

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0248-01
Bill No.: HB 86
Subject: Motor Vehicles; Licenses-Motor Vehicles; Revenue Dept.
Type: Original
Date: January 22, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue**	\$0	(\$3,326 to Unknown)	(\$3,360 to Unknown)
Total Estimated Net Effect on General Revenue Fund	\$0	(\$3,326 to Unknown)	(\$3,360 to Unknown)

** Unknown not expected to exceed \$100,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Highway *	\$0	(\$2,540,037 to Unknown)	(\$2,565,438 to Unknown)
Aviation Trust**	\$0	(\$3,326 to Unknown)	(\$3,360 to Unknown)
Rail Expense**	\$0	(\$4,606 to Unknown)	(\$4,652 to Unknown)
State Transport**	\$0	(\$256 to Unknown)	(\$258-Unknown)
Total Estimated Net Effect on Other State Funds	\$0	(\$2,548,225 to Unknown)	(\$2,573,708 to Unknown)

*Unknown expected to exceed \$100,000

** Unknown not expected to exceed \$100,000

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Federal**	\$0	(\$2,815 to Unknown)	(\$2,843 to Unknown)
Motor Carrier- Federal Fund**	\$0	(\$4,350 to Unknown)	(\$4,392 to Unknown)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	(\$7,165 to Unknown)	(\$7,235 to Unknown)

** Unknown not expected to exceed \$100,000

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials with **Highway and Transportation Employees and Highway Patrol Retirement System** and **Office of Administration (OA)- Budget and Planning** assume this proposal would have no fiscal impact on their organization.

Officials with the **Department of Transportation (MoDOT)** assume that this proposal could fiscally impact their agency. MoDOT assumes they could be required to pay a higher salary to its employees in conjunction with the cost of the job studies that the bill could require. Based on similar service currently contracted with Deloitte & Touche, such job studies are estimated to cost \$700,000 each. This portion of the fiscal impact could be incurred every five years. MoDOT recently completed a job study and assume they would not incur the cost until FY 07.

ASSUMPTION (continued)

MoDOT's total FY02 payroll was \$239,018,162, which includes the One Stop Shop salaries at the FY04 Budget Request amount. MoDOT assumes this proposal could cap the salary increases at five percent and not all employees would be eligible, therefore, a range was used in determining potential fiscal impact.

MoDOT officials assume this proposal could be effective July 1st of each year and the bill would not be signed into law until after July FY04, therefore MoDOT assumes that the legislation would not have a fiscal impact for FY04.

Officials with **OA-Division of Personnel** assume this proposal could have minimal fiscal impact on their agency and provided SAM II estimates for salary and benefit increases. OA assume this proposal would encompass only those employees who are salaried and are paid with a pay period rate as opposed to an hourly rate. For the current year, the total amount paid to 6,176 salaried employees at MoDOT is \$216,363,579.

Oversight assumes that this proposal is two fold. The first section could provide a new pay grid for MoDOT based on a job cost study completed every five years. This pay grid could bring some salaried employees up to a more competitive pay level. However, **Oversight** assumes this potential cost is unknown at this time. The second section of this proposal is an annual pay increase to each MoDOT salaried employee. This increase would be based on the consumer price index and would only occur if funding were available. Based on OA guidelines, a 1% increase was used for estimating purposes. **Oversight** staff also notes that the legislation does not cap the 'competitive' increases, however the cost of living increases are capped at five percent above an employee's current salary.

FY 05- Cost

Total salary payroll for 6176 employees	\$216,363,579
Benefits tied to wages (18.26%)	\$39,507,989
Total salary payroll with 1% -5% increase	\$218,527,215-\$227,181,758
Benefits tied to wages (18.26%)	\$39,903,069-\$41,483,389
Total additional cost for 1%-5% salary increase	<u>\$2,558,716 -\$12,793,579</u>

Increase for competitive wages Unknown

ASSUMPTION (continued)

FY 06-Cost

Total salary payroll from FY 05 estimate \$218,527,215-\$227,181,758
 Benefits tied to wages (18.26%) \$39,903,069-\$41,483,389

Total salary payroll with 1% -5% increase \$220,712,487-\$238,540,846
 Benefits tied to wages (18.26%) \$40,302,100-\$43,557,558

Total additional cost for 1%-5% salary increase \$2,584,303-\$13,433,257

Increase for competitive wages Unknown

Long Term Cost

Job Study every five years \$700,000

FISCAL IMPACT - State Government FY 2004 FY 2005 FY 2006
 (10 Mo.)

