

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3054-01
Bill No.: HB 1092
Subject: Employers - Employees; Labor and Management; Public Officers
Type: Original
Date: February 15, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$436,164 to Unknown)	(\$441,988 to Unknown)	(\$447,445 to Unknown)
Total Estimated Net Effect on <u>All</u> State Funds	(\$436,164 to Unknown)	(\$441,988 to Unknown)	(\$447,445 to Unknown)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	(\$5,050,000 to Unknown)	(\$6,942,200 to Unknown)	(\$8,943,562 to Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Lincoln University, Missouri Southern State College, Northwest Missouri State University, Southeast Missouri State University, Boone County, Cole County, Jackson County, St. Charles County, St. Louis County**, and the **Kansas City Police Department** did not respond to our fiscal impact request.

Officials from the **Harris-Stowe State College (HSSC)** did not respond to our fiscal impact request. However, in response to a similar proposal from a prior session, HSSC assumed that the proposed legislation would have no fiscal impact on their agency.

Officials from the **County of Greene, Central Missouri State University, Missouri Western State College, Department of Higher Education**, and the **Department of Public Safety - Divisions of the Director's Office and Fire Safety** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **University of Missouri** assume the administrative and related expenses of this proposal could exceed \$100,000 annually.

Officials from **Truman State University** estimate the cost of collective bargaining with various employees at \$120,500 annually. This estimate would include additional staff, training, arbitration/mediation costs, and outside counsel.

Officials from **Southwest Missouri State University (SMS)** assume costs would increase due to contract administration, additional personnel staff, payroll staff and legal counsel time for labor relations, and increased wages and benefits costs based on outcomes of the collective bargaining agreement. SMS assumes the proposed legislation would result in unknown costs.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** assume the proposed legislation would not cause any fiscal impact to their agency. However, MSHP states if labor unions go vertical, an additional FTE would be required in the Human Resources Division to maintain arbitration, grievance, and union meeting concerns.

Officials from the **Office of Administration - Division of Personnel (COA)** state that their office oversees labor relations activity throughout state government. COA assumes the additional employees would increase the workload for the office but would not require additional FTE.

Officials from the **Department of Labor and Industrial Relations (DOL)** assume the Board of

Mediation would have additional preliminary conferences, hearings, and representation elections
ASSUMPTION (continued)

to conduct and estimate that this would cost \$2,400 annually for per diem expenses.

DOL states that currently the Board of Mediation consists of 3 FTE and they assume this proposal would require additional personnel and related expenses. Officials state that the DOL would need an Attorney/Hearing Officer, a Clerk Typist II, and the services of a Computer Information Technologist II for one year from the Department's existing Information Systems staff.

In their fiscal estimate, DOL officials included costs for local assistance (Court Reporters) – estimated to be \$3,600 for FY 2003, \$3,690 for FY 2004, and \$3,782 for FY 2005.

DOL also assume they would have \$5,400 of cost associated with additional capital improvements and/or rental space. DOL officials noted that their fiscal note estimate does not include funds for development of data systems, educational training and professional development for new and current staff.

Oversight has eliminated the rent expense requested by the DOL assuming the 2 additional FTE would be located in existing facilities.

Officials from the **Department of Elementary and Secondary Education (DES)** state their department does not have a labor relations staff. DES estimates they would need 2 FTE, a Director and an Administrative Assistant III to handle the negotiations/arbitrations with the teachers employed by the 39 State Schools for Severely Handicapped (SSSH), School for the Blind (MSB) in St. Louis and School for the Deaf (MSD) in Fulton.

The Director would coordinate DES's negotiations activities with employee representatives and assist supervisory staff of the SSSH, MSB and MSD. The Director would prepare and present reports to the State Board of Education and provide technical assistance and act as a resource to districts where teachers form labor organizations. The Administrative Assistant III would provide clerical assistance to the Director, prepare department documents for purchasing and travel reimbursement, and maintain files and records as required by law.

DES also assumes personnel in the SSSH, MSB, and the MSD would need training in supervising unionized personnel. This is assumed to be approximately 52 persons and the cost of the training for each is assumed to be \$200 per individual for a two-day training session (52 persons x \$200 = \$10,400). Subsequent year costs are assumed to be \$100 per year in training for updates (52 persons x \$100 = \$5,200).

