

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5300-04
Bill No.: Perfected SS for SB 1057
Subject: Administration, Office of; State Departments
Type: Original
Date: April 14, 2010

Bill Summary: Modifies various provisions of statute.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	Unknown greater than \$2,796,201 to (Unknown)	Unknown greater than \$2,767,529 to (Unknown)	Unknown greater than \$2,757,590 to (Unknown)
Total Estimated Net Effect on General Revenue Fund	Unknown greater than \$2,796,201 to (Unknown)	Unknown greater than \$2,767,529 to (Unknown)	Unknown greater than \$2,757,590 to (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 15 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(3.5) to 2 FTE	(3.5) to 2 FTE	(3.5) to 2 FTE
Total Estimated Net Effect on FTE	(3.5) to 2 FTE	(3.5) to 2 FTE	(3.5) to 2 FTE

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Sections 32.028, 311.615, 407.924 Alcohol and Tobacco Control

Officials at the **Department of Revenue (DOR)** assumes this proposed legislation transfers the Division of Alcohol and Tobacco Control to the DOR. DOR assumes the following:

- All personnel will be accompanied by corresponding PS and E&E budgets.
- The new division will maintain its current equipment.
- No additional expenditures will be required for space and infrastructure.

DOR defers to the Department of Public Safety for the impact on state revenue.

Officials at the **Department of Public Safety (DPS)** anticipates that the transfer of the Division of Alcohol & Tobacco Control to Department of Revenue will result in general revenue savings to the state. Because some of the functions of ATC fit well into the mission of DOR, particularly tax collection, licensing and regulatory enforcement, DPS anticipates a reduction in staff required due to the elimination of redundant positions.

Oversight has shown the savings as Unknown over \$100,000.

Section 37.040 Analysis of state programs

Officials at the **Budget and Planning** assume the proposed legislation should not result in additional costs or savings to the Office of Administration, Division of Budget and Planning. The proposal requires OA to issue a report on the programs of state government to reduce expenditures for FY 2012. The report is due 12/31/10. B&P assumes staff will be dedicated to working on this initiative and can handle the additional duties with existing resources, since the agency performs this type of work as part of the budget and planning functions of the office.

Officials at the **Office of the Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials at the **Capitol Police, Office of the State Auditor, Department of Revenue, State Emergency Management Agency, Office of the State Public Defender, Department of Elementary and Secondary Education, Department of Health and Senior Services, Water Patrol, Office of the State Courts Administrator, Missouri Highway Patrol, Department of**

ASSUMPTION (continued)

Mental Health, Office of the State Treasurer and the **Missouri Gaming Commission** assume that there is no fiscal impact from this proposal.

Officials at the **Department of Corrections** assume duties outlined in this bill utilizing existing resources is the same type of customary duties of the Budget Unit within DOC central office. DOC defers to Office of Administration for further recommendations and/or analysis.

Officials at the **Department of Labor and Industrial Relations** defers to the Office of Administration for fiscal impact.

Officials at the **Department of Higher Education, Missouri Veterans Commission** and the **Department of Economic Development** assume an unknown impact.

Officials at the **Department of Insurance, Financial Institutions and Professional Registration** assume existing staff can handle this requirement.

Officials at the **Department of Natural Resources** assume the department currently provides recommendations for efficiencies and expenditure reductions in state government. It is unknown at this time what recommendations would be made for expenditure reductions and program eliminations and what recommendations would be implemented, so the long-term fiscal impact to the department is unknown. The department assumes Office of Administration will respond for all state agencies.

Officials at the **Department of Social Services** assume that although the type of assessment and analysis envisioned in this bill would require a great deal of staff effort in a short period of time, DSS expects to use existing staff to accomplish the objective.

Officials at the **Missouri Department of Transportation** assume providing the “detailed information” described in this bill to the Commissioner will have a fiscal impact on MoDOT, but any such impact is unknown and would depend upon the number of staffers required to prepare information on the items listed in this bill and the number of hours worked to compile this information.

Officials at the **Missouri Department of Conservation** assume that since the Missouri Constitution vests the control, management, restoration, conservation and regulation of bird, fish, game, forestry and all wildlife resources of the State in the Conservation Commission, it could be assumed that the proposed legislation would not affect the Department.

