

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1402-01  
Bill No.: SB 291  
Subject: Administration, Office of; Contracts and Contractors; Employees-Employers;  
 Labor and Industrial Relations Dept.; Labor and Management; Political  
 Subdivisions; State Departments.  
Type: Original  
Date: February 16, 2005

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	(\$115,747)	(\$108,825)	(\$111,556)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$115,747)</b>	<b>(\$108,825)</b>	<b>(\$111,556)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<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 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</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 LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTIONS**

Officials from the **Office of Administration, Division of Purchasing and Materials Management** (DPMM) assume the proposal would require DPMM to develop an affidavit for bidders. DPMM did not indicate any cost associated with the proposal.

Officials from the **Department of Labor and Industrial Relations** (DOLIR) assume the proposal would require DOLIR to change the way data is processed in the determination of prevailing wage rates. The Division received approximately 15,000 pages of wage information in FY04 for determination of Annual Wage Order 11. While "payroll records" is not defined, the assumption is made that they could include payroll ledgers, time cards, logs, computer forms, check stubs or other types of payroll related documents. Wage forms currently submitted cover anywhere from 1 to thousands of payroll hours. Using an average of three payroll documents per survey sheet, this would mean an annual average of 45,000 sheets/items received by the Division that would have to be reviewed in order to be considered for use in determination of prevailing wage rates. The Division receives data year round. However, from December through February, a large amount of information is received that must be processed more quickly for the upcoming wage order filing deadline of March 10.

ASSUMPTIONS (continued)

DOLIR estimates two FTEs would be required to review and prepare payroll documents for data entry. The FTEs could be Wage and Hour Investigators, Personnel Analyst I's or Research Analyst I's. All three classes are the same range and salary. The Wage & Hour Investigator position is used due to the knowledge and ability needed to interpret any type of payroll records and extrapolate the information needed for data entry. Two half-time Data Entry Clerks would be needed to handle all document scanning and data entry. These Data Entry Clerks would have to be working simultaneously from December through February to complete all required entry. The rest of the year could be worked part time to handle the submissions.

DOLIR would require an imaging system to scan and store payroll documents, transfer the data, and enter into a new program to calculate the weighted averages. The imaging system requires a stand-alone PC dedicated to the scanner, and this PC cost is slightly higher than budget guidelines due to scanning capability requirements.

DOLIR estimated costs of \$132,022 for FY 2006, \$127,227 for FY 2007, and \$130,418 for FY 2008.

**Oversight** has, for fiscal note purposes only, changed the starting salary for the new positions to correspond to the first step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Officials from the **Department of Mental Health** and the **Department of Social Services, Division of Youth Services** and **Division of Budget and Finance, Cole County Public Works, St. Louis County**, the **City of Columbia**, the **City of Springfield**, and **Parkway School District**, assume the proposal would have no fiscal impact on their organizations.

Officials from the **Columbia School District** assume the proposal would create some cost for the district to revise its bid documents.

Officials from **Jefferson County** assume the proposal would have a positive fiscal impact on their organization.

Officials from the **Department of Conservation (MDC)** assume the proposal legislation could have a positive effect on MDC funds due to lower bids on contracts under \$25,000. The exact amount of impact is unknown.

ASSUMPTIONS (continued)

**Oversight** assumes that project costs or savings resulting from this proposal would be minimal.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>GENERAL REVENUE</b>			
<u>Cost - Labor and Industrial Relations</u>			
Personal Service (3 FTE)	(\$59,830)	(\$74,723)	(\$76,591)
Fringe Benefits	(\$25,523)	(\$31,877)	(\$32,674)
Expense and Equipment	<u>(\$30,394)</u>	<u>(\$2,225)</u>	<u>(\$2,291)</u>
	<u>(\$115,747)</u>	<u>(\$108,825)</u>	<u>(\$111,556)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE *</b>	<b><u>(\$115,747)</u></b>	<b><u>(\$108,825)</u></b>	<b><u>(\$111,556)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

This proposal could impact small businesses involved in contracting with the state or local governments.

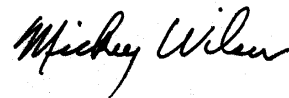
DESCRIPTION

This proposal would establish the Open Contracting Act for state and local public works projects. The proposal would prohibit state and local government agency bidding practices that would require or prohibit bidders, contractors, or subcontractors to enter into or follow agreements with labor organizations.

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

Office of Administration  
    Division of Purchasing and Materials Management  
Department of Labor and Industrial Relations  
Department of Mental Health  
Department of Social Services  
    Division of Youth Services  
    Division of Budget and Finance  
Jefferson County  
St. Louis County  
Parkway School District



Mickey Wilson, CPA  
Director  
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