.) The electricity index increased 0.1 percent over the month and the fuel oil index increased 0.9 percent. The index for natural gas fell 0.7 percent in July.

The energy index increased 1.1 percent over the past 12 months. The index for electricity increased 4.9 percent over the last 12 months and the index for natural gas rose 1.5 percent. The gasoline index fell 2.2 percent over this 12-month span. The index for fuel oil fell 0.3 percent over the same period.

All items less food and energy

The index for all items less food and energy rose 0.2 percent in July, after rising 0.1 percent in June. The shelter index increased 0.4 percent in July. The index for rent rose 0.5 percent over the month and the index for owners' equivalent rent increased 0.4 percent. The lodging away from home index rose 0.2 percent in July, after falling 2.0 percent in June.

The medical care index fell 0.2 percent in July, after rising 0.2 percent in June. The index for hospital services fell 1.1 percent in July. The physicians' services index and the prescription drugs index both increased 0.1 percent in July.

The motor vehicle insurance index rose 1.2 percent in July, following a 0.9-percent increase in June. The index for household furnishings and operations increased 0.3 percent over the month. The indexes for education, recreation, and personal care also increased in July.

The index for used cars and trucks fell 2.3 percent in July, following a 1.5-percent decrease in June. Over the month, the airline fares index fell 1.6 percent, the apparel index decreased 0.4 percent, and the new vehicles index declined 0.2 percent.

The index for all items less food and energy rose 3.2 percent over the past 12 months. The shelter index increased 5.1 percent over the last year, accounting for over 70 percent of the total 12-month increase in the all items less food and energy index. Other indexes with notable increases over the last year include motor vehicle insurance (+18.6 percent), medical care (+3.2 percent), personal care (+3.4 percent), and recreation (+1.4 percent).

Not seasonally adjusted CPI measures

The Consumer Price Index for All Urban Consumers (CPI-U) increased 2.9 percent over the last 12 months to an index level of 314.540 (1982-84=100). For the month, the index increased 0.1 percent prior to seasonal adjustment.

The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) increased 2.9 percent over the last 12 months to an index level of 308.501 (1982-84=100). For the month, the index increased 0.1 percent prior to seasonal adjustment.

The Chained Consumer Price Index for All Urban Consumers (C-CPI-U) increased 2.7 percent over the last 12 months. For the month, the index increased 0.1 percent on a not seasonally adjusted basis. Please note that the indexes for the past 10 to 12 months are subject to revision.

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The Consumer Price Index for August 2024 is scheduled to be released on Wednesday, September 11, 2024, at 8:30 a.m. (ET).

Technical Note

Brief Explanation of the CPI

The Consumer Price Index (CPI) measures the change in prices paid by consumers for goods and services. The CPI reflects spending patterns for each of two population groups: all urban consumers and urban wage earners and clerical workers. The all urban consumer group represents over 90 percent of the total U.S. population. It is based on the expenditures of almost all residents of urban or metropolitan areas, including professionals, the self-employed, the poor, the unemployed, and retired people, as well as urban wage earners and clerical workers. Not included in the CPI are the spending patterns of people living in rural nonmetropolitan areas, farming families, people in the Armed Forces, and those in institutions, such as prisons and mental hospitals. Consumer inflation for all urban consumers is measured by two indexes, namely, the Consumer Price Index for All Urban Consumers (CPI-U) and the

Chained Consumer Price Index for All Urban Consumers (C-CPI-U). The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) is based on the expenditures of households included in the CPI-U definition that meet two requirements: more than one-half of the household's income must come from clerical or wage occupations, and at least one of the household's earners must have been employed for at least 37 weeks during the previous 12 months. The CPI-W population represents approximately 30 percent of the total U.S. population and is a subset of the CPI-U population.

