

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0112-09
Bill No.: SCS for SB 23
Subject: St. Louis; Law Enforcement Agencies and Officers; Retirement Systems and Benefits - General
Type: Original
Date: February 28, 2011

Bill Summary: This proposal allows the City of St. Louis to control its police force without state intervention.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Legal Expense Fund	Unknown	Unknown	Unknown
Total Estimated Net Effect on Other State Funds	Unknown	Unknown	Unknown

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
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 2012	FY 2013	FY 2014
Local Government	Unknown	Unknown	Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **State Public Defender's Office, Missouri Senate, Office of Prosecution Services, Missouri House of Representatives** and the **Office of Administration - Budget and Planning** assume there will be no fiscal impact to their respective agency.

Officials from the **Department of Public Safety, Director's Office**, assume that any costs associated with this proposal can be absorbed with existing resources.

Officials from the **Department of Corrections (DOC)** state the component of the bill to have potential fiscal impact for DOC, is for a class D felony. Currently, the DOC cannot predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal. An increase in commitments depends on the utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase of direct offender costs either through incarceration (FY 10 average of \$16,397 per offender, per day, or an annual cost of \$5,985 per inmate) or through supervision provided by the Board of Probation and Parole (FY 10 average \$3.92 per offender, per day or an annual cost of \$1,431 offender).

The following factors contribute to DOC's minimal assumption:

- The DOC assumes the narrow scope of the crime will not encompass a large number of offenders.
- The low felony status of the crime enhances the possibility of plea-bargaining or imposition of a probation sentence.
- The probability exists that offenders would be charged with a similar but more serious offense or that sentences may run concurrent to one another.

The DOC assumes through probation or incarceration would result in some additional costs, but it is assumed the impact would be \$0 or minimal amount that could be absorbed within existing resources.

ASSUMPTION (continued)

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.

Officials from the **Police Retirement System of St. Louis** assume there will be no fiscal impact to their agency.

Officials from the **Office of Attorney General** assume that there would be cost savings to general revenue through the removal of LEF coverage of successful claims against St. Louis and Kansas City Boards of Police Commissioners. The amount of such savings is unknown and depends upon the number and amount of judgments and settlements.

In response to a similar proposal from 2010 (HB 1601), officials from the **City of St. Louis** stated that these amendments will allow the City to combine a variety of administrative functions now carried out independently by the Police Department with functions of the same type also carried out by the City. These functions include emergency dispatch, accounting and budgeting, information technology, printing, and facility's management, among others. In addition, it will be possible to eliminate administrative functions now carried out by the Police Department that will no longer be necessary, these include expenses related to the Board of Police Commissioners. Further, the City could save future costs of providing lifelong health insurance benefits for present and former police commissioners, since we are not privy to the number of former police commissioners for whom this benefit is now provided, it is not possible to estimate these savings.

ASSUMPTION (continued)

The following is an itemized list of estimates of potential savings the City of St. Louis could incur with local control of the St. Louis Police Department:

- Emergency Dispatch - Savings to be determined
- Board of Police Commissioners - \$255,029
- Human Resources - \$767,305
- Information Technology - \$1,327,067
- Legal Services - \$205,333
- Internal Audit - \$103,874
- Budget Division - \$559,043
- Microfilm - \$103,850
- Supply Division - \$191,928
- Multigraph - \$302,139
- City Emergency Management Agency - \$294,862
- Facilities Management - \$210,453
- Equipment Services - \$192,182
- Municipal Garage - \$167,831
- Public Information - \$229,116

Officials estimated that the City will save approximately \$4.4 million from the elimination of duplicative and unnecessary administrative functions that local control will make possible. This estimated savings is approximately 1% of the City's current \$454 million general revenue budget. The City can use administrative savings realized to improve public safety and other direct services for our citizens. Note that this estimated amount is based on a number of assumptions that may or may not prove to be correct: actual savings may be less or may be more than our estimate as we work with Police department staff to combine functions and achieve other efficiencies while enhancing public safety-related police services. The City's ability to estimate potential savings is hampered at present by a lack of detailed cost and function data from the Department.

In addition, officials believed additional savings are possible: the Police Department purchased an accounting/payroll system at what officials understand was a cost of several million dollars that could address a major unmet City technology need, if the City can take advantage of this system, it will avoid the cost of independently purchasing a similar system, allowing the City to reduce personnel costs through attrition. Further, the officials believed that judicious and enhanced use of technology can also eliminate a significant portion of the personnel costs associated with reporting and other City and Police administrative functions.

ASSUMPTION (continued)

Officials also stated that with the exception of the elimination of the one (1) commissioned officer who works for the Board of Police Commissioners, officials have not suggested that any savings can be achieved by eliminating uniformed officers. All existing uniformed officers need to be retained for the safety of our residents, workers, businesses and visitors. Those uniformed officers now engaged in functions that duplicate City administrative functions can be redeployed in activities that directly contribute to public safety. In that regard, the administrative efficiencies made possible by the proposed amendments can help improve public safety in the City because more police officers can be available to provide direct public safety services. This in turn, will provide additional positive City fiscal impact, although it is also not possible to calculate the monetary value of this impact: more police officers “on the street” will improve both the perception and reality of safety in the City and attract more residents, workers, businesses and visitors that enhance the City’s revenue base. Using the saving achieved from eliminating duplicative administrative functions to improve public safety and other services for our residents and businesses will have a similar positive fiscal impact, as will the fact that the City’s police department will be an integral part of its government, like other police departments across the United States.

Oversight assumes there would be some cost savings to the City of St. Louis by the elimination of duplicate functions that are carried out independently by the Police Department and the City. The City of St. Louis acknowledges in their response that actual savings may be less or may be more than the estimate states.

