

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1250-04
Bill No.: Perfected SS for SCS for SB 255, 249 & 279
Subject: Employees-Employers, Salaries
Type: Original
Date: February 20, 2007

Bill Summary: Would reinstate federal overtime standards.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	\$1,075,211	\$1,107,467	\$1,140,692
Total Estimated Net Effect on General Revenue Fund	\$1,075,211	\$1,107,467	\$1,140,692

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Highway	\$7,388,960	\$7,610,629	\$7,838,948
Gaming Commission	\$683,640	\$704,149	\$725,274
Total Estimated Net Effect on Other State Funds	\$8,072,600	\$8,314,778	\$8,564,222

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Various federal funds	\$445,072	\$458,446	\$472,199
Total Estimated Net Effect on <u>All</u> Federal Funds	\$445,072	\$458,446	\$472,199

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 *	Unknown	Unknown	Unknown

* expected to exceed \$100,000.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations, the Department of Public Safety, Office of the Director, Division of Alcohol and Tobacco Control, Division of Fire Safety, Missouri Capitol Police, State Emergency Management Agency, Linn State Technical College, the Metropolitan Community Colleges, University of Central Missouri, Missouri State University, the University of Missouri, Truman State University, the City of Kansas City, the City of Centralia, and Parkway School District** assumed previous version of this proposal would have no fiscal impact on their organizations.

Officials from the **Office of Administration, Division of Personnel, (OADP)** assumed a previous version of this proposal would affect all state agencies since it addresses the overtime provisions of changes to state law. However, the main impact of the proposed legislation would be upon the Department of Corrections, the Adjutant General of the Department of Public Safety, and the Missouri State Highway Patrol. Those state agencies employ flexible schedules for overtime calculations under federal law.

- * The Department of Corrections would have 185 employees affected at an average salary of \$27,000 per annum.
- * The Adjutant General would have 21 employees affected at an average salary of \$34,400.
- * OADP defers to the Missouri State Highway Patrol for an estimate of the impact to their organization.

The OADP estimate of General Revenue Fund costs which could be avoided if the proposal was implemented totaled \$315,611 for FY 2008, \$325,079 for FY 2009, and \$334,832 for FY 2010. Cost avoided for federal funds were estimated at \$445,072 for FY 2008, \$458,446 for FY 2009, and \$472,199 for FY 2010. The OADP estimate represents the overtime costs if the same number of hours were worked on a forty-hour work week basis as opposed to the current 28-day schedules. Benefits were calculated at 22.69%, instead of 45.26% as the cost estimates affect only existing employees.

ASSUMPTION (continued)

Officials from the **Department of Elementary and Secondary Education** deferred to the Department of Labor and Industrial Relations for an estimate of the fiscal impact of the proposal.

Officials from the **Department of Corrections** (DOC) stated that the recent passage of the minimum wage law inadvertently removed an overtime pay exemption for law enforcement employees. DOC assumed a previous version of this proposal would reinstate the exemption allowing DOC to continue a 12-hour shift schedule for staff without incurring overtime costs. In summary, the positive fiscal impact due to passage of this bill is estimated at approximately \$200,000 in savings for the DOC per annum.

Officials from the **Missouri State Highway Patrol** anticipated that a previous version of this proposal would result in overtime savings of approximately \$5.85 million as follows:

General Revenue	\$500,000 (Members)
Highway Funds	\$4,500,000 (Members)
Highway Funds	\$400,000 (Commercial Vehicle Officers)
Gaming Funds	\$450,000 (Members)

Member overtime total = \$5,450,000
CVO overtime total = \$400,000

The estimate was calculated based on the compensatory time that would have accrued had they worked a 40 hour work week as opposed to a 28 day, 171 hour work period. This method was also used to determine an estimate for the 750 road officers, 90 DDCC officers, 100 Gaming officers and 140 Commercial Vehicle Officers.

In addition to the savings in overtime payments, there would also be a savings in the associated fringe benefits. Those are calculated at 51.92% for members (44.27% for retirement and 7.65% for social security), and 38.14% for CVOs (30.49% for retirement and 7.65% for social security).

Highway =	\$2,488,960
General Revenue =	\$259,600
Gaming =	\$233,640
Total =	\$2,982,200

ASSUMPTION (continued)

Total estimated savings, including overtime savings and fringe benefit savings, are:

Highway =	\$7,388,960	(\$4,900,000 overtime + \$2,488,960 fringe benefits)
General Revenue =	\$759,600	(\$500,000 overtime + \$259,600 fringe benefits)
Gaming =	\$683,640	(\$450,000 overtime + \$233,640 fringe benefits)

Officials from the **City of Columbia** assumed a previous version of this proposal would allow public agencies to follow the special federal overtime provisions. Otherwise, Columbia taxpayers would face either \$800,000 in new costs or diversion of \$800,000 from budgeted services. City officials stated that the Missouri Department of Labor interprets the new state minimum wage law as requiring payment of overtime to firefighters and law enforcement personnel after 40 hours in a seven day period. If this interpretation is upheld the financial impact to the City of Columbia would be significant.