The CPIs are based on prices of food, clothing, shelter, fuels, transportation, doctors' and dentists' services, drugs, and other goods and services that people buy for day-to-day living. Prices are collected each month in 75 urban areas across the country from about 6,000 housing units and approximately 22,000 retail establishments (department stores, supermarkets, hospitals, filling stations, and other types of stores and service establishments). All taxes directly associated with the purchase and use of items are included in the index. Prices of fuels and a few other items are obtained every month in all 75 locations. Prices of most other commodities and services are collected every month in the three largest geographic areas and every other month in other areas. Prices of most goods and services are obtained by personal visit, telephone call, web, or app collection by the Bureau's trained representatives.

In calculating the index, price changes for the various items in each location are aggregated using weights, which represent their importance in the spending of the appropriate population group. Local data are then combined to obtain a U.S. city average. For the CPI-U and CPI-W, separate indexes are also published by size of city, by region of the country, for cross-classifications of regions and population-size classes, and for 23 selected local areas. Area indexes do not measure differences in the level of prices among cities; they only measure the average change in prices for each area since the base period. For the C-CPI-U, data are issued only at the national level. The CPI-U and CPI-W are considered final when released, but the C-CPI-U is issued in preliminary form and subject to three subsequent quarterly revisions.

The index measures price change from a designed reference date. For most of the CPI-U and the CPI-W, the reference base is 1982-84 equals 100. The reference base for the C-CPI-U is December 1999 equals 100. An increase of 7 percent from the reference base, for example, is shown as 107.000. Alternatively, that relationship can also be expressed as the price of a base period market basket of goods and services rising from $100 to $107.

Sampling Error in the CPI

The CPI is a statistical estimate that is subject to sampling error because it is based upon a sample of retail prices and not the complete universe of all prices. BLS calculates and publishes estimates of the 1-month, 2-month, 6-month, and 12-month percent change standard errors annually for the CPI-U. These standard error estimates can be used to construct confidence intervals for hypothesis testing. For example, the estimated standard error of the 1-month percent change is 0.03 percent for the U.S. all items CPI. This means that if we repeatedly sample from the universe of all retail prices using the same methodology, and estimate a percentage change for each sample, then 95 percent of these estimates will be within 0.06 percent of the 1-month percentage change based on all retail prices. For example, for a 1-month change of 0.2 percent in the all items CPI-U, we are 95 percent confident that the actual percent change based on all retail prices would fall between 0.14 and 0.26 percent. For the latest data, including information on how to use the estimates of standard error, see www.bls.gov/cpi/tables/variance-estimates/home.htm.

Calculating Index Changes

Movements of the indexes from 1 month to another are usually expressed as percent changes rather than changes in index points, because index point changes are affected by the level of the index in relation to its base period, while percent changes are not. The following table shows an example of using index values to calculate percent changes:

	Item A	Item B	Item C
Year I	112.500	225.000	110.000
Year II	121.500	243.000	128.000
Change in index points	9.000	18.000	18.000
Percent change	9.0/112.500 x 100 = 8.0	18.0/225.000 x 100 = 8.0	18.0/110.000 x 100 = 16.4

Use of Seasonally Adjusted and Unadjusted Data

The Consumer Price Index (CPI) program produces both unadjusted and seasonally adjusted data. Seasonally adjusted data are computed using seasonal factors derived by the X-13ARIMA-SEATS seasonal adjustment method. These factors are updated each February, and the new factors are used to revise the previous 5 years of seasonally adjusted data. The factors are available at www.bls.gov/cpi/tables/seasonal-adjustment/seasonal-factors-2024.xlsx. For more information on data revision scheduling, please see the Factsheet on Seasonal Adjustment at www.bls.gov/cpi/seasonal-adjustment/questions-and-answers.htm and the Timeline of Seasonal Adjustment Methodological Changes at www.bls.gov/cpi/seasonal-adjustment/timeline-seasonal-adjustment-methodology-changes.htm.

How to Use Seasonally Adjusted and Unadjusted Data

For analyzing short-term price trends in the economy, seasonally adjusted changes are usually preferred since they eliminate the effect of changes that normally occur at the same time and in about the same magnitude every year-such as price movements resulting from weather events, production cycles, model changeovers, holidays, and sales. This allows data users to focus on changes that are not typical for the time of year.

