

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0543-02
Bill No.: SB 181
Subject: Appropriations; State Employees; Salaries
Type: Original
Date: January 24, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	\$0	(Greater than \$100,000) to Greater than \$100,000	(Greater than \$100,000) to Greater than \$100,000
Total Estimated Net Effect on General Revenue Fund	\$0	(Greater than \$100,000) to Greater than \$100,000	(Greater than \$100,000) to Greater than \$100,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Various	\$0	(Greater than \$100,000) to Greater than \$100,000	(Greater than \$100,000) to Greater than \$100,000
Total Estimated Net Effect on Other State Funds	\$0	(Greater than \$100,000) to Greater than \$100,000	(Greater than \$100,000) to Greater than \$100,000

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

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ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Various	\$0	(Greater than \$100,000) to Greater than \$100,000	(Greater than \$100,000) to Greater than \$100,000
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	(Greater than \$100,000) to Greater than \$100,000	(Greater than \$100,000) to Greater than \$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 from the **Secretary of State's Office (SOS)** assume this proposal would require the compensation schedule for certain state employees to be printed in the *Missouri Register* one time per year. SOS notes this type of notice is not carried forward and printed in the *Code of State Regulations*. SOS estimates printing one to two pages in the appropriate edition of the *Missouri Register* would cost \$46 in FY 2004.

Oversight assumes the cost associated with printing additional pages in the *Missouri Register* could be absorbed.

Officials from the **Joint Committee of Legislative Research – Legislative Research Division** assume no additional funds would be needed to implement this proposal.

Officials from the **Office of Administration – Division of Budget and Planning** defer to the Division of Personnel's response.

ASSUMPTION (continued)

Officials from the **Office of Administration – Division of Personnel (OAP)** assume the proposal would affect all state employees. OAP administers the Uniform Classification and Pay System pay plan, affecting about 40,000 employees in 12 state agencies. OAP notes this proposal would impact the manner in which state employee pay increases are applied and the manner in which pay is administered. OAP assumes the fiscal impact of a one percent change in the Consumer Price Index (CPI), with fringes is \$12,398,142 in salary and benefits tied to salary for General Revenue; \$4,287,260 in Federal funds and \$7,198,587 in Other funds for a total of \$23,883,989. OAP notes their estimate was calculated by multiplying the Fiscal Year 2003 Total Personal Service estimates by 1% and adding 18.26% for benefits that increase as salaries increase. OAP notes the increases in the CPI can vary from small to large percentages.

Oversight assumes the most recent percentage change in the Consumer Price Index for the Missouri region could be negative or positive and therefore has ranged costs and savings from negative unknown to positive unknown. **Oversight** assumes cost or savings will be greater than \$100,000 annually. **Oversight** assumes if the proposal passes the first year affected will be FY 2005.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
GENERAL REVENUE			
<u>Savings – All Departments and Agencies</u>			
Decrease in State Employees’ Salaries Due to Negative Change in CPI	\$0	Greater than \$100,000	Greater than \$100,000
<u>Costs – All Departments and Agencies</u>			
Increase in State Employees’ Salaries Due to Positive Change in CPI	\$0	<u>(Greater than \$100,000)</u>	<u>(Greater than \$100,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>(Greater than \$100,000) to Greater than \$100,000</u>	<u>(Greater than \$100,000) to Greater than \$100,000</u>

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
 VARIOUS OTHER FUNDS			
<u>Savings</u> – All Departments and Agencies			
Decrease in State Employees’ Salaries Due to Negative Change in CPI	\$0	Greater than \$100,000	Greater than \$100,000
 <u>Costs</u> – All Departments and Agencies			
Increase in State Employees’ Salaries Due to Positive Change in CPI	<u>\$0</u>	<u>(Greater than \$100,000)</u>	<u>(Greater than \$100,000)</u>
ESTIMATED NET EFFECT ON VARIOUS OTHER FUNDS	<u>\$0</u>	<u>(Greater than \$100,000) to Greater than \$100,000</u>	<u>(Greater than \$100,000) to Greater than \$100,000</u>
 FEDERAL FUNDS			
 VARIOUS FUNDS			
<u>Savings</u> – All Departments and Agencies			
Decrease in State Employees’ Salaries Due to Negative Change in CPI	\$0	Greater than \$100,000	Greater than \$100,000
 <u>Costs</u> – All Departments and Agencies			
Increase in State Employees’ Salaries Due to Positive Change in CPI	<u>\$0</u>	<u>(Greater than \$100,000)</u>	<u>(Greater than \$100,000)</u>
ESTIMATED NET EFFECT ON VARIOUS FEDERAL FUNDS	<u>\$0</u>	<u>(Greater than \$100,000) to Greater than \$100,000</u>	<u>(Greater than \$100,000) to Greater than \$100,000</u>

<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 requires the salaries of all state employees, excluding elected officials and certain other statutory officials, be automatically adjusted at the beginning of each fiscal year to an amount equal to the percentage of such annual rate which corresponds to the most recent percentage change in the Consumer Price Index for the region of which Missouri is included. The Consumer Price Index is produced by the United States Department of Labor, Bureau of Labor Statistics.

This proposal is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
 Division of Personnel
 Division of Budget and Planning
Secretary of State's Office
Joint Committee on Legislative Research – Legislative Research

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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
Director
January 24, 2003