

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0837-01
Bill No.: HB 411
Subject: State Employees; Salaries
Type: Original
Date: April 8, 2013

Bill Summary: This proposal specifies that nonexempt state employees can retain up to 80 compensatory hours at any time during the year or request payment for any overtime hours accrued.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration - Division of Personnel** assume there could be significant fiscal impact for the agencies covered by the proposal. However, it is difficult to predict with an certainty or accuracy how many hours of comp time would be accrued and the pay rates of the staff involved. Therefore, the impact is unknown.

Division of Personnel identified the affected agencies as the Department of Corrections, Department of Mental Health, Department of Social Services, Division of Youth Services and the Missouri Veterans Commission.

Officials at the **Department of Social Services - Division of Youth Services (DYS)** assume the proposed language would increase overtime liability and costs. The language as written changes the way in which compensatory time is accrued. It allows compensatory time to be accrued based on hours worked in excess of an employee's workday or work shift. Currently, and in accordance with the Fair Labor Standards Act, compensatory time is only accrued for hours worked over 40 in a workweek. This allows the agency to flex work schedules during the week to limit overtime accrual. Currently, DYS attempts to allow the employee equal time off during the workweek to avoid the accrual of overtime. This is beneficial for many reasons such as lower financial cost to the State, lower staff burn out by working too many hours, allows for staff to be refreshed and increases client supervision awareness which leads to improved safety and security.

The division is unable to identify how often staff work schedules were modified in order to manage accrual of compensatory overtime. If the division incurred even a 25% increase in overtime due to the inability to manage hours within a 40 hour work week versus an daily work shift, the impact would be \$198,148. The cost of overtime hours for non-exempt employees in FY 2012 was \$792,590. Assuming at least a 25% increase in overtime cost would be \$990,738 (\$792,590 x 1.25). Therefore, the increase is \$198,148 (\$990,738 - \$792,590).

Officials at the **Department of Corrections (DOC)** assume this proposal states that any nonexempt employee could accrue compensatory time if they work beyond their "shift." The Fair Labor Standard calculates overtime by "work week" and the type of overtime/compensatory time (federal) that is applicable to this statute is awarded after a nonexempt employee physically works in excess of 40 hours in a workweek. DOC procedure states an employee's work schedule can be adjusted through the week to avoid accrual of federal overtime. If this proposal is passed using the current language, DOC procedure could be in conflict with this language resulting in nonexempt employees' compensatory time balances greatly increasing. By having the flexibility of adjusting an employee's work schedule, this greatly reduces federal overtime hours and costs

ASSUMPTION (continued)

associated with them. DOC customarily pays out overtime for custody employees who are Code 2; Corrections Officer I and II, and Probation and Parole Assistant I and II, once or twice a year if the staff so chooses to take the pay out. In summary, passage of this bill has the potential to fiscally impact the DOC by a substantial amount per each year, however that amount cannot be estimated.

Officials at the **Missouri Veterans Commission** assume they are required to provide nursing services to ensure that there is a minimum direct care nurse staffing per patient per 24 hours, 7 days a week. The estimate of this proposal is 1,100 (FTE direct care staff) x 4 hours per week for 52 weeks at an average of \$20 per hour = \$4,000,000.

Officials at the **Department of Mental Health, Department of Social Services -Division of Finance and Administrative Services** and the **Department of Social Services - Division of Human Resource Center** each assume there is no fiscal impact to their organization from this proposal.

Oversight assumes it is possible that several state funds could be impacted by the paying out of compensatory leave, however, it is difficult to determine. Oversight will reflect all the costs as General Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Cost</u> - Various State Departments - overtime for state employees	(Unknown greater than <u>\$100,000</u>)	(Unknown greater than <u>\$100,000</u>)	(Unknown greater than <u>\$100,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Unknown greater than <u>\$100,000</u>)	(Unknown greater than <u>\$100,000</u>)	(Unknown greater than <u>\$100,000</u>)
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<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 bill specifies that a nonexempt state employee who has accrued any overtime hours may have the option to use those hours as compensatory leave time if the leave time is available and agreed to by the employee and his or her supervisor. It will be the employee's decision to take the time off or to request payment for the overtime hours. Every nonexempt employee must have the right to retain up to 80 hours of compensatory time at any time during the year.

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
Department of Mental Health
Department of Social Services
 Division of Finance and Administrative Services
 Division of Human Resource Center
 Division of Youth Services
Missouri Veterans Commission
Office of Administration
 Division of Personnel



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