

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1895-01
Bill No.: SB 379
Subject: Department of Corrections; Salaries
Type: Original
Date: March 2, 2009

Bill Summary: The proposal establishes minimum salary requirements for all corrections officers and supervisors.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|-----------------------|-----------------------|-----------------------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| General Revenue | (\$49,892,955) | (\$52,334,688) | (\$53,885,436) |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | (\$49,892,955) | (\$52,334,688) | (\$53,885,436) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| | | | |
| | | | |
| 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 2010 | FY 2011 | FY 2012 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration – Division of Personnel (COA)** assume the proposed legislation would require that the Director of Personnel recommend to the Personnel Advisory Board a separate pay grid with 2-3 steps per range for the classes of Corrections Officers I-II-III and Corrections Supervisors I-II. The pay plan would become effective when approved by the Personnel Advisory Board and the Governor. This would create an entirely separate pay grid for Corrections Officers and Supervisors. New procedures for implementing the pay increases would need to be developed, as the process is markedly different from the current process.

In response to this proposal, COA made the following assumptions:

1. The salaries of each employee in the proposed classes will be adjusted to the pay rates in the proposed legislation the first year. Thereafter, the adjustments will be made for employees successfully passing probation in all 5 classes or reaching the 3 year mark as a Corrections Officer I. There are no provisions in the proposed legislation that these employees be included in any other salary adjustments recommended and approved for the “other” state employees.
2. Pay increases were calculated effective July 1, for FY 2010.
3. The original adjustments were calculated based on existing employees. A fringe benefits percentage of 27.19% was used in calculating costs.
4. As of 7/1/08, the actual average annual salary for Trooper 1st Class was \$47,700. Seventy five percent of that average is \$35,775, which is higher than the \$35,000 salary suggested in subsection 1 of the proposed legislation. The proposed legislation did not specify when to calculate the average annual salary or how often to update the average. Calculations provided were based on this figure. No adjustments were included for future increases in Trooper 1st Class pay.
5. The proposed legislation stated minimum starting salaries for the 5 DOC positions. In some cases, the minimum amounts suggested may be lower than the employee’s current salary. An assumption was made that it was not intended to lower the salary to the new minimum suggested. In that situation, calculations were based on the higher of the two salaries.

ASSUMPTION (continued)

6. The proposed legislation provided for an annual salary increase of \$1,250 upon successful completion of the 9 month probation for the Corrections Officer I class only. An assumption was made to provide a \$1,250 salary increase for the successful completion of the 6 month probation for Correction Officer II and III and Corrections Supervisor I and II.
7. Since the base rates provided in the proposed legislation reflect FY09 pay rates, an assumption was made that any cost of living adjustments would be applied to the rates in the proposed legislation. As such, the 3% estimate was not included in our original calculations. It was built in to the Fiscal Note Summary for each projected fiscal year.
8. All amounts calculated as increases year to year are non-cumulative, i.e., increases for FY10 are assumed to be built into the core budget for FY11, etc.
9. Calculations for FY11 and FY12 include current employees in the 5 job classes. It would be difficult to estimate the number of new hires per year, as well as the number of employees promoted within the series. As such, the calculations do not include those projections.
10. Calculations were based on the assumption that the leave progression dates for employees reflect time spent in the current job classification. The reality is that they may have been employees in other titles with the state. In order to provide a more accurate estimate, DOC would need to provide start dates for each employee in the 5 job titles included in the proposed legislation. This would likely increase the fiscal estimate provided.

COA estimates the total cost of the proposal to be approximately \$50,000,000 in FY10, \$2,500,000 in FY11, and \$1,500,000 in FY12.

Oversight assumes the pay adjustments received by corrections personnel in FY 11 and FY 12 would be in addition to pay adjustments received in previous years. Therefore, Oversight assumes the Office of Administration estimates for FY 11 and FY 12 to be cumulative.

ASSUMPTION (continued)

In response to a similar proposal from the current session (HB 211, LR # 0473-01), officials from the **Department of Corrections (DOC)** assumed this proposal requires the sets minimum salary levels for Corrections Officer I (COI) at \$32,500 per year for probationary and \$33,750 for Non-Probationary staff; Correction Officer II (COII) to be paid \$3,500 more than CO I or \$37,250; Correction Officers III (COIII) to be paid \$3,500 more than CO II or \$40,750; Corrections Supervisors I (CSI) to be paid \$3,500 more than COIII or \$44,250; and Corrections Supervisors II (CSII) to be paid \$3,500 more than CSI or \$47,750.

Currently the DOC has 4,784.65 budgeted CO I, 664 CO II, 222 CO III, 112 CS I, and 23 CS II. In order for the current custody staff to be paid at the minimum levels required by this bill the additional General Revenue for FY10 would be \$21,026,021 to unknown; FY11 \$27,129,943 to unknown; and FY12 \$33,416,981 to unknown. The effective date for this proposal is July 1, 2009; therefore, the calculations for FY10 are calculated for a full fiscal year.

For fiscal note purposes, **Oversight** has used the information provided by the Office of Administration – Division of Personnel.

FISCAL IMPACT - State Government FY 2010 FY 2011 FY 2012

GENERAL REVENUE FUND

Costs – Department of Corrections (DOC)

| | | | |
|--------------------------|-----------------------|-----------------------|-----------------------|
| Personal Service | (\$39,227,105) | (\$41,146,857) | (\$42,366,094) |
| Fringe Benefits | <u>(\$10,665,850)</u> | <u>(\$11,187,831)</u> | <u>(\$11,519,342)</u> |
| <u>Total Costs – DOC</u> | <u>(\$49,892,955)</u> | <u>(\$52,334,688)</u> | <u>(\$53,885,436)</u> |

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND **(\$49,892,955)** **(\$52,334,688)** **(\$53,885,436)**

FISCAL IMPACT - Local Government FY 2010 FY 2011 FY 2012

\$0 \$0 \$0

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

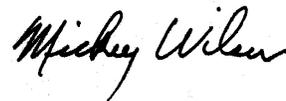
Beginning July 1, 2009, the proposed legislation establishes minimum salary requirements for all corrections officers and supervisors.

The proposal duplicates the state's Uniform Classification and Pay System, Section 36.140, RSM0. Pursuant to this section, the Director of the Division of Personnel prepares and recommends a pay plan for all classes covered by Chapter 36, subject to the approval of the Personnel Advisory Board and the Governor. The Department of Corrections is in the state's Uniform Classification and Pay System (UCP).

This legislation is not federally mandated and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
– Division of Personnel
– Administrative Hearing Commission
Department of Corrections



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Director
March 2, 2009