The unadjusted data are of primary interest to consumers concerned about the prices they actually pay. Unadjusted data are also used extensively for escalation purposes. Many collective bargaining contract agreements and pension plans, for example, tie compensation changes to the Consumer Price Index before adjustment for seasonal variation. BLS advises against the use of seasonally adjusted data in escalation agreements because seasonally adjusted series are revised annually for five years.

Intervention Analysis

The Bureau of Labor Statistics uses intervention analysis seasonal adjustment (IASA) for some CPI series. Sometimes extreme values or sharp movements can distort the underlying seasonal pattern of price change. Intervention analysis seasonal adjustment is a process by which the distortions caused by such unusual events are estimated and removed from the data prior to calculation of seasonal factors. The resulting seasonal factors, which more accurately represent the seasonal pattern, are then applied to the unadjusted data.

For example, this procedure was used for the motor fuel series to offset the effects of the 2009 return to normal pricing after the worldwide economic downturn in 2008. Retaining this outlier data during seasonal factor calculation would distort the computation of the seasonal portion of the time series data for motor fuel, so it was estimated and removed from the data prior to seasonal adjustment. Following that, seasonal factors were calculated based on this "prior adjusted" data. These seasonal factors represent a clearer picture of the seasonal pattern in the data. The last step is for motor fuel seasonal factors to be applied to the unadjusted data.

For the seasonal factors introduced for January 2024, BLS adjusted 46 series using intervention analysis seasonal adjustment, including selected food and beverage items, motor fuels and vehicles.

Revision of Seasonally Adjusted Indexes

Seasonally adjusted data, including the U.S. city average all items index levels, are subject to revision for up to 5 years after their original release. Every year, economists in the CPI calculate new seasonal factors for seasonally adjusted series and apply them to the last 5 years of data. Seasonally adjusted indexes beyond the last 5 years of data are considered to be final and not subject to revision. For January 2024, revised seasonal factors and seasonally adjusted indexes for 2019 to 2023 were calculated and published. For series which are directly adjusted using the Census X-13ARIMA-SEATS seasonal adjustment software, the seasonal factors for 2023 will be applied to data for 2024 to produce the seasonally adjusted 2024 indexes. Series which are indirectly seasonally adjusted by summing seasonally adjusted component series have seasonal factors which are derived and are therefore not available in advance.

Determining Seasonal Status

Each year the seasonal status of every series is reevaluated based upon certain statistical criteria. Using these criteria, BLS economists determine whether a series should change its status from "not seasonally adjusted" to "seasonally adjusted", or vice versa. If any of the 81 components of the U.S. city average all items index change their seasonal adjustment status from seasonally adjusted to not seasonally adjusted, not seasonally adjusted data will be used in the aggregation of the dependent series for the last 5 years, but the seasonally adjusted indexes before that period will not be changed. For 2024, 36 of the 81 components of the U.S. city average all items index are not seasonally adjusted.

Contact Information

For additional information about the CPI visit www.bls.gov/cpi or contact the CPI Information and Analysis Section at 202-691-7000 or cpi_info@bls.gov.

For additional information on seasonal adjustment in the CPI visit www.bls.gov/cpi/seasonal-adjustment/home.htm

If you are deaf, hard of hearing, or have a speech disability, please dial 7-1-1 to access telecommunications relay services.

- Table 1. Consumer Price Index for All Urban Consumers (CPI-U): U. S. city average, by expenditure category
- Table 2. Consumer Price Index for All Urban Consumers (CPI-U): U. S. city average, by detailed expenditure category
- Table 3. Consumer Price Index for All Urban Consumers (CPI-U): U. S. city average, special aggregate indexes
- Table 4. Consumer Price Index for All Urban Consumers (CPI-U): Selected areas, all items index
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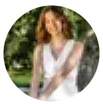
Springfield News-Leader

OZARKS

7 things to know as Springfield looks at replacing 3/4-cent pension sales tax



Marta Mieze
Springfield News-Leader

Published 4:31 a.m. CT April 17, 2024 | Updated 4:31 a.m. CT April 17, 2024

Over the next few months, Springfield's 3/4-cent sales tax will be a hot topic of discussion. The current tax, which provides funding for city police and firefighter pensions, is set to expire at the end of March 2025 and city leaders have been debating a revamp of the tax to present to voters. With a citizen commission now involved in the discussion, here are some key takeaways.

