

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0876-05
Bill No.: Perfected SCS for SB 235
Subject: Water Patrol; Salaries; Employees-Employers; Merit System
Type: Original
Date: February 27, 2007

Bill Summary: This proposal modifies certain provisions relating to the Missouri State Water Patrol.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	\$0	\$0	\$0
Total Estimated Net Effect on General Revenue Fund*	\$0	\$0	\$0

* Costs and transfers-in net to zero.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Water Patrol Fund	(\$1,006,542)	(\$1,244,086)	(\$1,281,410)
Total Estimated Net Effect on Other State Funds	(\$1,006,542)	(\$1,244,086)	(\$1,281,410)

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	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** state that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

In response to a previous version of this proposal, officials from the **Office of Administration - Division of Personnel (COA)** stated the bill removes the Missouri State Water Patrol from the provisions of the Missouri Merit System and removes uniformed members and radio/telecommunications staff from the Uniform Classification and Pay provisions of the State Personnel Law. As such, the Missouri State Water Patrol would establish their own processes for the selection, appointment, classification, compensation, suspension and separation of uniformed employees. Under this proposed legislation, non-uniformed members of the Missouri State Water Patrol would be removed from the coverage of the Merit System, but would remain covered under the classification and pay provisions of the law.

COA stated this estimate assumes existing Water Patrol Officers would be paid from the Missouri State Highway Patrol pay grid, which is a longevity based pay plan. In doing so, COA assumed the lengths of service of employees in both agencies are relatively equal. Therefore, the estimate consists of the average salary by rank of current Water Patrol Officers, compared to the average salary by rank of current MSHP Officers. COA calculated the difference between average salaries and multiplied by the number of WP officers. This estimate includes a similarly calculated pay increase for Water Patrol Radio personnel, but does not include a pay increase for any non-uniformed staff.

COA stated there are 102 FTE in the uniformed Water Patrol and the 9 FTE in the Radio/Telecommunication section, who would be affected by this legislation.

ASSUMPTION (continued)

3. The average salary paid to the Water Patrol is as follows:
- | | |
|--|----------|
| Radio/Tele Officer----- | \$33,020 |
| Radio/Tele Supervisor----- | \$41,274 |
| Radio/Tele Coordinator----- | \$44,472 |
| Recruit----- | \$31,500 |
| Officer----- | \$41,261 |
| Corporal----- | \$49,500 |
| Sergeant----- | \$55,318 |
| Lieutenant-five are to be appointed by Feb 07 | |
| Captain (Law Enforcement Manager-Band 2)----- | \$67,900 |
| Major (Law Enforcement Manager-Band 3)----- | \$72,624 |
| Lt Colonel (Law Enforcement Manager-Band 3)----- | \$78,480 |
| Colonel----- | \$86,592 |

4. The average salary paid to the Highway Patrol is as follows:
- | | |
|-------------------------------|----------|
| Radio Personnel----- | \$38,143 |
| Lead Radio----- | \$45,292 |
| Asst Chief Tele Engineer----- | \$56,320 |
| Recruit----- | \$35,904 |
| Officer 1st class----- | \$47,875 |
| Corporal----- | \$57,897 |
| Sergeant----- | \$66,538 |
| Lieutenant----- | \$77,420 |
| Captain----- | \$84,822 |
| Major----- | \$91,609 |
| Lt Colonel----- | \$92,400 |
| Colonel----- | \$97,368 |

Based on the differences in average annual salary, it is estimated that the Missouri State Water Patrol will increase salaries for uniformed officers by \$749,866 the 1st year, equating to an 18.9% pay increase. The total estimated increases for Radio Personnel \$43,453, equating to 15.6% of current salaries.

COA assumed a personal service cost of \$793,319 in FY 2008, \$980,542 in FY 2009 and \$1,009,958 in FY 2010. COA assumes the cost of the increase in salaries will be paid from the General Revenue Fund.

