

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4802-02  
Bill No.: SB 1138  
Subject: Employees - Employers; Labor and Industrial Relations Department  
Type: Original  
Date: March 3, 2008

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Bill Summary: This proposal requires Occupational Safety and Health Administration training for employees on public works projects.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$118,560)	(\$145,164)	(\$149,517)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$118,560)</b>	<b>(\$145,164)</b>	<b>(\$149,517)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Road Fund	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

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

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
Department of Labor	3 FTE	3 FTE	3 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>3 FTE</b>	<b>3 FTE</b>	<b>3 FTE</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 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Local Government</b>	(Unknown) to Unknown	(Unknown) to Unknown	(Unknown) to Unknown

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## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Department of Labor and Industrial Relations (DOLIR)** assume Chapter 292 establishes an Inspection Section that is assumed to be under the DOLIR. Funding for the Inspection Section has not been obtained for more than 30 years, since OSHA has become the enforcement agency for workplace health and safety. It is assumed that the provisions of this bill would be enforced by the Division of Labor Standards' Workers Safety Program.

The Division estimates that 3 full-time employees would be required to administer this legislation. Two Investigator II's and one Senior Office Support Assistant. The Investigator II position would be assigned to investigate any claim of violation to assure compliance with the provisions of the legislation and determine whether a penalty shall be assessed.

Officials at the **Department of Economic Development (DED)** assume DED provides funding to Community Development Block Grant (CDBG) projects and some others that will be impacted by this legislation. DED anticipates a lesser amount of funding provided will be used for economic development because contractors will be required to utilize some of the funding to pay for training of workers. The reduced amount of funds spent on actual economic development will create an unknown negative impact on general revenue.

Officials at the **Missouri Department of Transportation** assume that if contractors do not already put employees through this training, there could be costs associated with the additional training that are passed on to MoDOT in contracting. MoDOT is unable to determine a cost at this time.

Officials at the **St. Louis County** assume that since workers compensation costs to contractors may decrease it would allow projects to be bid at a lower overall construction cost saving money for the County.

Officials at the **Missouri State University (MSU)** assume that last year MSU awarded 97 construction contracts ranging from very small to multi-million dollar contracts. There were an average of 40 workers per contract per site, with an estimated average pay rate of \$25 per hour per worker. If the assumption is made that the cost of providing the OSHA training is passed on by the contractor to the University, the estimated annual cost, based upon last year's construction contracts, to the University would be \$970,000 (97 x 40 x \$25 x 10). This figure assumes that OSHA would provide the training at no cost to the contractor.

ASSUMPTION (continued)

**Oversight** assumes costs to the University is not state revenue and can be absorbed by increasing tuition to cover the costs.

Officials at the **City of Centralia** assume it is impossible to predict the savings from reduced workers compensation payments. Assume it is unknown however, much the City would need to pay for its own city utility employees to complete program.

Officials at the **Metropolitan Community College, Lincoln University, Linn State Technical College, University of Central Missouri**, and the **University of Missouri** assume that there is no fiscal impact from this proposal.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>GENERAL REVENUE</b>			
<u>Cost - Department of Labor</u>			
Personal Service	(\$77,569)	(\$95,876)	(\$98,752)
Fringe Benefits	(\$34,301)	(\$42,396)	(\$43,668)
Expense and Equipment	(\$6,690)	(\$6,892)	(\$7,097)
<u>Total Costs - Department of Labor</u>	<u>(\$118,560)</u>	<u>(\$145,164)</u>	<u>(\$149,517)</u>
FTE Change - Dept. of Labor	3 FTE	3 FTE	3 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$118,560)</u></b>	<b><u>(\$145,164)</u></b>	<b><u>(\$149,517)</u></b>
Estimated Net FTE Change on General Revenue	3 FTE	3 FTE	3 FTE
<b>ROAD FUND</b>			
<u>Cost - Department of Transportation training</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON ROAD FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>LOCAL GOVERNMENT FUNDS</b>			
<u>Savings -workers compensation payments</u>	Unknown	Unknown	Unknown
<u>Cost - training</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENT FUNDS</b>	<b><u>(Unknown) to Unknown</u></b>	<b><u>(Unknown) to Unknown</u></b>	<b><u>(Unknown) to Unknown</u></b>

FISCAL IMPACT - Small Business

Could have impact on contractors in increased costs for the training and reduced workers compensation payments.

FISCAL DESCRIPTION

This act requires contractors and subcontractors who contract to work on public works projects to provide a 10 hour Occupational Safety and Health instruction and safety program for their employees. All employees working on projects must have completed the course before beginning work and shall keep evidence of completion on the work-site.

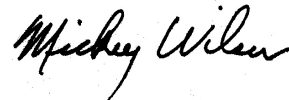
Contractors and subcontractors in violation will forfeit \$2,500 plus \$100 for each worker employed for each day the worker is employed without training to the public body awarding the contract.

Public bodies and contractors may withhold assessed penalties from contractors and subcontractors respectively.

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

Metropolitan Community College  
Lincoln University  
Linn State Technical College  
Missouri State University  
Office of the Secretary of State  
St. Louis County  
Department of Economic Development  
University of Central Missouri  
University of Missouri  
Department of Labor and Industrial Relations  
City of Centralia  
Missouri Department of Transportation



Mickey Wilson, CPA  
Director  
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