ASSUMPTION (continued)

Oversight assumes the agencies will be able to perform the requirements of this proposal with existing staff, as it is work similar to what they do to prepare their budgets.

Sections 36.050, 36.060, 36.150, 36.280, 36.370, 36.380, 36.390, 36.400, 105.055, 621.015, 621.075 Administrative Hearing Commission

Officials at the **Administrative Hearing Commission (AHC)** assume that section 621.015 adds the potential for two new Commissioners and section 621.075 gives the AHC jurisdiction over state employment cases.

The AHC currently has three Commissioners that hear and decide cases within their jurisdiction. Amount required from general revenue would depend on whether the two new Commissioners were appointed and when.

Oversight assumes the legislation increases the number of Commissioners to five from three. Oversight has shown the cost to the AHC as \$0 to the cost of the two new Commissioners.

Officials at the **Office of Administration** assume these sections transfer the hearing of merit system employee appeals from the Personnel Advisory Board to the Administrative Hearing Commission. The estimated fiscal impact to the PAB (reduction of 3.5 FTE) and the AHC (1.0 additional AHC Commissioner). Even though Section 621.015 authorizes two additional AHC Commissioners, OA assumes these duties can be accomplished with one additional commissioner. These numbers coincide with the action of the Senate Appropriations Committee for HB 5.

Sections 36.031, 43.040, 43.050, 43.390, 58.445, 104.809, 301.716, 306.010, 306.165, 306.167, 306.168, 306.185, 542.261, 544.157, 577.090, 650.005 Highway Patrol/Water Patrol Merger
In response to similar legislation filed this year, HB 2417, the following responded:

Officials from the **Missouri Gaming Commission** and the **Missouri Consolidated Health Care Plan** assume the proposal would not fiscally impact their respective agencies.

Officials from the **Department of Public Safety**, on behalf of the **Highway Patrol (HP)** and **Water Patrol (WP)**, assume this legislation will have significant impact on several areas of operation. These areas include the following:

Office Space Requirements - HP is working to identify facilities within the Jefferson City area

ASSUMPTION (continued)

for the reassignment of WP personnel, including the dispatchers mentioned above as well as other WP personnel. Also, DPS has identified state office space that can be made available for the State Fire Marshal's Office whose personnel share leased office space with the WP management.

If the current WP headquarters can be vacated by both WP and the Fire Marshal, the building's lease can be terminated, which would be a cost savings to general revenue of \$180,000 per year. The facilities next to the headquarters are owned by WP and would still be needed for storage and boat maintenance. These facilities can also be used for office space, possibly for dispatchers or other support personnel.

Communications - There are 9 dispatchers currently employed by WP. It is assumed that the dispatch function needs to be integrated within HP. We anticipate no immediate cost savings, but there will be a cost of \$4,000 to move the data circuits to the dispatch towers from the current WP dispatch building. These circuits would be rerouted to another building. HP anticipates being able to accommodate these dispatchers in existing facilities. There may be some long range savings if personnel can be reduced and radio towers within the same region can be combined.

Training - Both agencies train their recruits at the Highway Patrol Academy using similar core law enforcement course-work, but taught at separate times and with different instructors. By incorporating the two agencies there would be no need for separate recruit classes and each cadre will benefit from the training provided for boating and highway enforcement. (Because the academies are similar, additional training for current Water Patrol officers will be minimal).

To the extent that officers are cross-trained from WP functions to HP functions and vice-versa, there will be some increased cost.

Administration/Personnel - Support Staff Personnel – DPS would expect cost savings with this merger from the reduction in staff due to the elimination of redundant positions. HP has a financial management section that includes budgeting, federal grants, procurement, accounts payable/receivable, a warehouse operation, and a print shop. HP can handle all of the activity in these areas. Human resources, public information, and other support functions of HP should be able to support WP with some modifications. HP has its own hiring system and does not use the state's merit system.

Oversight assumes a savings of Unknown over \$100,000.