Oversight assumes the board of police commissioners currently has a certain level of coverage under the state legal expense fund. However, if the St. Louis Police Department was controlled by the City and the state board was dissolved, the Department would no longer be covered by the fund and the City/Department would be fully liable for the payment of claims.

Oversight will reflect a positive unknown fiscal impact to the state legal expense fund and to local government.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
---	---------------------	---------	---------

STATE LEGAL EXPENSE FUND

<u>Savings</u> - Legal Expense Fund The City of St. Louis would be responsible for all legal judgements	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
--	----------------	----------------	----------------

ESTIMATED NET EFFECT ON THE STATE LEGAL EXPENSE FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
---	-----------------------	-----------------------	-----------------------

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
---	---------------------	---------	---------

LOCAL GOVERNMENTS - CITY OF ST. LOUIS

<u>Savings</u> - City of St. Louis Eliminating duplicate functions that are carried out by both the City and the Police Department	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
---	----------------	----------------	----------------

ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS - CITY OF ST. LOUIS	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
--	-----------------------	-----------------------	-----------------------

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

The City of St. Louis may establish a municipal police force. The police force shall provide for the employment of all current officers and employees at their current salaries. Such persons shall also be entitled to all accrued benefits, including vacation time, sick leave, health insurance, life insurance, and pensions. All former employees shall maintain their accrued benefits.

In addition, the city must provide or contract for life, health, medical, and disability insurance and salary continuation coverage for officers, employees, those who retired from the current St. Louis police department, and retirees of the municipal police force established under this act. Health, medical, and life insurance must be available for purchase by the spouses or dependents of deceased retired officers and employees who receive benefits from the Police Retirement System of St. Louis.

The city may pay shift differential compensation to police officers who work evenings or nights, but the compensation may not exceed ten percent of the officer's hourly rate.

The city shall recognize any residency regulations for officers adopted by the current board of police commissioners in effect on the effective day of the act and may not change such regulations.

The current state statutes concerning the St. Louis police department shall expire upon the effective date of this act.

No officer, employee, or representative of a St. Louis police force may engage in certain activities with a licensed dealer or private seller of firearms or ammunition, including enticing such dealers and sellers into an illegal transaction, providing materially false information about the legality of such transactions, or procuring another to engage in such conduct.

This act prohibits an officer, employee, liaison, or registered representative of a St. Louis police force from lobbying the general assembly except in his or her personal capacity. Anyone can bring an action for monetary damages of \$10,000 in any court of competent jurisdiction to enforce this lobbying prohibition. Upon a finding of a violation, the court shall award attorney fees and costs to the plaintiff. The state waives all immunity in such an action.

No person may solicit political contributions from an officer, agent, or employee of the St. Louis police force, and no such solicitation may occur in a room or building used for the official duties of the police. In addition, no officer or employee in the service of the police force shall directly or indirectly contribute to any political purpose whatsoever.

FISCAL DESCRIPTION (continued)

The following political activities by an officer, agent, or employee of the St. Louis police force are prohibited: taking certain employment actions against an employee who refuses to make political contributions or render political services; attempting to coerce, command, or advise an officer or employee of the police to make such contributions or render such services; using his or her official authority to interfere with an election; being a member or official of any political party committee or board of aldermen; soliciting votes for or against a candidate for public office; polling precincts, engaging in other similar political work; or affixing a sign that supports or opposes a ballot measure or candidate to police property or vehicles.

In addition to those political prohibitions, no question in any examination may relate to, and no employment action may be affected by, political or religious opinions, and no person shall provide false information with regard to any St. Louis police tests, certificates, or appointments.

Also prohibited is the payment or solicitation of money or other valuable consideration for any appointment or promotion within the St. Louis police force, the obstruction of any person's right to such appointments or promotions, or the provision of secret information to affect such employment matters.

A violation of the above prohibitions on activities relating to politics and the employment of St. Louis police officers will result in discharge from the St. Louis police force and the chief of police shall prefer charges. A fine of \$50 to \$500 and imprisonment of not more than six months may be imposed. Any city alderman may sue to restrain payment of compensation to such officer. A person discharged shall not be eligible to work for the police force or the city government for five years.

Any current police pension system created under Chapter 86 for the benefit of the St. Louis police department shall continue to be governed by Chapter 86 and shall apply to the police force established under this act. The City of St. Louis shall continue to fund the St. Louis Police pension system pursuant to the provisions of Chapter 86.

This act modifies the definition of "earnable income" and "police officer" for purposes of the St. Louis police retirement system to remove references to Section 84.160 which will expire upon passage of this act. "Earnable compensation" shall include any compensation for academic work and shift differential that may be provided by any official or board that manages the police force. The act also specifies that any future official or president of a board authorized to manage the police force, or his or her designee, shall be a member of such retirement system board of trustees. The number of members appointed to such board of trustees by the mayor shall be reduced from three to two.

FISCAL DESCRIPTION (continued)

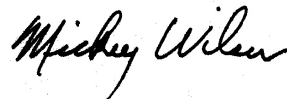
The provisions of this act are effective upon notification by the Clerk of the Board of Aldermen of the city of St. Louis to the General Assembly and the Revisor of Statutes that the charter of the city of St. Louis has been amended to reduce the Board of Aldermen to fourteen members with at least two from each ward.

SOURCES OF INFORMATION

Missouri House of Representatives
Office of Attorney General
Office of the Secretary of State
State Public Defender's Office
Department of Corrections
Office of Prosecution Services
Missouri Senate
Department of Public Safety
-Director's Office
City of St. Louis
The Police Retirement System of St. Louis
Office of Administration
-Budget and Planning

NOT RESPONDING

St. Louis Metropolitan Police Department



Mickey Wilson, CPA
Director
February 28, 2011