

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4361-03
Bill No.: SB 1086
Subject: St. Louis Metropolitan Police Department: Compensation
Type: Original
Date: March 7, 2006

Corrected to show costs to be permissive and not mandatory.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
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 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0 to (\$8,600,000)	\$0 to (\$1,500,000)	\$0 to (\$1,500,000)

FISCAL ANALYSIS

ASSUMPTION

Officials of the **St. Louis Metropolitan Police Department - Budget Division** stated that this proposal will have fiscal impact on the payroll of the St. Louis Metropolitan Police Department of \$5.4 million. Officials stated that city firefighters have parity and firefighters pay would rise due to local laws.

Officials of the **St. Louis City - Budget Division** stated that an increase in police salary costs are estimated at \$6.1M in FY07. Legislation allows for increases in subsequent years but amount is not specified. In addition to unspecified increases, matrix step increases will continue in FY08 and FY09 at an annual estimated cost of \$1million per year.

Article XVIII, Section 31 of the City Charter, requires that firefighters of similar ranks and years of service receive pay parity with respective ranks of police officers. Assuming implementation of new pay matrix in similar fashion, the firefighter salary costs are estimated to increase by \$3.2 million in FY07. While future increases are likewise unspecified, the annual matrix step increase will continue in FY08 and FY09 at an annual estimated cost of \$500,000 per year.

ASSUMPTION (continued)

Under the proposed legislation, the significant increase in both police and firefighter salary costs will also increase the amount of liabilities accruing to each of their respective pension systems.

The amount of this increase in pension liabilities would need to be calculated by actuaries of the respective systems.

Oversight assumes the following:

That there is an effective date of June 26, 2006, which would be 12 months of FY 2007

Uniformed Police Salaries in	FY 07	FY08	FY 09
Base Salary Increase	\$5.4 million		
<u>Matrix Step Increase</u>	<u>0</u>	<u>\$1. million</u>	<u>\$1million</u>
Total increase FY 2007	\$5.4 million	\$1. million	\$1.million
Firefighters Salaries (Parity)			
Base Salary Increase	\$3.2 million		
<u>Matrix Step Increase</u>	<u>0</u>	<u>\$0.5 million</u>	<u>\$0.5 million</u>
Total increase FY 2007	\$3.2 million	\$0.5 million	\$0.5 million
Total Cost to City of St. Louis	\$8.6 million	\$1.5 million	\$1.5 million

Oversight assumes any increase in salary would have to be approved by the Board of Police Commissioners. Therefore, **Oversight** will show fiscal impact to be \$0 to the amount of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2007	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government FY 2007 FY 2008 FY 2009

**CITY OF ST. LOUIS GENERAL
 REVENUE FUND**

Cost to City of St. Louis

From salary increases for police and firefighters #	<u>\$0 to</u> <u>(\$8,600,000)</u>	<u>\$0 to</u> <u>(\$1,500,000)</u>	<u>\$0 to</u> <u>(\$1,500,000)</u>
--	---------------------------------------	---------------------------------------	---------------------------------------

ESTIMATED NET EFFECT TO LOCAL GOVERNMENT #	<u>\$0 to</u> <u>(\$8,600,000)</u>	<u>\$0 to</u> <u>(\$1,500,000)</u>	<u>\$0 to</u> <u>(\$1,500,000)</u>
---	---------------------------------------	---------------------------------------	---------------------------------------

Oversight assumes this proposal is permissive, and any increase in salaries would have to approved by the Board of Police Commissioners.

FISCAL IMPACT - Small Business

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

DESCRIPTION

This act increases the maximum amount of compensation that St. Louis police officers may receive. Currently, the maximum amount of compensation authorized by the St. Louis Board of Police Commissioners is based upon rank and length of service. Under this act, such amount will be based upon a new "step placement" system, and periodic salary reviews.

This act provides for the conversion process between the current salary table and the table included in this act to be effective June 26, 2006 with no credit given for educational incentive pay.

Under this act, the officers will be placed into the table using a numeric formula. With exceptions, future changes in salary will occur annually after approval by the Board of Police Commissioners. The salaries will be adjusted following a method outlined in statute to reflect new salary minimums and maximums.

DESCRIPTION (continued)

The numbers in the table will be converted and show the percentage of salary spread attributable to each step within each rank. These percentage values will be multiplied by the revised salary spread value for the appropriate rank and added to the next lowest step value for that rank using the revised salary minimum for the rank as the starting point for constructing a revised table.

The salary table and its underlying data will be reviewed annually by a consulting firm chosen by the Board of Police Commissioners that specializes in compensation planning using industry standard market pricing practices to determine accurate and current minimum and maximum market salary rates for use in any future matrix. Any revisions resulting from the review process shall occur on the first day of the first biweekly payroll period with a pay date falling within the next fiscal year for commissioned officers who were the subject of the review. A schedule for review by the consulting firm for different ranks of officers is included in this act.

New compensation minimums and maximums based upon the review will be prepared annually, if necessary. If this scheduled yearly review results in any revisions in salaries, the board of police commissioners will report said changes to the City of St. Louis as part of the board of police commissioners' annual budget. Any increases resulting from the compensation review shall be effective the first day of the first biweekly payroll period with a pay date falling within the next fiscal year for all commissioned staff with the exception of police officers and probationary police officers.

Increases for police officers and probationary police officers will occur in two stages: 50% of the increase will be implemented the first day of the first biweekly payroll period with a pay date falling within the next fiscal year, and the remaining 50% of the increase will be implemented on the first day of the first biweekly payroll period with a pay date falling within the following fiscal year. In the event that the 50% increase for the first year of the implementation is less than any projected increase for the rank, the officer shall receive the greater of the two amounts with whatever amount remains being implemented in the second of the two years.

There shall be no increase in the salary of any probationary police officer without express authority granted by the board of police commissioners.

A commissioned member who is promoted out of his or her current rank shall receive a salary increase by the calculated amount being compared to the steps in his or her new salary or wage range. The officer shall be placed in the step closest to this calculated amount that provides a raise of at least 10% over his or her current annual compensation.

DESCRIPTION (continued)

If the City of St. Louis provides any across-the-board increase to its employees in the form of a percentage increase, that increase will be automatically applied to all commissioned staff. If the City of St. Louis provides any across-the-board flat dollar amount increase to its employees, the value of that increase will be converted into a percentage increase consistent with statute and applied to all commissioned staff. If a particular rank is scheduled for review in the same year as any city increase, the greater of the two shall be granted.

Nothing in these provisions shall be construed to establish and require the payment of minimum salaries for commissioned police officers.

This act contains an emergency clause and has an effective date of June 26, 2006.

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

City of St. Louis - Budget Division
St. Louis Metropolitan Police Department - Budget Division



Mickey Wilson, CPA
Director
March 7, 2006