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ASSUMPTION (continued)

Command Staff - Approximately \$660,000 (salary and fringe) in ongoing general revenue cost savings will be realized over a longer term through the attrition of redundant command staff positions and replacement with patrol officers who are assigned to highway and/or gaming duties during a portion of the year. (Currently, the water patrol has allocated 21 of their 99 officer FTE for senior level officers - 1 col, 1 lt. col, 2 majors, 9 captains, 8 lieutenants). This figure assumes that some command staff positions would remain to supervise the Water Patrol Division. Backfilling command staff positions with field officers will increase the number available for patrols.

Field Officer Assignment – As WP officers are able to transition to other HP duties during part of the winter, DPS projects that approximately 2.4 million ongoing general revenue cost savings will be realized by reassigning 2/3 of the transferred water patrol officers to highway or gaming duties during the off-season.

Also, WP officers currently accrue significant overtime during the summer months that officers later take as leave throughout the winter months. Having more officers available to assign to the water during the peak season (HP officers who have received cross-training) will reduce overtime and shifting assignments will provide more efficient use of those officers during the winter months.

Boater Safety Education - HP assumes that WP personnel who come to the HP will continue to answer incoming calls relating to boater safety education and provide necessary boater safety training.

Revenue - Merging HP and WP, and having WP personnel partnering in HP road duties, gaming duties, and criminal duties during their off season is expected to increase the number of summons and arrests. These activities usually result in fines, which should have a positive fiscal impact to revenues for courts, fines (education revenue), and to sheriffs' and prosecuting attorneys' training funds. This will increase with time after the merger, as WP patrolmen receive more training and experience.

Until specific plans for utilizing WP officers during the winter months are developed and implemented, it is not possible to estimate the total revenues generated through increased enforcement.

Retirement/Medical: DPS defers to MOSERS and MPERS on any impact related to retirement or medical costs or savings resulting from this part of the proposal.

ASSUMPTION (continued)

Consolidating the Water Patrol and Highway Patrol will result in significant cost savings to GR and enable the state more flexibility with valuable resources.

Oversight assumes that it can not determine if there is any retirement or medical savings or costs due to this proposal.

Oversight has shown for the purpose of the fiscal note as all costs and savings being in general revenue.

Senate Amendment 2 Health and Human Services Transition Committee

Officials at the **Department of Health and Senior Services, Department of Mental Health, Department of Social Services, Office of Administration** and the **Missouri Senate** assume that there is no fiscal impact from this proposal.

Senate Amendment 4 Commission on the Reorganization of Health Care

In response to similar legislation filed this year, SB 712, the following responded:

Officials from the **Department of Corrections, Department of Insurance, Financial Institutions, and Professional Registration, Department of Health and Senior Services, Department of Mental Health, Department of Public Safety (DPS) - Division of Alcohol and Tobacco Control, DPS - Capitol Police, DPS - Director's Office, DPS-Division of Fire Safety, DPS - Missouri Gaming Commission, DPS - State Emergency Management Agency, DPS - Missouri Veterans Commission, Office of the Governor, Missouri Consolidated Health Care Plan, and Missouri Senate** assume the proposal will have no fiscal impact on their organizations.

Officials from the **DPS - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of the proposed legislation on their organization.

Officials from the **Missouri Department of Transportation (MoDOT)** state the proposal will not have a direct fiscal impact on the MoDOT at the present time. However, the Commission's findings and recommendations could impact the MoDOT in the future.

Officials from the **Department of Higher Education (DHE)** state that although this proposal would require the Commission of Higher Education to serve on the Commission on the

ASSUMPTION (continued)

Reorganization of State Health Care, the DHE assumes these additional duties could be undertaken and performed with no additional staff or equipment. The DHE concludes, therefore, the proposal would have no fiscal impact on their organization.

Officials from the **Department of Social Services (DOS)** state since this legislation requires the commission to study, review and recommend changes, including the transfer of the MO HealthNet and CHIP programs to the Office of Administration, but does not actually require the transfer of these programs to the Office of Administration, there will be no fiscal impact to the DOS.

Officials from the **Missouri Department of Conservation (MDC)** state this legislation would establish a “ Commission on the Reorganization of State Health Care” to study, review, and recommend creation of a “Division of State Health Care” within the Office of Administration. The proposed Division of State Health Care would be dedicated to providing health care coverage for all state employees, dependents, and other parties named in the bill. The initial formation of the 16 member Commission on the Reorganization of State Health Care would not appear to have any fiscal impact on MDC funds. However, depending on the Commissions’ findings and recommendations, the MDC could be required to provide health insurance for its employees, retirees, and dependents under the proposed Division of State Health Care, and this potential fiscal impact is unknown.

