

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0601-02  
Bill No.: HCS for HCR Nos. 4 & 3  
Subject: General Assembly; Public Officers; Salaries  
Type: Corrected  
Date: January 28, 2015  
# Corrected to account for compounding effect of two-year implementation

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Bill Summary: This proposal disapproves the salary recommendations of the Missouri Citizens' Commission on Compensation for Elected Officials.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
#General Revenue	\$3,781,045	\$4,305,430	\$4,305,430
<b>#Total Estimated Net Effect on General Revenue</b>	<b>\$3,781,045</b>	<b>\$4,305,430</b>	<b>\$4,305,430</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<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 12 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</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 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>At least \$154,445</b>	<b>At least \$154,445</b>	<b>At least \$154,445</b>

## FISCAL ANALYSIS

### ASSUMPTION

**Oversight** reviewed the Missouri Citizens' Commission on Compensation for Elected Officials report dated November 25, 2014.

The first recommendation state to change compensation payable to all statewide elected officials beginning July 1, 2015 and July 1, 2016.

- The compensation payable to the Governor of the State of Missouri shall be increased by \$10,706 in FY 2016 and increased by \$11,562 in FY 2017 and FY 2018, for total increase of \$22,268. This equates to approximately an 8% increase each year.
- The compensation payable to the Lieutenant Governor of the State of Missouri shall be increased by \$4,757 each year, for a total increase of \$9,514. This equates to approximately an 11% increase each year.
- The compensation payable to the Treasurer, Secretary of State and the Auditor of the State of Missouri shall be increased by \$8,620 in FY 2016 and \$9,309 in FY 2017 and FY 2018, for a total increase of \$17,929 per elected official. This equates to approximately an 8% increase each year per elected official.
- The compensation payable to the Attorney General of the State of Missouri shall be increased by \$9,315 in FY 2016 and increased by \$10,060 in FY 2017 and FY 2018, for total increase of \$19,375. This equates to approximately an 8% increase each year.

ASSUMPTION (continued)

FY 2016

State Elected Officials	FTE	Current Salary	Proposed Salary	Increase in salary	Total increase
Governor	1	\$133,821	\$144,527	\$10,706	\$10,706
Lieutenant Governor	1	\$86,484	\$91,241	\$4,757	\$4,757
Secretary of State	1	\$107,746	\$116,366	\$8,620	\$8,620
State Auditor	1	\$107,746	\$116,366	\$8,620	\$8,620
State Treasurer	1	\$107,746	\$116,366	\$8,620	\$8,620
Attorney General	1	\$116,437	\$125,752	\$9,315	\$9,315
<b>Total</b>	<b>6</b>				<b>\$50,638</b>

FY 2017 & FY 2018

State Elected Officials	FTE	Current Salary	Proposed Salary	Increase in salary	Total increase
Governor	1	\$144,527	\$156,089	\$11,562	\$11,562
Lieutenant Governor	1	\$91,241	\$95,998	\$4,757	\$4,757
Secretary of State	1	\$116,366	\$125,675	\$9,309	\$9,309
State Auditor	1	\$116,366	\$125,675	\$9,309	\$9,309
State Treasurer	1	\$116,366	\$125,675	\$9,309	\$9,309
Attorney General	1	\$125,752	\$135,812	\$10,060	\$10,060
<b>Total</b>	<b>6</b>				<b>\$54,307</b>

Since some of the benefits paid by the state is based upon salary, an additional \$8,593 in FY 2016 and \$9,216 in FY 2017 and FY 2018 (MOSERS contributions, employer FICA tax, long term disability, workers compensation, unemployment) would be incurred each as well. Currently, the MOSERS contribution rate for state employees is roughly 16.97 percent. Therefore, the state would incur a total of roughly \$59,231 (\$50,638 + \$8,593) annually in FY 2016 and \$63,523 (\$54,307 + \$9,216) in FY 2017 and FY 2018 in direct additional annual expenses to fund the suggested statewide elected officials pay increases.

#The total additional cost to the state of Missouri for the recommended salary adjustments to all statewide elected officials is \$122,754 (\$59,231 + \$63,523) in FY 2017 & FY 2018.

ASSUMPTION (continued)

The second recommendation state to change compensation payable to all members of the State of Missouri General Assembly beginning July 1, 2015 and July 1, 2016. Each member shall receive an increase in compensation by \$2,000 each year, for a total increase of \$4,000. This equates to approximately an 11% increase over the two-year period for senator and representative positions.

