

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4802-04
Bill No.: SCS for SB 1138
Subject: Employees - Employers; Labor and Industrial Relations Department
Type: Original
Date: March 28, 2008

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

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|------------|--------------------|--------------------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| General Revenue | \$0 | (\$186,254) | (\$191,840) |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$0 | (\$186,254) | (\$191,840) |

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

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 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 |
| Department of Labor | 0 FTE | 4 FTE | 4 FTE |
| | | | |
| Total Estimated Net Effect on FTE | 0 FTE | 4 FTE | 4 FTE |

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 | (Unknown) to Unknown | (Unknown) to Unknown |

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 4 full-time employees would be required to administer this legislation. Two Investigator II's, one Administrative Analyst 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. The Administrative Analyst would be assigned to review training programs to determine compliance.

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 Housing Development Commission** assume this would require contractors to pay fines for employees who work on "public works projects" and have not received OSHA construction safety training. Public works projects are defined as those "...constructed for public use or benefit or paid for wholly or in part by public funds." This definition could potentially be applied to construction projects receiving grants from the MO Housing Trust Fund. In that situation it would be possible for the fine to be paid back into the Trust Fund resulting in a positive fiscal impact. The amount of the positive fiscal impact is unknown.

Officials at the **Missouri Department of Transportation (MoDOT)** 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

ASSUMPTION (continued)

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.

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 unknown how much the City would need to pay for its own city utility employees to complete program.

Officials at the **City of Columbia** assume there could be some fiscal impact to the City if contractors charge an additional fee to cover the required training.

Officials at the **Public Service Commission, Metropolitan Community College, Linn State Technical College** and the **University of Central 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

ASSUMPTION (continued)

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.

Oversight assumes this bill has an effective date of August 28, 2009 and therefore will not begin until FY 2010.

| <u>FISCAL IMPACT - State Government</u> | FY 2009 (10 Mo.) | FY 2010 | FY 2011 |
|---|---------------------|--------------------|--------------------|
| GENERAL REVENUE | | | |
| <u>Cost - Department of Labor</u> | | | |
| Personal Service | \$0 | (\$124,367) | (\$128,098) |
| Fringe Benefits | \$0 | (\$54,995) | (\$56,645) |
| Expense and Equipment | <u>\$0</u> | <u>(\$6,892)</u> | <u>(\$7,097)</u> |
| <u>Total Costs - Department of Labor</u> | <u>\$0</u> | <u>(\$186,254)</u> | <u>(\$191,840)</u> |
| FTE Change - Dept. of Labor | 0 FTE | 4 FTE | 4 FTE |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | | | |
| | <u>\$0</u> | <u>(\$186,254)</u> | <u>(\$191,840)</u> |
| Estimated Net FTE Change on General Revenue | 0 FTE | 4 FTE | 4 FTE |
| ROAD FUND | | | |
| <u>Cost - Department of Transportation training</u> | | | |
| | <u>\$0</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
| ESTIMATED NET EFFECT ON ROAD FUND | | | |
| | <u>\$0</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2009 (10 Mo.) | FY 2010 | FY 2011 |
|---|---------------------|------------------------------------|------------------------------------|
| LOCAL GOVERNMENT FUNDS | | | |
| <u>Savings</u> -workers compensation payments | \$0 | Unknown | Unknown |
| <u>Cost</u> - training | \$0 | <u>(Unknown)</u> | <u>(Unknown)</u> |
| ESTIMATED NET EFFECT ON LOCAL GOVERNMENT FUNDS | <u>\$0</u> | <u>(Unknown) to Unknown</u> | <u>(Unknown) to Unknown</u> |

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.

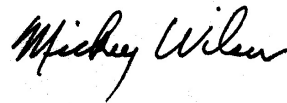
Contractors and subcontractors in violation will forfeit \$2,500 plus \$100 for each worker employed for each day the worker is employed without training to the public body awarding the contract.

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
Linn State Technical College
Missouri State University
Office of the Secretary of State
St. Louis County
Department of Economic Development
University of Central Missouri
Department of Labor and Industrial Relations
City of Centralia
Missouri Department of Transportation
Public Service Commission
City of Columbia
Missouri Housing Development Commission



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