Officials from the **Missouri House of Representatives (MHR)** assume costs will be covered by the Office of Administration and, as a result, the proposal will have no fiscal impact on their organization.

Officials from the **University of Missouri (UM)** state there is inadequate information in the proposed legislation to provide an accurate determination of the increase in costs that such legislation would produce for the University.

However, to the extent that the 2010 premium rates of the Missouri Consolidated Health Care Plan can be used as a proxy for anticipated costs of coverage under this proposed legislation, enactment of the legislation would increase premium costs to UM, its faculty, staff, and retirees, between \$55 million and \$62 million per year, based on current enrollment data.

Oversight assumes the proposal, as currently written, does not require the UM to incur costs. The costs stated by UM are based on unknown potential results and recommendations that may be reported by the Commission on the Reorganization of State Health Care.

ASSUMPTION (continued)

Officials from the **Office of Administration (COA)** state the proposal establishes a Commission on the Reorganization of Health Care within the COA. Staff support is provided by the COA and would require temporary clerical assistance and printing costs for the final report and meeting materials. The COA assumes there would also be costs associated with travel and meal reimbursement for some of the commission members. The COA assumes total costs to the General Revenue Fund of \$23,064 for FY 11.

Oversight notes the proposal has an emergency clause and there is a possibility costs incurred by the COA could be incurred during FY 10. For fiscal note purposes, COA costs are presented in FY 11 as the provisions of the proposal expire on February 1, 2011.

Bill as a Whole

Officials at the **Office of the Attorney General** assume that costs which arise from this proposal are unknown.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE FUND			
<u>Costs - Office of Administration</u>			
Commission expenses (37.600)	(\$23,064)	\$0	\$0
<u>Savings - Dept. of Revenue</u>			
ATC merger	Unknown over \$100,000	Unknown over \$100,000	Unknown over \$100,000
<u>Savings - Personnel Advisory Board</u>			
Personal Service	\$203,192	\$203,192	\$203,192
Fringe Benefits	<u>\$118,136</u>	<u>\$118,136</u>	<u>\$118,136</u>
<u>Total Savings - Personnel Advisory Bd</u>	\$321,328	\$321,328	\$321,328
FTE Savings	(3.5 FTE)	(3.5 FTE)	(3.5 FTE)
<u>Cost - Administrative Hearing Comm.</u>			
Personal Service	\$0 or (\$175,838)	\$0 or (\$217,336)	\$0 or (\$223,856)
Fringe Benefits	\$0 or (\$92,209)	\$0 or (\$113,971)	\$0 or (\$117,390)
Expense and Equipment	<u>\$0 or (\$10,013)</u>	<u>\$0 or (\$2,492)</u>	<u>\$0 or (\$2,492)</u>
<u>Total Costs - AHC</u>	\$0 or (\$278,063)	\$0 or (\$333,799)	\$0 or (\$343,738)
FTE Change- AHC	0 or 2 FTE	0 or 2 FTE	0 or 2 FTE
<u>Savings - Dept. of Public Safety</u>			
Building lease	\$0 to \$180,000	\$0 to \$180,000	\$0 to \$180,000
<u>Cost - Dept. of Public Safety</u>			
Moving expenses	(\$4,000)	\$0	\$0
<u>Cost - Dept. of Public Safety</u>			
Training costs	(Unknown)	(Unknown)	(Unknown)
<u>Savings - Dept. of Public Safety</u>			
Administrative savings	Unknown over \$100,000	Unknown over \$100,000	Unknown over \$100,000

<u>Savings - Dept. of Public Safety</u>			
Field officer assignment savings	\$2,400,000	\$2,400,000	\$2,400,000
ESTIMATED NET EFFECT ON GENERAL REVENUE	Unknown greater than \$2,796,201 to (Unknown)	Unknown greater than \$2,767,529 to (Unknown)	Unknown greater than \$2,757,590 to (Unknown)
Estimated Net FTE Change on General Revenue	(3.5) to 2 FTE	(3.5) to 2 FTE	(3.5) to 2 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<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.