What's the history of Springfield's 3/4-cent sales tax?

The 3/4-cent sales tax is currently dedicated solely to funding the city's Police and Fire Pension Fund. It was first approved by voters in 2009, after an earlier proposal for a 1-cent sales tax was voted down. It has been renewed two times for 5-year terms in 2014 and 2019. An earlier community task force deemed the sales tax necessary at a time when the pension system was underfunded by about $200 million.

Revenues from the tax have shrunk that gap considerably. As of July 30, 2023, the system held 90.7% of the assets needed to pay accumulated benefits, according to the most recent actuarial valuation report. In addition to the revenue from the sales tax, the city contributes about $5.4 million in general revenue annually to the retirement system. The pension plan funded by the sales tax was closed to new hires in 2006; new police officers and firefighters are enrolled in the state LAGERS retirement plan.

The sales tax brings in roughly $45 million each year. While the goal is to have the system 100% funded, another five-year renewal of the tax would likely produce far more revenue than is necessary to meet that goal. Regardless of the existence of the sales tax, the city is still obligated to meet the funding needs of paying out promised benefits. That contribution is estimated to be $3.5-$6 million a year for roughly ten years.

What has happened so far with the tax?

The idea of replacing the pension sales tax with a different one was first brought up at a Springfield City Council retreat in late September. There, council members could not come to a consensus about presenting the "new" tax to voters, or where that money should go. In his proposal, City Manager Jason Gage suggested the tax revenue could fund a variety of departments and initiatives, from capital improvements and street maintenance to public safety and parks.

At a later meeting in January, a vague consensus began to appear. Council agreed that the question of a 3/4-cent sales tax should be posed to voters. Broad areas of where the funding should go also emerged — with pension system contributions, public safety and projects related to the Forward SGF Comprehensive Plan at the forefront. As far as funding for Forward SGF, spending on projects related to quality of place and neighborhood initiatives would be covered.

Recently, the council established a Citizens' Commission on Community Investment (CCCI), a 30-member commission tasked with deliberating and bringing forth recommendations regarding a tax to replace the current one.

Should voters approve a new 3/4-cent sales tax to replace the expiring pension tax, Springfield's overall sales tax will not increase.

What happens if a new tax is not approved?

The main concern is losing out on the additional $45 million annually. But there are other consequences if the sales tax sunsets without a replacement.

Among these is a loss of $5.2 million annually from the city's use tax. A use tax matches the overall city sales tax for out-of-state purchases, like those made online from vendors outside of Missouri. Unlike the sales tax dedicated to the pension, the use tax revenue is split evenly between the general fund and the transportation fund. If the 3/4-cent sales tax cease to be a part of the total city sales tax, shoppers will pay 1.375% instead of the current 2.125% in city sales and use tax.

In addition, the city's general fund would have to cover the remaining contributions to the pension fund. Combined with the reduced use tax, Director of Finance David Holtmann said the general fund would take a $5.6-$8.6 million hit, which could necessitate 6-8% cuts to the city's personnel and service expenses that come out of the fund.

What will the commission do and how?

The CCCI is tasked with providing council a recommendation by June 30. This will allow plenty of time for council to consider the recommendation and draft ballot language ahead of the November election, if a tax is recommended.

Through their discussions, the CCCI members will determine whether to ask for a tax, how much the tax should be, when should the tax sunset, when the tax should appear on the ballot, what it should fund and any accountability measures the city should take if a tax is passed.

Cora Scott, the city's chief spokesperson, said it will also be up to the commission to decide whether recommendations are agreed upon through a majority vote or by reaching a consensus.

When will the tax be discussed?

The CCCI will meet every other Tuesday from 9:30-11 a.m. in the fourth-floor conference room in the Busch Municipal Building at 840 Boonville Ave. The next meeting will be on Tuesday, April 30. All meetings are open to the public and livestreamed online. Additional information on any CCCI happenings can be found at www.springfieldmo.gov/CCCI.