GENERAL REVENUE

Cost-MoDOT

Competitive Salary Increase**	\$0	(Unknown)	(Unknown)
Cost of Living Increase	<u>\$0</u>	<u>(\$3,326 to</u> <u>(\$16,632)</u>	<u>(\$3,360 to</u> <u>\$17,463)</u>

ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>(\$3,326 to</u> <u>Unknown)</u>	<u>(\$3,360 to</u> <u>Unknown)</u>
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** Unknown not expected to exceed \$100,000

HIGHWAY FUND

Cost-MoDOT

Competitive Salary Increase*	\$0	(Unknown)	(Unknown)
Cost of Living Increase	<u>\$0</u>	<u>(\$2,540,037 to</u> <u>\$12,700,186)</u>	<u>(\$2,565,438 to</u> <u>\$13,335,194)</u>

ESTIMATED NET EFFECT ON HIGHWAY FUND \$0 (\$2,540,037 to Unknown) (\$2,565,438 to Unknown)

*Unknown expected to exceed \$100,000

FISCAL IMPACT - State Government FY 2004 FY 2005 FY 2006
 (10 Mo.)

AVIATION TRUST FUND

Cost-MoDOT

Competitive Salary Increase**	\$0	(Unknown)	(Unknown)
Cost of Living Increase	<u>\$0</u>	<u>(\$3,326 to \$16,632)</u>	<u>(\$3,360 to \$17,463)</u>

ESTIMATED NET EFFECT ON AVIATION TRUST FUND \$0 (\$3,326 to Unknown) (\$3,360 to Unknown)

** Unknown not expected to exceed \$100,000

RAIL EXPENSE FUND

Cost-MoDOT

Competitive Salary Increase**	\$0	(Unknown)	(Unknown)
Cost of Living Increase	<u>\$0</u>	<u>(\$4,606 to \$23,028)</u>	<u>(\$4,652 to \$24,180)</u>

ESTIMATED NET EFFECT ON RAIL EXPENSE FUND \$0 (\$4,606 to Unknown) (\$4,652 to Unknown)

**Unknown not expected to exceed \$100,000

STATE TRANSPORTATION FUND

Cost-MoDOT

Competitive Salary Increase**	\$0	(Unknown)	(Unknown)
Cost of Living Increase	<u>\$0</u>	<u>(\$256 to \$1,279)</u>	<u>(\$258 to \$1,343)</u>

ESTIMATED NET EFFECT ON STATE TRANSPORTATION FUND \$0 (\$256 to Unknown) (\$258 to Unknown)

** Unknown not expected to exceed \$100,000

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
FEDERAL FUNDS			
<u>Cost-MoDOT</u>			
Competitive Salary Increase**	\$0	(Unknown)	(Unknown)
Cost of Living Increase	<u>\$0</u>	<u>(\$2,815 to \$14,073)</u>	<u>(\$2,843 to \$14,777)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>(\$2,815 to Unknown)</u>	<u>(\$2,843 to Unknown)</u>
** Unknown not expected to exceed \$100,000			
MOTOR CARRIER FEDERAL FUND			
<u>Cost-MoDOT</u>			
Competitive Salary Increase**	\$0	(Unknown)	(Unknown)
Cost of Living Increase	<u>\$0</u>	<u>(\$4,350 to \$21,749)</u>	<u>(\$4,393 to \$22,837)</u>
ESTIMATED NET EFFECT ON MOTOR CARRIER FEDERAL FUND	<u>\$0</u>	<u>(\$4,350 to Unknown)</u>	<u>(\$4,393 to Unknown)</u>
** Unknown not expected to exceed \$100,000			
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<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.

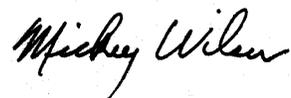
DESCRIPTION

This proposal could provide an adjustment for certain salaried employees of the Department of Transportation based on a five year job study and provide for an across the board cost of living increase which would be capped at 5%.

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

Department of Transportation
Transportation and Highway Retirement
Office of Administration
 Budget and Planning
 Personnel



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Director
January 22, 2003