

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5157-01  
Bill No.: SB 1166  
Subject: Mental Health Dept.; State Employees  
Type: Original  
Date: February 29, 2008

---

Bill Summary: Provides for cost of living increases for Department of Mental Health contracted community providers.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	\$0 or (Unknown exceeding \$100,000)	\$0 or (Unknown exceeding \$100,000)	\$0 or (Unknown exceeding \$100,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 or (Unknown exceeding \$100,000)</b>	<b>\$0 or (Unknown exceeding \$100,000)</b>	<b>\$0 or (Unknown exceeding \$100,000)</b>

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

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 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>
Federal	\$0*	\$0*	\$0*
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0*</b>	<b>\$0*</b>	<b>\$0*</b>

\* Revenue and expenditures \$0 to Unknown exceeding \$100,000 annually and net to \$0.

<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>
<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 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Local Government</b>	<b>\$0 or (Unknown exceeding \$100,000)</b>	<b>\$0 or (Unknown exceeding \$100,000)</b>	<b>\$0 or (Unknown exceeding \$100,000)</b>

---

## **FISCAL ANALYSIS**

### ASSUMPTION

Officials from the **Department of Social Services (DOS)** state this proposal requires that the annual cost of living percentage increases for contracted community providers with the Department of Mental Health to be no less than the annual percentage pay increase, including fringe benefits, for Department of Mental Health state employees.

The MO HealthNet Division reviewed the language in this proposal and stated that there would be no fiscal impact to the DOS. The DOS assumes that the fiscal impact of any increase in reimbursement to providers would be borne by Department of Mental Health.

Officials from the **Department of Mental Health (DMH)** state the fiscal impact is contingent upon state employee pay and fringe benefit increases appropriated by the Legislature. The DMH is not able to project future state employee pay or fringe benefit increases. Therefore, the fiscal impact is unknown to greater than \$100,000.

**Oversight** obtained additional information from the DMH. At the present time, the Governor's recommended totals for the provider inflationary increase is a decision item in the DMH's budget. Based on a 1% increase in state employee salaries, excluding fringe benefits, this proposal will result in additional costs to the State of approximately \$7.37 million (\$2.8 million General Revenue, \$3.6 million Federal, and \$1.0 million Other Funds).

**Oversight** assumes since the proposal is contingent on state employee pay and fringe benefit increases, the fiscal impact will be \$0 when there are no pay and fringe benefit increases for state employees and unknown, exceeding \$100,000, when state employees receive pay and fringe benefit increases.

FISCAL IMPACT - State Government

FY 2009  
(10 Mo.)

FY 2010

FY 2011

**GENERAL REVENUE FUND**

Costs - DMH

Increase in contracted community  
 provider costs

<u>\$0 or (Unknown</u>	<u>\$0 or (Unknown</u>	<u>\$0 or (Unknown</u>
<u>exceeding</u>	<u>exceeding</u>	<u>exceeding</u>
<u>\$100,000)</u>	<u>\$100,000)</u>	<u>\$100,000)</u>

**ESTIMATED NET EFFECT ON  
 GENERAL REVENUE FUND**

<u>\$0 or</u>	<u>\$0 or</u>	<u>\$0 or</u>
<u>(Unknown</u>	<u>(Unknown</u>	<u>(Unknown</u>
<u>exceeding</u>	<u>exceeding</u>	<u>exceeding</u>
<u>\$100,000)</u>	<u>\$100,000)</u>	<u>\$100,000)</u>

**FEDERAL FUNDS**

Income - DMH

Increase in contracted community  
 provider reimbursements

\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
exceeding	exceeding	exceeding
\$100,000	\$100,000	\$100,000

Costs - DMH

Increase in contracted community  
 provider costs

<u>(\$0 or Unknown</u>	<u>(\$0 or Unknown</u>	<u>(\$0 or Unknown</u>
<u>exceeding</u>	<u>exceeding</u>	<u>exceeding</u>
<u>\$100,000)</u>	<u>\$100,000)</u>	<u>\$100,000)</u>

**ESTIMATED NET EFFECT ON  
 FEDERAL FUNDS**

<u>0*</u>	<u>0*</u>	<u>0*</u>
-----------	-----------	-----------

\* Revenue and expenditures \$0 to Unknown exceeding \$100,000 annually and net to \$0.

FISCAL IMPACT - Local Government                      FY 2009                      FY 2010                      FY 2011  
 (10 Mo.)

**LOCAL GOVERNMENTS**

Costs - Local Governments

Increase in contracted community provider costs	<u>\$0 or (Unknown exceeding \$100,000)</u>	<u>\$0 or (Unknown exceeding \$100,000)</u>	<u>\$0 or (Unknown exceeding \$100,000)</u>
---	---	---	---

**ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS**

<u><b>\$0 or (Unknown exceeding \$100,000)</b></u>	<u><b>\$0 or (Unknown exceeding \$100,000)</b></u>	<u><b>\$0 or (Unknown exceeding \$100,000)</b></u>
--	--	--

FISCAL IMPACT - Small Business

The proposal could directly impact small businesses in the mental health sector that do not contract with the Department of Mental Health but provide similar services to private entities by forcing them to pay higher wages to compete in the labor market.

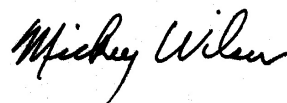
FISCAL DESCRIPTION

This proposal provides that annual cost of living percentage increases for contracted community providers with the Department of Mental Health shall be no less than the annual percentage pay increase for Department of Mental Health state employees.

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

Department of Mental Health  
 Department of Social Services



L.R. No. 5157-01  
Bill No. SB 1166  
Page 6 of 6  
February 29, 2008

Mickey Wilson, CPA  
Director  
February 29, 2008