

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1317-02  
Bill No.: Perfected HCS for HB 548  
Subject: State Employees; Salaries  
Type: Original  
Date: April 4, 2011

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Bill Summary: This proposal allows nonexempt state employees to have the option to retain up to eighty compensatory hours at any time during the year.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

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

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

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### **Section 105.935 Comp Time**

Officials at the **Office of Administration (OA)** assume the proposed legislation would have limited impact on the Office of Administration / Division of Personnel (OA/DOP), as they are not covered by Chapter 105.935, RSMo. However, table set up would be needed and reference tables would need to be created for the SAM II system in order to automate the automatic pay out of any compensatory time balances that exceeded 80 hours for the affected employees.

OA assumes there could be a fiscal impact for the agencies who employ staff covered by the proposed legislation. However, it would be difficult to predict with any certainty or accuracy how many hours of comp time would be accrued over 80 hours, the pay rates of the staff involved and when the excess comp time would need to be paid. Therefore, the fiscal impact is unknown.

Officials at the **Department of Corrections (DOC)** assume DOC has employees who work four 10-hour shifts per week and they are already allowed to alter their work hours within a holiday work week and/or pay period to accommodate the 2-hour difference between the 8-hour holiday compensation and their 10-hour shift if they choose to not take 2 hours annual (vacation) or compensatory leave for the difference.

If opting to also allow leave without pay (LWOP) is the intent of this bill, and if employees use that option, a savings of DOC Personal Services (PS) funds would occur. DOC is unsure how often employees would actually opt for using LWOP; however, as having their wages reduced would also reduce the accrual of their annual and sick leave balances as well as their total annual wages, therefore impacting calculations of potential retirement and social security benefits that are based on said earnings. DOC is unsure what impact passage of this bill might have statewide, but OA Personnel will address those issues.

Officials at the **Department of Insurance, Financial Institutions and Professional Registration, Department of Mental Health, Department of Natural Resources, Department of Social Services** and the **Missouri Veterans Commission** assume that there is no fiscal impact from this proposal.

**Oversight** assumes that the agencies affected by this proposal indicated that there is little or no fiscal impact to their agencies.

ASSUMPTION (continued)

Officials at the **Department of Elementary and Secondary Education (DESE)** assume that section 105.935.8 affects all state employees and not just non-exempt employees. Therefore DESE believes that this provision would affect their employees. DESE has identified 47 employees in central office (CO) and 94 employees at Vocational Rehabilitation and Disability Determinations (VR/DD) which currently work the 10-hour day. Total for CO is \$3,615.24 and the total for VR is \$44,826.72 per year. This total was calculated using average pay rates and could represent the potential cost of allowing those state employees who work ten-hour days and forty hours per week to forego taking two hours of vacation leave for paid holidays; however, there are unknowns that must be considered: we cannot know when or if we will have to pay out those two hours or at what pay rate the employee will earn if the payout occurs at termination. If an employee terminates without a leave balance, the dollar cost associated with that employee's leave pay out will be zero. Based on these unknowns and estimations, it would appear that the cost of this proposal will be less than \$100,000.

Officials at the **Missouri Highway Patrol** assume so few employees would choose the option to have their paycheck voluntarily docked, that it is believed the impact would be minimal and can be absorbed.

Officials at the **Department of Social Services (DOS)** assume DOS's Administrative policy 2-118 (Daily Work Periods/Flexible Work Schedules) states that paid state holidays shall be considered as a period of 8 hours. The policy also states that employees that work a 10-hour day must chose one of the following options regarding their work schedule in which a holiday falls: submit a leave request for 2 hours of annual leave and/or compensatory time; work an additional two hours that week to offset the holiday, with supervisory approval; or revert back to a normal schedule on workweeks including a holiday.

Section 105.935 only applies to staff employed in nonexempt positions providing direct client care or custody in facilities operating on a 24-hour seven day a week basis in the Division of Youth Services (DYS). The 10-hour schedule is used on a limited basis throughout the department and since this legislation only impacts DYS, the impact would be further minimized.

There is no tracking mechanism in place to report on the number of staff that works a four 10-hour work schedule, so DOS is unable to determine the exact number of employees that might be impacted. Since we allow our 10-hour employees other options regarding their work schedule in which a holiday falls, there is no cost savings to DOS for not requiring an employee to take two hours of vacation leave for paid holidays.

ASSUMPTION (continued)

**Section 105.940 Mass Layoffs**

Officials at the **Office of Administration' Division of Personnel (OA/DOP)** assume it would be difficult to provide a precise and accurate estimate of the fiscal impact of the proposed legislation. The assumptions necessary to develop an estimate with any accuracy are too many to result in a meaningful response.

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 15 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 15 days notice.

The end result would likely be that agencies would notify employees of all layoffs, not just mass layoffs, at least 15 days prior to the layoff.

Currently, OA/DOP oversees all layoffs that impact merit system positions and employees. Staff does not currently and regularly have access to, nor do they routinely collect information from, non-merit agencies, judicial, legislative, elected officials, colleges and universities, political subdivisions, or information pertaining to unclassified employees. If the intention of the proposed legislation is to collect and report data from more than the merit agencies (and beyond merit system positions/employees), then some sort of communication structure would need to be established. In either case, OA/DOP may need to revise the existing CSR on Notice of Layoff.

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

Officials at the **Capitol Police, Department of Agriculture, Department of Economic Development, 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 Natural Resources, Department of Revenue, Missouri Department of Conservation, Missouri Department of Transportation,**

ASSUMPTION (continued)

**Missouri Gaming Commission, Missouri Veterans Commission, Office of the Governor, Office of Prosecution Services, Office of the State Auditor, Office of the State Courts Administrator, Office of the State Public Defender and the Office of the State Treasurer** assume that there is no fiscal impact from this proposal.

Officials at the **Department of Social Services** assume that since this legislation would not change the current 15 day layoff notification date for the state agencies, there is no fiscal impact from a human resources perspective for this section of the bill.

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

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
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<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

The proposed legislation appears to have no fiscal impact.

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

Capitol Police  
Department of Agriculture  
Department of Corrections  
Department of Economic Development  
Department of Health and Senior Services  
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  
Missouri Department of Conservation  
Missouri Department of Transportation  
Missouri Gaming Commission  
Missouri Highway Patrol  
Missouri Veterans Commission  
Office of Administration  
Office of the Attorney General  
Office of the Governor  
Office of Prosecution Services  
Office of the Secretary of State  
Office of the State Auditor

JH:LR:OD

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SOURCES OF INFORMATION (continued)

Office of the State Courts Administrator  
Office of the State Public Defender  
Office of the State Treasurer

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

Mickey Wilson, CPA  
Director  
April 4, 2011