

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0238-01
Bill No.: SB 77
Subject: Disabilities; Employees-Employers; Elementary and Secondary Education Dept.
Type: Original
Date: January 25, 2007

Bill Summary: Creates a graduations increase in payment for sheltered workshops.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	\$9,945	(\$2,854,980)	(\$5,709,960)
Total Estimated Net Effect on General Revenue Fund	\$9,945	(\$2,854,980)	(\$5,709,960)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Sheltered Workshop per Diem Revolving Fund	(\$9,945)	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(\$9,945)	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
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 2008	FY 2009	FY 2010
Local Government	(\$9,945)	\$2,854,980	\$5,709,960

FISCAL ANALYSIS

ASSUMPTION

Officials from **Office of State Treasurer** and the **Department of Health and Senior Services** stated this proposal would have no fiscal impact on their respective agencies.

Officials from the **Department of Elementary and Secondary Education** state implementation of this proposal will increase state costs in the Sheltered Workshop program as the annual state payment "basis" increases through FY 2011. Calculations are shown as follows:

Fiscal Year	Workshop Employees
2004	5,567
2005	5,603
2006	<u>5,623</u>
Total	16,793
3-year Average	5,598

Estimated current payment (FY 2007)

Basis of state payment: 6hr work day/30hr work week @\$13/day = \$65/week

Average # employees: 5601 x \$13/day x 255 work days = **\$18,567,315**

Estimated payment (FY 2008)

Basis of state payment: 30hr work week: \$65

Average # employees: 5598 x \$65 /week x 51 work weeks = \$18,557,370*

Change in cost: **(\$9,945)**

ASSUMPTION (continued)

Estimated payment (FY 2009)

Basis of state payment: 30hr work week: \$75
Average # employees: 5598 x \$75/week x 51 work weeks = \$21,412,350*
Change in cost: **\$ 2,854,980**

Estimated payment (FY 2010)

Basis of state payment: 30hr work week: \$85
Average # employees: 5598 x \$85/week x 51 work weeks = \$24,267,330*
Change in cost: **\$ 2,854,980**

Estimated payment (FY 2011)

Basis of state payment: 30hr work week: \$90
Average # employees: 5598 x \$90/week x 51 work weeks = \$25,694,820*
Change in cost: **\$ 1,427,490**

* This calculation uses 51 weeks in order to account for weekend work as well as consideration for holidays which are non-work days. Saturday and Sunday work is not considered to be a significant state cost.

Oversight assumes total impact on General Revenue is as follows:

FY 2008	\$9,945
FY 2009	(\$2,854,980)
FY 2010	(\$5,709,960)

<u>FISCAL IMPACT - State Government</u>	FY 2008	FY 2009	FY 2010
GENERAL REVENUE			
<u>Savings</u> - Sheltered Workshop Employee Wages due to change in calculation method	\$9,945	\$0	\$0
<u>Cost</u> - Increased Sheltered Workshop Employee Wages	<u>\$0</u>	<u>(\$2,854,980)</u>	<u>(\$5,709,960)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$9,945</u>	<u>(\$2,854,980)</u>	<u>(\$5,709,960)</u>
SHELTERED WORKSHOP PER DIEM REVOLVING FUND			
<u>Transfer In</u> - General Revenue	\$0	\$2,854,980	\$5,709,960
<u>Cost</u> - Disbursements to Sheltered Workshops	\$0	(\$2,854,980)	(\$5,709,960)
<u>Loss</u> - Decrease in disbursement from General Revenue due to change in calculation method	<u>(\$9,945)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON SHELTERED WORKSHOP PER DIEM REVOLVING FUND	<u>(\$9,945)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2008	FY 2009	FY 2010
SHELTERED WORKSHOPS			
Income - Increased Employee Payments	\$0	\$2,854,980	\$5,709,960
Cost - Decrease in disbursement due to change in calculation method	<u>(\$9,945)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON SHELTERED WORKSHOPS	<u>(\$9,945)</u>	<u>\$2,854,980</u>	<u>\$5,709,960</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

§ 178.930 Changes the formula (basis) used by The Department of Elementary and Secondary Education to distribute appropriated sheltered workshop flow-through funds. The language in this proposal revises the payment amount from \$13 per day for five (5), 6 hour work days (\$65 for 30 hours per week), to:

- \$65 for a standard 30 hour work week in FY 08,
- \$75 for a standard 30 hour work week in FY 09,
- \$85 for a standard 30 hour work week in FY 10, and
- \$90 for a standard 30 hour work week in FY 11 and beyond.

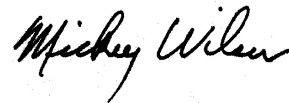
The effective date of this proposal is July 1, 2007.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Office of State Treasurer
Department of Health and Senior Services

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

Mickey Wilson, CPA
Director
January 25, 2007