

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0519-02
Bill No.: HB 126
Subject: Employees- Employers; State Employees; State Departments
Type: Original
Date: January 26, 2011

Bill Summary: This proposal requires notice to be given to affected state employees and a county commissioner and mayor, in certain situations, upon a mass layoff of state employees.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	\$0 or (Could exceed \$100,000)	\$0 or (Could exceed \$100,000)	\$0 or (Could exceed \$100,000)
Total Estimated Net Effect on General Revenue Fund	\$0 or (Could exceed \$100,000)	\$0 or (Could exceed \$100,000)	\$0 or (Could exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

- 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 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration** assume it would be difficult to provide a precise and accurate estimate of the fiscal impact of the proposed legislation. There are costs to keep employees on the payroll for up to 45 days longer than currently required; these additional costs include salaries, fringe benefits such as health care and retirement coverage, accrual of leaves, etc.

Currently, merit agencies are required to provide employees with a minimum of 15 days notice for a layoff. Many agencies provide more than 15 days notice. The requirement to provide 60 days notice would only take effect if the total number of employees to be laid off in one agency, or in a single county across multiple agencies, exceeds 50 employees within a one-month period.

The ability to predict layoffs within a single agency can be difficult, but the complexity increases when multiple agencies need to be coordinated. An agency may initiate a layoff at the beginning of the one-month period and have less than 50 employees involved. Another agency may initiate a layoff with similar circumstances at the end of the one-month period. Individually, they could each legitimately offer 15 days notice. However, because the total number of employees between the two agencies exceeds 50 within the one-month period, they would need to offer 60 days notice.

Oversight assumes that administrative costs for implementing this new state policy can be absorbed by the agencies.

Oversight has shown the fiscal impact as zero or could exceed \$100,000. Oversight recognizes that fiscal impact could be to various state funds. However, for the purpose of this fiscal note **Oversight** is showing all of the cost to general revenue.

Officials at the **Department of Social Services (DOS)** assume if prior notification to employees is extended to 60 days, this could result in a loss of savings associated with the layoff. However, it is not possible to project the cost because the agency does not know in advance of layoffs that may occur that would fall under this provision.

If DOS makes the assumption that the average annual DOS employee salary is \$31,642 and fringe benefits are an additional annual cost of \$16,454 (52% of salary), then we can assume the average annual salary of a DOS employee is \$48,096 (or \$2,004 semi-monthly).

If a DOS employee remains on the payroll for an additional 45 days, (3 additional pay periods or

ASSUMPTION (continued)

\$2,004 x 3) due to the extension of the lay off period, then we can assume the additional cost of \$6,012 per employee for remaining on the payroll. If there is a mass layoff of 50 employees and these employees continue on the payroll for an additional 45 days, then we can assume that the additional cost of this extended layoff period could be \$300,600 (50 x \$6,012).

Officials at the **Alcohol and Tobacco Control, Capitol Police, Department of Agriculture, 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 Revenue, Fire Safety, Missouri Department of Transportation, Missouri Highway Patrol, Office of the Governor, Office of the State Public Defender, Office of Prosecution Services, Office of the State Auditor, Office of the State Courts Administrator, State Emergency Management Agency** and the **Office of the State Treasurer** assume that there is no fiscal impact from this proposal.

Officials at the **Missouri Veterans Commission** assume the impact is unknown but likely zero.

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 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE			
<u>Cost - maintaining employees 60 days</u>	<u>\$0 or (Could exceed \$100,000)</u>	<u>\$0 or (Could exceed \$100,000)</u>	<u>\$0 or (Could exceed \$100,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE			
	<u>\$0 or (Could exceed \$100,000)</u>	<u>\$0 or (Could exceed \$100,000)</u>	<u>\$0 or (Could exceed \$100,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Small Business</u>			

No direct fiscal impact to small businesses would be expected as a result of this proposal.

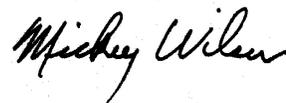
FISCAL DESCRIPTION

When the State of Missouri has decided upon a layoff of at least 50 employees in a single state department or at least 50 employees within a one-month period across multiple departments in a single county, this bill requires the state to give a prompt written notification to all affected employees at least 60 days prior to the date of the layoff. If a notice is required because of a mass layoff involving at least 50 employees in a single county, the Office of Administration must notify the county commissioners of that county and the mayor of the largest city in that county at least 45 days prior to the date of the mass layoff.

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

Alcohol and Tobacco Control
Capitol Police
Department of Agriculture
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 Revenue
Department of Social Services
Fire Safety
Missouri Department of Transportation
Missouri Highway Patrol
Missouri Veterans Commission
Office of Administration
Office of the Governor
Office of the Secretary of State
Office of the State Auditor
Office of the State Courts Administrator
Office of Prosecution Services
Office of the State Public Defender
Office of the State Treasurer
State Emergency Management Agency



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