

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5629-01
Bill No.: HB 1642
Subject: Corrections Department; Salaries
Type: Original
Date: March 5, 2012

Bill Summary: This proposal establishes minimum salary requirements for all corrections officers and supervisors.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$0	(\$48,307,653)	(\$49,301,118)
Total Estimated Net Effect on General Revenue Fund	\$0	(\$48,307,653)	(\$49,301,118)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
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 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Division of Personnel (COA)** state the Department of Corrections is in the state's Uniform Classification and Pay System (UCP). The Uniform Classification and Pay System is established in Chapter 36 RSMo and covers over 38,000 employees in 13 state agencies. The pay plan includes a minimum and maximum rate of pay for each class of positions and intermediate rates as the director considers necessary or equitable.

The proposed legislation creates a separate and specific outline of minimum pay rates for the five Department of Corrections (DOC) pay classes based upon years of service. This would require the Director of Personnel to establish a separate pay grid with basically 2-3 steps per range and a pay process for the classes in the proposed legislation.

The Governor's recommendation indicated a 2% increase for employees, effective January 1, 2013. Custody staff at the Department of Corrections were included in that recommendation.

For FY 2013, the proposed legislation would result in a 22% average pay increase for a specific group of approximately 5,600 employees at a cost of over \$46 million, with benefits. The table below provides further detail.

Job Title	Avg Current Salary	Avg Proposed Salary	Avg Proposed Dollar Increase	% Increase
Corrections Officer I	\$28,473	\$34,546	\$6,073	21%
Corrections Officer II	\$31,105	\$39,750	\$8,645	28%
Corrections Officer III	\$34,712	\$43,250	\$8,538	25%
Corrections Spvr I	\$38,951	\$46,750	\$7,799	20%
Corrections Spvr II	\$45,184	\$50,250	\$5,066	11%
Averages	\$29,241	\$35,708	\$6,467	22%

In response to this proposal, COA made the following assumptions:

1. The salaries of each employee in the proposed classes will be adjusted to the pay rates in the proposed legislation the first year. Thereafter, the adjustments will be made for employees successfully passing probation in all 5 classes or reaching the 3 year mark as a Corrections Officer I. There are no provisions in the proposed legislation that these employees be included in OR excluded from any other salary adjustments recommended and approved for the "other" state employees.

RS:LR:OD

ASSUMPTION (continued)

2. Pay increases were calculated effective July 1, 2012 for FY 2013.
3. The original adjustments were calculated based on existing employees. A fringe benefits percentage of 28.29% was used in calculating costs.
4. The proposed legislation provided for an annual salary increase of \$1,250 upon successful completion of the 9 month probation for the Corrections Officer I class only. Per general practice and 1 CSR 20-2.020 (4)(B)(1), "appointing authorities may grant a probationary salary advancement following the successful completion of a promotional probationary period". Because the CO I probationary increase was \$1,250, an assumption was made to provide the same \$1,250 increase for the successful completion of the 6 month probation for Correction Officer II and III and Corrections Supervisor I and II.
5. The base rates provided in the proposed legislation reflect FY 12 pay rates. An assumption was made that any cost of living adjustments would be applied to the rates as provided within the Fiscal Note Summary for each projected fiscal year.
7. Calculations for FY 14 and FY15 include current employees in the 5 job classes. It would be difficult to estimate the number of new hires per year, as well as the number of employees promoted within the series. As such, the calculations do not include those projections.
8. Calculations were based on the assumption that the leave progression dates for employees reflect time spent in the current job classification. The reality is that they may have been employees in other titles with the state. In order to provide a more accurate estimate, DOC would need to provide start dates for each employee in the 5 job titles included in the proposed legislation. This would likely impact the fiscal estimate provided.

Officials from the **Department of Corrections (DOC)** state they concur with the Office of Administration's response stated above (assumptions 1 through 8).

DOC states that if this proposed legislation were the be passed it would impact the Department's General Revenue expense by \$46,600,983 to unknown in FY13, \$48,307,653 to unknown in FY14, and \$49,301,118 to unknown in FY15 (see chart below). It would also impact Other Funds by \$31,164 to unknown in FY13, \$33,062 to unknown in FY14 and \$34,055 to unknown in FY15.

ASSUMPTION (continued)

Job Title	GR FTEs	Avg Current Salary	Avg Proposed Salary	Avg Proposed Dollar Increase	FY 2012 (10 months) expense
Corrections Officer I	4,683	\$28,473	\$34,546	\$6,073	\$28,440,709
Corrections Officer II	605	\$31,105	\$39,750	\$8,465	\$5,230,244
Corrections Officer III	204	\$34,712	\$43,250	\$8,538	\$1,741,722
Corrections Spvr I	102	\$38,951	\$46,750	\$7,799	\$795,518
Corrections Spvr II	23	\$45,184	\$50,250	\$5,066	\$116,526
Averages	5,617	\$29,241	\$35,708	\$6,467	\$36,324,720

Job Title	IRF FTEs	Avg Current Salary	Avg Proposed Salary	Avg Proposed Dollar Increase	% Increase
Corrections Officer I	4	\$28,473	\$34,546	\$6,073	\$24,292

	FY 2013	FY 2014	FY 2015
Salary increase:	\$36,324,720	\$37,655,042	\$38,429,432
Fringe Benefits	\$10,276,263	\$10,652,611	\$10,871,686
Total increase	\$46,600,983	\$48,307,653	\$49,301,118

For fiscal note purposes, **Oversight** has used the information provided by the Office of Administration - Division of Personnel and the Department of Corrections. However, since the proposal states the new rates start July 1, 2013, Oversight will assume no impact from the proposal in FY 2013.

FISCAL IMPACT - State Government FY 2013 FY 2014 FY 2015
 (10 Mo.)

GENERAL REVENUE

Costs - Department of Corrections

Personal Service	\$0	(\$37,655,042)	(\$38,429,432)
Fringe Benefits	\$0	(\$10,652,611)	(\$10,871,686)
<u>Total Costs - DOC</u>	\$0	(\$48,307,653)	(\$49,301,118)

ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND

\$0 (\$48,307,653) (\$49,301,118)

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<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.

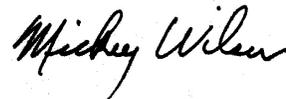
FISCAL DESCRIPTION

This proposal establishes, beginning July 1, 2013, minimum salary requirements for all corrections officers and supervisors.

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 Corrections
Office of Administration



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Director
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