ASSUMPTION (continued)

Officials from the **Department of Public Safety - Water Patrol** state this bill, along with SB 778 from 2006, were designed to reduce the high turnover rate of Water Patrol and radio/telecommunications officers and to fund additional equipment necessary to provide adequate law enforcement. A reduction in the turnover rate will also greatly reduce the training costs associated with new officers and will result in more officers available for calls-for-service.

The Water Patrol states that according to the Department of Revenue, the total projected monies coming into the Water Patrol Fund from registration renewals (does not include any newly purchased boats) are;

\$2,444,820 in FY 2007;
\$2,806,430 in FY 2008; and
\$3,090,395 in FY 2009.

A total of \$714,597 will be transferred from the Water Patrol Fund to General Revenue prior to the end of the current fiscal year, leaving a approximate balance of \$1,730,223 (\$2,444,820 - \$714,597) to begin fiscal year 2008.

Officials from the Water Patrol stated that the Merit System ranges were not adequate to raise the officer's pay to the level of the Highway Patrol. Therefore, it is necessary to bring the Water Patrol out of the Merit System and utilize the funding established through SB 778 in 2006 to fund the pay increases.

The officer pay increases are anticipated to cost \$996,988 Personal Service to the General Revenue fund in FY 2008. The Water Patrol estimated \$1,026,897 in FY 2009 and \$1,057,705 in FY 2010. The Water Patrol utilized a fringe benefit rate of 21.15% to accommodate additional FICA taxes, additional defined benefit contributions and other benefits. Some expenses that are utilized to determine the estimated fringe benefit factor would not be applicable to raising the pay of an existing employee.

Oversight will assume ten months of impact for FY 2008. The Water Patrol included the decision item "Officer Retention and Parity" in their budget submitted for FY 2008. This however has not been included in the Governor's Budget for that same year. Oversight will utilize the estimates from the Water Patrol and assume an annual transfer will be made from the Water Patrol fund to the General Revenue Fund to pay for these increases.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE FUND			
<u>Transfer In</u> - from Water Patrol Fund	\$1,006,542	\$1,244,086	\$1,281,410
<u>Costs</u> - Water Patrol			
Personal Service	(\$830,823)	(\$1,026,897)	(\$1,057,705)
Fringe Benefits	(\$175,719)	(\$217,189)	(\$223,705)
<u>Total Costs</u> - Water Patrol	<u>(\$1,006,542)</u>	<u>(\$1,244,086)</u>	<u>(\$1,281,410)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

WATER PATROL FUND

<u>Transfer Out</u> - to General Revenue Fund	<u>(\$1,006,542)</u>	<u>(\$1,224,086)</u>	<u>(\$1,281,410)</u>
ESTIMATED NET EFFECT TO THE WATER PATROL FUND	<u>(\$1,006,542)</u>	<u>(\$1,224,086)</u>	<u>(\$1,281,410)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<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 modifies certain provisions relating to the Missouri State Water Patrol.

SECTIONS 36.030, 36.031, 306.161, 306.228, & 650.005

This act requires the commissioner of the Missouri State Water Patrol to establish a pay plan that is equitable to the Highway Patrol's pay plan. The commissioner shall establish the plan with the advice of the director of the division of personnel and it shall consider rank and length of service. The Missouri State Water patrol is exempted from the merit system under Chapter 36, RSMo.

SECTION 306.230

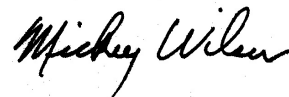
The commissioner shall prescribe rules for instruction and discipline and make administrative rules to fix the hours of duty for patrol members. The commissioner shall divide the state into district and assign members to such districts.

By general order, the commissioner may establish the circumstances under which members are promoted. The commissioner shall classify, and by promotion, increase the rank of members after not less than one year of service. If the commissioner finds the candidate pool for a promotion too small, he or she may promote from the next lower rank.

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 Public Safety
Office of Administration - Personnel Division
Office of the Secretary of State



Mickey Wilson, CPA
Director
February 27, 2007