

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1251-01  
Bill No.: SB 249  
Subject: Employees-Employers, Salaries  
Type: Original  
Date: January 29, 2007

Bill Summary: Would reinstate federal overtime standards.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue *	Unknown	Unknown	Unknown
<b>Total Estimated Net Effect on General Revenue Fund *</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

\* expected to exceed \$100,000.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Various state funds *	Unknown	Unknown	Unknown
<b>Total Estimated Net Effect on Other State Funds *</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

\* expected to exceed \$100,000.

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Various federal funds *	Unknown	Unknown	Unknown
<b>Total Estimated Net Effect on <u>All</u> Federal Funds *</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

\* expected to exceed \$100,000.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Local Government *</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

\* expected to exceed \$100,000.

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## **FISCAL ANALYSIS**

### ASSUMPTION

Officials from the **Office of Administration, Division of Budget and Planning, the Department of Higher Education, 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, St. Louis 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** assume this proposal would have no fiscal impact on their organizations.

Officials from the **Office of Administration, Division of Personnel, (OADP)** assume 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 and the Adjutant General of the Department of Public Safety

There are three state agencies that employ flexible schedules for overtime calculations under federal law: The Department of Corrections, the Adjutant General and the Missouri State Highway Patrol.

- \* 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.

ASSUMPTION (continued)

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.

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. 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** anticipate that 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.

ASSUMPTION (continued)

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

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** assume 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 Maryland Heights** stated that the proposal would have a significant positive fiscal impact on their organization. City officials estimated the savings at up to \$750,000 per year.

ASSUMPTION (continued)

Officials from the **City of Raytown** stated that failure to adopt this proposed legislation would result in addition costs to the City of Raytown's General Fund Budget. It is estimated those costs would exceed \$100,000 per year. Additionally, as the law currently stands, the City may be required to reconfigure Police staffing patterns, causing disruption to established Police Officer work hours and impairing service delivery to citizens.

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Officials from the **City of St. Louis** assume the 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.

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 the 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 the General Revenue Fund, Various State and Federal Funds, and to Local Governments.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>GENERAL REVENUE</b>			
<u>Savings</u> - Overtime costs to public safety employees *	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND *</b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>
* expected to exceed \$100,000.			
<b>VARIOUS STATE FUNDS</b>			
<u>Savings</u> - Overtime costs to public safety employees *	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>ESTIMATED NET EFFECT TO VARIOUS STATE FUNDS *</b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>
* expected to exceed \$100,000.			
<b>VARIOUS FEDERAL FUNDS</b>			
<u>Savings</u> - Overtime costs to public safety employees *	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>ESTIMATED NET EFFECT TO VARIOUS FEDERAL FUNDS *</b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>
* expected to exceed \$100,000.			
<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>LOCAL GOVERNMENTS</b>			
<u>Savings</u> - Overtime costs to public safety employees *	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>ESTIMATED NET EFFECT TO LOCAL GOVERNMENTS</b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal would reinstate federal standards for overtime wages.

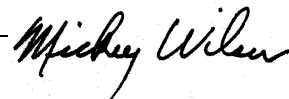
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.



SOURCES OF INFORMATION

Office of Administration  
    Administrative Hearing Commission  
    Division of Budget and Planning  
    Division of Personnel  
Department of Corrections  
Department of Elementary and Secondary Education  
Department of Higher 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  
St. Louis Community Colleges  
Missouri State University  
Truman State University  
University of Missouri  
City of Centralia  
City of Columbia  
City of Kansas City  
City of Maryland Heights  
City of Raytown  
City of St. Louis  
City of West Plains  
Parkway School District

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Mickey Wilson, CPA  
Director  
January 29, 2007