How can I share my input?

At meetings, public comment cards are available for the public to leave their feedback. Additionally, anything members of the public wish to share with the commission throughout the process can be emailed to the City Clerk Anita Cotter to acotter@springfieldmo.gov.

The commission will have available to them results from previous community input initiatives, as well as the opportunity to seek additional feedback from the community.

More: Springfield City Council grapples with new 3/4-cent sales tax, inches toward consensus

Who is on the commission?

Here are the 28 people who will serve on the commission, alongside council members Matthew Simpson and Abe McGull who will serve as the council liaisons. None of these members were a part of the original task force that recommended the first 3/4-cent Police-Fire Pension sales tax, nor do any serve or have previously served on the Police-Fire Pension Board.

> Phyllis Ferguson, co-chair: Former Zone 1 City Council member. During her time on the council, the city kicked off a poverty alleviation effort called the Zone Blitz. Ferguson was a major player in the Zone Blitz initiatives as much of her focus centered around revitalization of the northside of town;
> Tom Prater, co-chair: Former City Council member and school board member. He also serves on the steering committee of the United Springfield PAC. He was appointed to serve on the Missouri Board of Education on Friday;
> Logan Aguirre: Publisher of 417 Magazine. She also previously served as chair of the Board of Directors of the Springfield Area Chamber of Commerce;
> Christina Angle: Chief Financial Officer and Vice President of Group Services at the Erlen Group, a group of industrial companies that owns Springfield Underground. She also serves on the chamber board;
> Kevin Ausburn: Chairman and CEO of SMC Packaging Group;
> Alice Barber: A leader with Springfield Tenants Unite, a city-wide tenants' union. Members of the union have spoken at several recent council meetings calling for more investment in safe housing, creation of a rental inspection program and other initiatives;
> Brent Brown: Managing partner at Greenway Development Group, which has built apartments like BoomerTown near the Missouri State University campus, the Galloway Creek development in Galloway and the Greenway Studios apartments near Drury University and Ozarks Technical Community College. Brown ran for City Council in 2021;
> Megan Buchbinder: Marketing director for the Springfield Convention & Visitors Bureau. She is also the chair of The Network Leadership Council and a member of the chamber board. She's also involved in the Springfield Regional Arts Council board;
> Jerome W. Compton: Former City Council member. At the time Compton served on council, the original 3/4-cent sales tax was first passed;
> Teresa Coyan: Chief of Staff and Vice President of Government Relations at CoxHealth;
> Orin Cummings: Pastor at Messiah Lutheran Church. He also serves on the Board of Directors for the Council of Churches of the Ozarks and as a member of the steering

committee for United Springfield PAC;
Chad Davis: President of the Southern Missouri Professional Fire Fighters IAFF Local 152, the local firefighters union;
Leslie Forrester: Executive Director of the Springfield Regional Arts Council;
Denise Fredrick: Former Springfield school board member, who served 12 years on the board. She is a retired Springfield teacher and district administrator;
Brendan Griesemer: Former assistant director of Springfield's Planning and Development department. Griesemer was recently named the executive director of Restore SGF, a local non-profit focused on revitalizing neighborhoods and improving home ownership;
Bill Hennessey: Vice President of Mission at Mercy;
Sandra Huston: Neighborhood leader in north Springfield;
Winter Kinne: President and CEO of the Community Foundation of the Ozarks (CFO). She also serves on the Board of Directors for Philanthropy Missouri and is chair of the Community Blood Center of the Ozarks board;
Andrew Lear: Former City Council member and liaison to the Police-Fire Pension Board. He retired from FORVIS, formerly BKD LLP, and has previously served as chairman of the chamber board. Lear also now serves on the board of directors for the Springfield Daily Citizen;
Sid Needham: Prominent member of Springfield's Black community, who is involved in the Park Day Reunion each year. He also served on the Springfield-Greene County Park Board;
Eric Pauly: Serves on the Springfield Planning & Zoning Commission. He is also a part of Phelps Grove Neighborhood Association;
Steve Prange: Project manager with Crawford, Murphy and Tilly, the selected consultant on the Lake Springfield project;
Pete Radecki: Former chair of the city's Neighborhood Advisory Council. Most recently, Radecki served as co-chair on the city's Nuisance Property Work Group's existing ordinances subcommittee;
Jacob Ruder: Executive Director of the Business Council of the Ozarks;
Krisi Schell: Executive Vice President of Human Resources at SRC Holdings Corporation. She also serves of the Board of Directors for Burrell Behavioral Health and has served on the Springfield Area Chamber of Commerce board;
Jeff Schrag: Founder of Mother's Brewing Company. He is a member of Missouri State University's Board of Governors and a former board chair for CFO and the chamber;