FY 2016

General Assembly Members	FTE	Current Salary	Proposed Salary	Increase in salary	Total increase
Senators	31	\$35,915	\$37,915	\$2,000	\$62,000
Senate President Pro Tem	1	\$38,415	\$40,415	\$2,000	\$2,000
Senate Majority Floor Leader	1	\$37,415	\$39,415	\$2,000	\$2,000
Senate Minority Floor Leader	1	\$37,415	\$39,415	\$2,000	\$2,000
Representatives	159	\$35,915	\$37,915	\$2,000	\$318,000
Speaker of the House	1	\$38,415	\$40,415	\$2,000	\$2,000
Speaker Pro Tem of the House	1	\$37,415	\$39,415	\$2,000	\$2,000
House Majority Floor Leader	1	\$37,415	\$39,415	\$2,000	\$2,000
House Minority Floor Leader	1	\$37,415	\$39,415	\$2,000	\$2,000
<b>Total</b>	<b>197</b>				<b>\$394,000</b>

ASSUMPTION (continued)

FY 2017 & FY 2018

General Assembly Members	FTE	Current Salary	Proposed Salary	Increase in salary	Total increase
Senators	31	\$37,915	\$39,915	\$2,000	\$62,000
Senate President Pro Tem	1	\$40,415	\$42,415	\$2,000	\$2,000
Senate Majority Floor Leader	1	\$39,415	\$41,415	\$2,000	\$2,000
Senate Minority Floor Leader	1	\$39,415	\$41,415	\$2,000	\$2,000
Representatives	159	\$37,915	\$39,915	\$2,000	\$318,000
Speaker of the House	1	\$40,415	\$42,415	\$2,000	\$2,000
Speaker Pro Tem of the House	1	\$39,415	\$41,415	\$2,000	\$2,000
House Majority Floor Leader	1	\$39,415	\$41,415	\$2,000	\$2,000
House Minority Floor Leader	1	\$39,415	\$41,415	\$2,000	\$2,000
<b>Total</b>	<b>197</b>				<b>\$394,000</b>

Since some of the benefits paid by the state is based upon salary, an additional \$66,862 (MOSERS contributions, employer FICA tax, long term disability, workers compensation, unemployment) would be incurred each as well. Currently, the MOSERS contribution rate for state employees is roughly 16.97 percent. Therefore, the state would incur a total of roughly \$460,862 (\$394,000 + \$66,862) annually in direct additional annual expenses to fund the suggested statewide elected officials pay increases.

#The total additional cost to the state of Missouri for the recommended salary adjustments to all General Assembly members is \$921,724 (\$460,862 + \$460,862) in FY 2017, FY 2018.

The third recommendation stated to change the daily expense compensation to be raised by \$26 a day and mileage reimbursement be raised by \$0.19 per mile for elected officials.

ASSUMPTION (continued)

FY 2016, 2017 & 2018

	FY 2014 Expenditures	Proposed %	Total increase
Senators Per Diem	\$226,100	25%	\$56,525
Representatives Per Diem	\$1,149,880	25%	\$287,470
Senate Contingent Expenses	\$12,010	25%	\$3,002
<b>Total</b>			<b>\$346,997</b>

FY 2016, 2017 & 2018

	Miles	Increase in Rate	Increase
GR Mileage (statewide implementation)	10,401,562	\$0.190	<b>\$1,976,297</b>

The total additional cost to the state of Missouri for the recommended per diem and mileage adjustment for elected officials is \$2,323,294 (\$346,997 + \$1,976,297) in FY '16, '17 & '18.

The fourth recommendation stated to change the compensation structure for Missouri Judges (identical to the recommendation in the 2010 report). The salaries for the Supreme Court Judges, Court of Appeals Judges, Circuit Court Judges and Associate Circuit Judges would all be indexed to a commensurate judicial position in the federal system.

FY 2016, 2017 & 2018

Judges	FTE	Current Salary	Proposed Salary	Increase in salary	Total increase
Chief Justice	1	\$176,295	\$178,089	\$1,794	\$1,794
Supreme Court Judge	6	\$168,636	\$170,292	\$1,656	\$9,936
Court of Appeals	32	\$154,176	\$155,709	\$1,533	\$49,056
Circuit Judge	142	\$145,343	\$146,803	\$1,460	\$207,320
Associate Circuit Judge	202	\$133,716	\$135,059	\$1,343	\$271,286
<b>Total</b>					<b>\$539,392</b>

\* Due to the federal fiscal calendar, a potential judicial increase will not be available until October 2017 but will remain at the above referenced percentage rate.

ASSUMPTION (continued)

Since some of the benefits paid by the state is based upon salary, an additional \$315,274 (MOSERS contributions, employer FICA tax, long term disability, workers compensation, unemployment) would be incurred as well. Currently, the MOSERS contribution rate for judges is roughly 58.45 percent. Therefore, the state would incur a total of roughly \$854,667 (\$539,392 + 315,274) annually in direct additional annual expenses to fund the suggested judicial pay increases.

Also, other indirect expenses would be incurred by the state in if the recommendations were implemented. The annual salary for Administrative Law Judges within the Department of Labor and Industrial Relations (DOLIR) as well as the salary of the State Public Defender is directly tied to Missouri Judges' salary. For example, if the pay for Associate Circuit Judges were to increase, so too will the pay for all Administrative Law Judges. Therefore, an additional \$82,991 of annual expenses (\$52,377 of direct plus roughly \$30,614 of fringe benefits) will be incurred by the state if the annual pay for Administrative Law Judges and the State Public Defender is correspondingly increased.