ASSUMPTION (continued)

Officials of the **Department of Elementary and Secondary Education (DES)** have estimated fiscal impact to school districts, on a statewide basis, to be \$5,050,000 for FY 2003, \$6,942,200 for FY 2004, and \$8,943,562 for FY 2005. DES assumes 150 collective bargaining units would be established throughout the state, rising to 200 in FY 2004 and 250 in FY 2005. DES assumes annual legal costs for establishing bargaining units and arbitration costs for two-thirds of the districts to be \$20,000 and \$10,000, respectively, per district. DES also assumes \$2,000 per district to train board members and \$5,000 per district for additional personnel services, and a 3% inflation factor for FY 2004 and FY 2005.

Officials from the **Board of Police Commissioners - City of St. Louis (STLPD)** did not respond to our fiscal impact request. However, in response to a similar proposal from a prior session, STLPD that the costs of this proposal to the Metropolitan Police Department - City of St. Louis is indeterminable with any degree of certainty. Officials noted that the phase-in cost might be as much as \$12,000,000 to \$15,000,000 over a 2-3 year period, plus an additional \$2,000,000 to \$3,000,000, per year, thereafter in additional costs.

Oversight will reflect costs to City Police Departments as unknown.

Oversight notes that DOL's and DES's salaries were adjusted to reflect salaries more closely in line with the State's hiring practices.

<u>FISCAL IMPACT - State Government</u>	FY 2003	FY 2004	FY 2005
	(10 Mo.)		
GENERAL REVENUE FUND			
<u>Cost</u> - Department of Labor and Industrial Relations - Mediation Board			
Personal Service (2 FTE)	(\$44,772)	(\$55,070)	(\$56,446)
Fringe Benefits	(\$16,122)	(\$19,831)	(\$20,326)
Expense and Equipment	(\$29,193)	(\$14,059)	(\$14,482)
Court Reporter	(\$3,600)	(\$3,690)	(\$3,782)
Board Member Per Diem	<u>(\$2,400)</u>	<u>(\$2,400)</u>	<u>(\$2,400)</u>
 Total <u>Cost</u> - Department of Labor and Industrial Relations - Mediation Board	 (\$96,087)	 (\$95,050)	 (\$97,436)

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Cost - Department of Elementary and Secondary Education</u>			
Personal Service (2 FTE)	(\$67,730)	(\$83,308)	(\$85,391)
Fringe Benefits	(\$24,390)	(\$29,999)	(\$30,749)
Expense and Equipment	(\$17,057)	(\$7,931)	(\$8,169)
Other Costs - Training	<u>(\$10,400)</u>	<u>(\$5,200)</u>	<u>(\$5,200)</u>
 Total <u>Cost</u> - Department of Elementary and Secondary Education	 (\$119,577)	 (\$126,438)	 (\$129,509)
 <u>Costs - State Colleges and Universities</u>			
Costs related to labor organizations	(\$220,500 to Unknown)	(\$220,500 to Unknown)	(\$220,500 to Unknown)
 ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	 <u>(\$436,164 to Unknown)</u>	 <u>(\$441,988 to Unknown)</u>	 <u>(\$447,445 to Unknown)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Cost - School Districts</u>			
Costs related to labor organizations	(\$5,050,000)	(\$6,942,200)	(\$8,943,562)
 <u>Cost - City Police Departments</u>			
Costs related to labor organizations	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
 ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	 <u>(\$5,050,000 to Unknown)</u>	 <u>(\$6,942,200 to Unknown)</u>	 <u>(\$8,943,562 to Unknown)</u>

FISCAL IMPACT - Small Business

This proposal could positively impact labor organizations that employ 50 or fewer persons.

DESCRIPTION

Current law excepts police, deputy sheriffs, state highway patrolmen, and teachers of schools, colleges, and universities from the right to form and join labor organizations. This proposal repeals that exception.

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

Greene County
Central Missouri State University
Missouri Western State College
University of Missouri
Truman State University
Southwest Missouri State University
Office of Administration
Department of Labor and Industrial Relations
Department of Elementary and Secondary Education
Department of Higher Education
Department of Public Safety
 Director's Office; Fire Safety; and Highway Patrol

NOT RESPONDING

Harris- Stowe State College
Lincoln University
Missouri Southern State College
Northwest Missouri State University
Southeast Missouri State University
St. Louis Metropolitan Police Department
Kansas City Police Department
Boone County
Cole County
Jackson County
St. Charles County

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St. Louis County

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, prominent initial "M".

Mickey Wilson, CPA
Acting Director

February 15, 2002