In Columbia, total estimated annual taxpayer costs for overtime pay to public safety personnel could reach \$800,000:

Columbia Fire Department	\$519,200
Columbia Police Department	\$250,000
Columbia Regional Airport Safety Officers	\$ 25,000 - \$30,000

Officials from the **City of St. Louis** assumed a previous version of this proposal would reinstate federal standards for overtime wages paid to public employees, and would allow the City of St. Louis to avoid a potential increase in overtime costs for its Fire Department estimated at \$3.9 million per year.

ASSUMPTION (continued)

This estimate is based on a budgeted uniform force (excluding command personnel) of 685. Subtracting those uniforms already budgeted at 40hrs. /week produces a net total of 670 uniformed fire personnel of which the additional overtime cost can be calculated as follows:

Budgeted total Uniform Personnel affected: 670
Current average work week 52
Total hrs. per year 624
(Currently paid at straight time; additional cost = x 0.5)

547 Privates x \$17.49 avg. per hr x 624 hrs x .5 = \$2,984,913
123 Captains x \$24.55 avg. per hr x 624 hrs x .5 = 942,131

Total Estimate of Avoided Overtime Costs: \$3,927,044

Officials from the **City of West Plains** did not provide an estimate of the overtime cost which could be saved if the proposal was implemented, but stated a previous version of this proposal could have a positive fiscal impact on the city.

Oversight assumes this proposal would have unknown positive impact in excess of \$100,000 per year to Local Governments.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE			
<u>Savings</u> - Overtime costs to Department of Corrections and Adjutant General	\$315,611	\$325,079	\$334,832
<u>Savings</u> - Missouri Highway Patrol	<u>\$759,600</u>	<u>\$782,388</u>	<u>\$805,860</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$1,075,211</u>	<u>\$1,107,467</u>	<u>\$1,140,692</u>
HIGHWAY FUND			
<u>Savings</u> - Missouri Highway Patrol	<u>\$7,388,960</u>	<u>\$7,610,629</u>	<u>\$7,838,948</u>
ESTIMATED NET EFFECT TO HIGHWAY FUND	<u>\$7,388,960</u>	<u>\$7,610,629</u>	<u>\$7,838,948</u>
GAMING COMMISSION FUND			
<u>Savings</u> - Missouri Highway Patrol	<u>\$683,640</u>	<u>\$704,149</u>	<u>\$725,274</u>
ESTIMATED NET EFFECT TO GAMING COMMISSION FUND	<u>\$683,640</u>	<u>\$704,149</u>	<u>\$725,274</u>
<u>VARIOUS FEDERAL FUNDS</u>			
<u>Savings</u> - Overtime costs to Department of Corrections and Adjutant General	<u>\$445,072</u>	<u>\$458,446</u>	<u>\$472,199</u>
ESTIMATED NET EFFECT TO VARIOUS FEDERAL FUNDS	<u>\$445,072</u>	<u>\$458,446</u>	<u>\$472,199</u>

<u>FISCAL IMPACT - Local Government</u>	<u>FY 2008</u> <u>(10 Mo.)</u>	<u>FY 2009</u>	<u>FY 2010</u>
LOCAL GOVERNMENTS			
<u>Savings</u> - Overtime costs to public safety employees *	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT TO LOCAL GOVERNMENTS	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

* Expected to exceed \$100,000 per year.

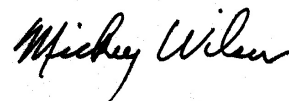
FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

SOURCES OF INFORMATION

Office of Administration
 Administrative Hearing Commission
 Division of Personnel
Department of Corrections
Department of Elementary and Secondary Education
Department of Labor and Industrial Relations
Department of Public Safety
 Office of the Director
 Division of Alcohol and Tobacco Control
 Division of Fire Safety
 Missouri Capitol Police
 State Emergency Management Agency
 Missouri State Highway Patrol
University of Central Missouri
Linn State Technical College
Metropolitan Community Colleges
Missouri State University
Truman State University
University of Missouri
City of Centralia
City of Columbia
City of Kansas City
City of St. Louis
City of West Plains
Parkway School District



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Director
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