Rusty Worley: Executive Director of the Downtown Springfield Association. He served as the co-chair of the city's Nuisance Property Work Group and is a past chair for the Neighborhood Advisory Council. Now, Worley serves on the Restore SGF Board of Directors;

Andrew Zinke: Past president of the Springfield Police Officers Association and active police officer.

Marta Mieze covers local government at the News-Leader. Have feedback, tips or story ideas? Contact her at mmieze@news-leader.com.

POLICE–FIRE PENSION Sales Tax Renewal

REMEMBER TO VOTE Tuesday, Nov. 5

Firefighters

Police Officers

Voters will be asked whether or not to renew the existing ¾-cent sales tax. The tax will help fund a shortfall in the Police-Fire Pension Plan.

Continuing the Pension Sales Tax will:

- ☑ **NOT** increase or change the sales tax rate.
- ☑ **Help the plan reach 100% funding,** fulfilling a commitment citizens made to police officers and firefighters more than 60 years ago.
- ☑ **Prevent a shortfall** that would require the City to reduce other public services.

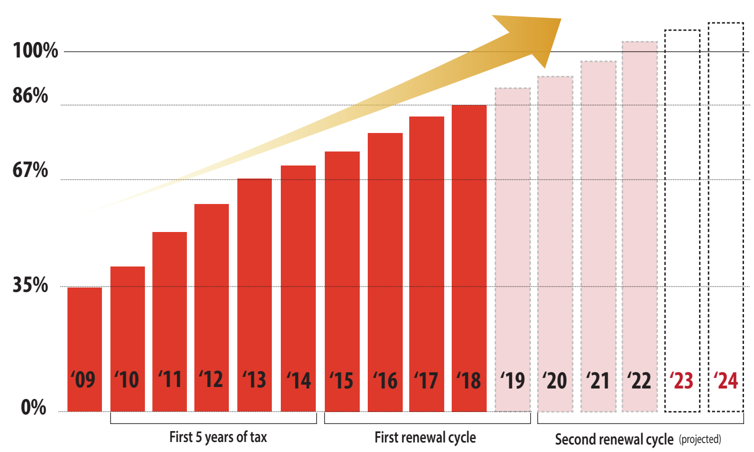
Nov. 5, 2019 Ballot Language:

Shall the City of Springfield, Missouri, continue collecting the pension sales tax imposed at the rate of three-quarters of one percent (¾-cent) for the sole purpose of providing revenues for the Springfield Police Officers' and Fire Fighters' pension system, with said tax to sunset upon the earlier of (A) five (5) years from the date of the commencement of collection of the renewed pension sales tax, or (B) the Pension System fund reaching a fully-funded (100%) status as determined by an independent actuarial study conducted for the pension system Board of Trustees?

(Note: There will be no increase in the current sales tax level if the three-quarters of one percent sales tax is continued.)

WE'RE ALMOST THERE. In 2014, the pension was 67% funded. Due to the voter-approved sales tax, the Pension is now 86% funded. If the pension sales tax is renewed in November, it could be fully funded by 2022 or sooner.

The tax will sunset after five years, or when it reaches 100% funding, whichever comes first.



