

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4021-02
Bill No.: SB 1015
Subject: Administration, Office of; Insurance - Medical; State Employees
Type: Original
Date: February 18, 2008

Bill Summary: This proposal requires health insurance premiums of stat employees to be run through a cafeteria plan.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	\$150,000	\$300,000	\$300,000
Total Estimated Net Effect on General Revenue Fund	\$150,000	\$300,000	\$300,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Administrative Hearing Commission, Missouri Consolidated Health Care Plan, Department of Conservation, Department of Revenue** and the **Department of Transportation** assume that there is no fiscal impact from this proposal.

Officials at the **Office of Administration** assume this proposal decreases state tax withholdings from state employees and increases savings in FICA employer fringe.

The current fringe savings is calculated by taking the current amount of health care deductions not being withheld tax free through the cafeteria plan X 7.65% for FICA match (employer share) which is equal to \$550,000 in FY 2009, \$1,100,000 in FY 2010 and \$1,100,000 in FY 2011.

The current state tax withheld is calculated by taking the same amount X 6% state tax rate which is equal to \$400,000 in FY2009, \$800,000 in FY 2010, and \$800,000 in FY 2011.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE			
<u>Savings</u> - General Revenue fringe benefits not owed by state	\$550,000	\$1,100,000	\$1,100,000
<u>Loss</u> - General Revenue state tax collected	<u>(\$400,000)</u>	<u>(\$800,000)</u>	<u>(\$800,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$150,000</u>	<u>\$300,000</u>	<u>\$300,000</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<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.

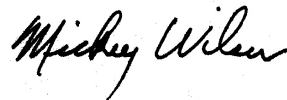
FISCAL DESCRIPTION

This act allows the Commissioner of Administration to deduct cafeteria plan administrative fees and any amount necessary for the participation in the cafeteria plan from the employee's compensation warrant, unless the employee affirmatively elects not to participate in the plan.

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

Administrative Hearing Commission
Missouri Consolidated Health Care Plan
Department of Conservation
Office of Administration
Department of Revenue
Missouri Department of Transportation



Mickey Wilson, CPA
Director
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