FISCAL DESCRIPTION

This act transfers and merges the duties of certain state entities.

Section 37.040 = This act requires the Commissioner of the Office of Administration to issue a report to the General Assembly by December 31, 2010, in consultation with the directors of each state department, that analyzes programs within every department that should be eliminated, reduced or combined with another program or programs. The provisions of this act shall expire on January 1, 2011.

Sections 32.028, 311.615, 407.924 = All powers, duties and functions of the Division of Alcohol and Tobacco Control are transferred from the Department of Public Safety to the Department of Revenue.

Sections 36.050, 36.060, 36.150, 36.280, 36.370, 36.380, 36.390, 36.400, 105.055, 621.015, 621.075 = This act transfers the hearing of all merit system employee appeals from the Personnel Advisory Board to the Administrative Hearing Commission (AHC) and increases the number of

FISCAL DESCRIPTION (continued)

Administrative Hearing Commissioners from three to five. The act also shortens the time period for filing an appeal with the AHC from 30 to 15 days for persons who have taken an exam for a merit system job and felt they were dealt with unfairly and persons who are removed from the merit system job registry.

Sections 36.031, 43.040, 43.050, 43.390, 58.445, 104.809, 301.716, 306.010, 306.165, 306.167, 306.168, 306.185, 542.261, 544.157, 577.090, 650.005 = Effective January 1, 2011, the act transfers all powers, duties, and functions of the State Water Patrol to the newly established Division of Water Patrol within the State Highway Patrol. In its main provisions, the bill:

- (1) Increases from five to six the number of majors the Superintendent of the State Water Patrol must appoint from its membership;
- (2) Increases from 25 to 34 the number of captains, from 60 to 68 the number of lieutenants, and from not to exceed 965 to not to exceed 1,064 the total number of patrol officers, patrolmen, and radio personnel that the superintendent may appoint;
- (3) Requires the Superintendent of the State Highway Patrol to appoint a director of the division and allows him or her to assign highway patrol members to serve in the division on a permanent or temporary basis. All salaries and expenses relating to the assignment of highway patrol members to the division must be paid within the limits of appropriations from general revenue, the Missouri State Water Patrol Fund, or from other funding authorized by the General Assembly;
- (4) Repeals provisions related to the State Water Patrol regarding employment of members; the commissioner; appointment of officers; salaries; rules and instruction of members; and the removal, reduction in rank, or suspension of members based on charges and complaints.

Section 21.940 = Creation of the Health and Human Services Transition Committee.

Section 37.600 = This proposal establishes a Commission on the Reorganization of State Health Care which shall have as its purpose the study, review and recommendation of creating a Division of State Health Care within the Office of Administration. The commission will consist of sixteen members. Four members will come from the legislature, three will be the directors of the Department of Insurance, Financial Institutions and Professional Registration, Social Services and the MO HealthNet Division, one will be the commissioner of the Office of Administration, one will be a member of the Board of Curators of the University of Missouri and the others will

FISCAL DESCRIPTION (continued)

be representatives or directors from the various groups that are assimilated under the new Division of State Health Care.

The commission shall submit a report to the general assembly and governor by December 31, 2010, on the creation of the new division, which will serve through three implementation phases as the lead planning state entity for all health issues in the state. The provisions of this proposal shall expire on February 1, 2011.

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

Administrative Hearing Commission
Budget and Planning
Department of Corrections
Department of Economic Development
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Higher Education
Department of Insurance, Financial Institutions and Professional Registration
Department of Labor and Industrial Relations
Department of Mental Health
Department of Natural Resources
Department of Public Safety
 Alcohol and Tobacco Control
 Capitol Police
 Fire Safety
 Missouri Gaming Commission
 Missouri Highway Patrol
 Missouri Veterans Commission
 State Emergency Management Agency
 Water Patrol
Department of Revenue
Department of Social Services
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Missouri Department of Transportation

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SOURCES OF INFORMATION (continued)

Missouri House of Representatives
Missouri Senate
Office of Administration
Office of the Attorney General
Office of the Governor
Office of the State Auditor
Office of the Secretary of State
Office of the State Courts Administrator
Office of the State Public Defender
Office of the State Treasurer
University of Missouri



Mickey Wilson, CPA
Director
April 14, 2010