Springfield POLICE

For more information, visit springfieldmo.gov/election

CITY OF Springfield FIRE

OVERVIEW:

The Police-Fire Pension Plan was created in 1946 to provide for the well-being of disabled and retired Springfield Police Officers and Firefighters. As of June 30, 2008, the plan's funded ratio had dropped to a low of 35.5% funded status.

Springfield's Police-Fire Pension Plan was greatly underfunded, and Springfield citizens voted in 2009 to implement a ¾-cent Police-Fire Pension Sales Tax to help address this community need. As of June 30, 2018, the total assets in the pension plan had increased to $428.7 million with a funded ratio of 86%.

The pension plan is still below the 100% funded level necessary for a "closed" pension plan to be sustainable. Because it is a closed plan, (meaning no new members) the goal is to have 100% of the money (assets) needed to pay expected future retirement benefits (liabilities). While an 86% funded level may be considered "healthy" for open pension plans, a closed plan is different – no new employees are being added to a closed plan, so there are no new employee contributions being added to the plan.

QUESTION: Why bring back the sales tax for a renewal now?

ANSWER: By State statute, this tax must sunset and come back to the voters for renewal every five years. If the tax is renewed in 2019, the tax will sunset when the City's self-funded plan reaches 100% funded status, or after five years, whichever comes first.

QUESTION: Who recommended the Police-Fire Pension Sales Tax?

ANSWER: A Police-Fire Pension Sales Tax Citizens' Task Force met over a span of five months to study this issue and make a recommendation. Eventually, they recommended a three-quarter of one-cent sales tax be placed on the November 2009 ballot and then proposed and approved for a renewal in 2014. A ¾-cent sales tax is the equivalent of 75 cents on every $100 spent. This ballot initiative passed, putting Springfield among an elite few cities in the country proactively addressing its pension shortfall. The Pension Board and City Council both voted to bring the issue back to voters for another renewal in 2019.

QUESTION: If citizens pass the renewal in November, will they see a tax increase?

ANSWER: No. The renewal is not a tax increase – it is a continuation of the existing tax until the pension plan is 100% funded, or for an additional five years, whichever occurs first. Once the tax is no longer needed (according to the voters) or the fund reaches 100% funded status, the tax will end.

Springfield POLICE

For more information, visit
springfieldmo.gov/election

CITY OF SpringfieldFIRE

SECOND REGULAR SESSION

[TRULY AGREED TO AND FINALLY PASSED**]**

SENATE SUBSTITUTE FOR

SENATE COMMITTEE SUBSTITUTE FOR

SENATE JOINT RESOLUTION NO. 71

102ND GENERAL ASSEMBLY
2024

4005S.03T

JOINT RESOLUTION

Submitting to the qualified voters of Missouri, an amendment repealing section 14 of article I of the Constitution of Missouri, and adopting one new section in lieu thereof relating to the administration of justice.

Be it resolved by the Senate, the House of Representatives concurring therein:

That at the next general election to be held in the state of Missouri, on Tuesday next following the first Monday in November, 2024, or at a special election to be called by the governor for that purpose, there is hereby submitted to the qualified voters of this state, for adoption or rejection, the following amendment to article I of the Constitution of the state of Missouri:

Section A. Section 14, article I, Constitution of Missouri, is repealed and one new section adopted in lieu thereof, to be known as section 14, to read as follows:

Section 14. **1.** That the courts of justice shall be open to every person, and certain remedy afforded for every injury to person, property or character, and that right and justice shall be administered without sale, denial or delay.

2. In order to ensure that all Missourians have access to the courts of justice as guaranteed by this Constitution, the administration of justice shall include the levying of costs and fees to support salaries and benefits for

sheriffs, former sheriffs, prosecuting attorneys, former prosecuting attorneys, circuit attorneys, and former circuit attorneys.

Section B. Pursuant to chapter 116, and other applicable constitutional provisions and laws of this state allowing the general assembly to adopt ballot language for the submission of this joint resolution to the voters of this state, the official summary statement of this resolution shall be as follows:

"Shall the Missouri Constitution be amended to preserve funding of law enforcement personnel for the administration of justice?".