FY 2016, 2017 & 2018

Position	FTE	Current Salary	Proposed Salary	Increase in salary	Total increase
Chief Administrative Law Judges (DOLIR)	8	\$133,716	\$135,059	\$1,343	\$10,744
Administrative Law Judge (DOLIR)	30	\$133,716	\$135,059	\$1,343	\$40,290
State Public Defender	1	\$133,716	\$135,059	\$1,343	\$1,343
Total					\$52,377

Therefore, this amount added to the \$854,667 directly associated with Missouri Judges, would total roughly \$937,658 per year in costs to Missouri's General Revenue Fund to implement the recommendations of the Commission.

Another expense to consider would be the increase in salary for Full-time Missouri Prosecutors whose pay is directly tied to that of the Associate Circuit Judges. There are approximately 115 full time prosecutors; therefore, if the salary of the full-time prosecutors is to remain equal to that of Associate Circuit Judges, the counties would have to fund an additional \$154,445 plus the cost of benefits.



ASSUMPTION (continued)

FY 2016, 2017 & 2018

Position	FTE	Current Salary	Proposed Salary	Increase in salary	Total increase
Full-time Prosecutors (paid by the counties)	115	\$133,716	\$135,059	\$1,343	\$154,445

#In summary, the total additional cost to the state of Missouri for the recommended changes is an additional \$3,781,045 (\$59,231 + \$460,862 + \$2,323,294 + \$854,667 + \$82,991) in FY 2016 and \$4,305,430 (\$59,231 + \$63,523 + \$460,862 + \$460,862 + \$2,323,294 + \$854,667 + \$82,991) in FY 2017 & FY 2018 to provide for the implementation of the changes in this proposal.

The recommendations made would occur as of July 1, 2015; therefore, **Oversight** will assume fiscal impact in FY 2016, FY 2017 and FY 2018.

Since this Concurrent Resolution, if passed, would nullify the pay increases scheduled to take place, **Oversight** will reflect the fiscal impact of the passage of this Concurrent Resolution as a 'cost avoidance'.

Officials from the **Department of Labor and Industrial Relations**, the **Office of the Lieutenant Governor** and the **Office of the State Courts Administrator** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version (HCR 4 and HCR 3), officials from the **Office of Administration**, the **Office of the State Public Defender**, the **Office of the Secretary of State**, the **Office of the State Auditor** and the **Office of the Governor** each assumed the proposal would have no fiscal impact on their respective organizations.

In response to a previous version (HCR 4 and HCR 3), officials from the **Office of Administration - Budget and Planning** (OA -BAP) provided estimates of cost; however, this legislation will not have direct cost to the OA-BAP.

In response to a previous version (HCR 4 and HCR 3), officials from the **Office of the State Courts Administrator (OSCA)** provided estimates of cost; however, this legislation will not have direct cost to the OSCA.

In response to a previous version (HCR 4 and HCR 3), officials from the **Missouri Senate (SEN)** provided estimates of cost; however, this legislation will not have direct cost to the SEN.

ASSUMPTION (continued)

Since this schedule specifically authorizes a two year compensation approach for all statewide elected officials and General Assembly members, **Oversight** is issuing a revised fiscal note to compound the total rejection of pay increase for Statewide Elected Officials and General Assembly Members from FY 2016, FY 2017 and FY 2018.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE</b>			
<u>Cost Avoidance -</u>			
# Rejection of pay increase for Statewide Elected Officials	\$59,231	\$122,754	\$122,754
# Rejection of pay increase for General Assembly Members	\$460,862	\$921,724	\$921,724
Rejection of increased per diem & mileage	\$2,323,294	\$2,323,294	\$2,323,294
Rejection of pay increase for Judges	\$854,667	\$854,667	\$854,667
Rejection of pay increase for Administration Law Judges and State Public Defender	<u>\$82,991</u>	<u>\$82,991</u>	<u>\$82,991</u>
<b>#ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>\$3,781,045</u></b>	<b><u>\$4,305,430</u></b>	<b><u>\$4,305,430</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>COUNTIES</b>			
<u>Cost Avoidance</u> - rejection of increase in pay for full-time Prosecutors whose pay is directly tied to that of Missouri Associate Circuit Judges	<u>At least</u> <u>\$154,445</u>	<u>At least</u> <u>\$154,445</u>	<u>At least</u> <u>\$154,445</u>
<b>ESTIMATED NET EFFECT TO COUNTIES</b>	<u>At least</u> <u>\$154,445</u>	<u>At least</u> <u>\$154,445</u>	<u>At least</u> <u>\$154,445</u>

FISCAL IMPACT - Small Business

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

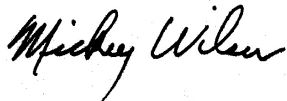
FISCAL DESCRIPTION

This concurrent resolution rejects the salary and per diem increases for judges, legislators and statewide elected officials recommended by the Citizen's Commission on Compensation for Elected Officials.

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 Labor and Industrial Relations  
Missouri Senate  
Office of the State Courts Administrator  
Office of the Secretary of State  
Office of the Lieutenant Governor  
Office of the Governor  
Office of Administration  
Office of the State Auditor



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January 15, 2015

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