

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2211-06
Bill No.: SB 549
Subject: Employees - Employers
Type: Original
Date: April 13, 2015

Bill Summary: This proposal modifies provisions relating to collective bargaining representation for public employees.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$1,867,386 to Unknown)	(\$2,688,107 to Unknown)	(\$1,461,457 to Unknown)
Total Estimated Net Effect on General Revenue	(\$1,867,386 to Unknown)	(\$2,688,107 to Unknown)	(\$1,461,457 to Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	21 FTE	21 FTE	21 FTE
Total Estimated Net Effect on FTE	21 FTE	21 FTE	21 FTE

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations (DOLIR)** estimate that there are currently over 600 bargaining units that have been certified. Subsection 105.550.2(4) requires that otherwise excluded employees (e.g., teachers and peace officers) and voluntarily recognized units also be recertified with the certified units. Because excluded and voluntarily recognized units are not required to notify the Board of Mediation (the Board), the Board does not have the number of such units. The Board is using an estimate of 100 excluded and voluntarily recognized units, for a total of 700 simultaneous elections, to complete this fiscal note.

The Board's current staff of two (the chairman and an executive assistant) will not be able to handle the additional elections and hearings that will result from this bill. In order to fulfill new responsibilities required by the bill, the Board will need, at a minimum, 21 additional full-time employees: three Election Coordinators, each to oversee one third of the state (division by both geography and number of bargaining units); six Executives II to assist in determining election locations and recruiting and training election officers, managing logistics and conducting the elections; and twelve Senior Office Support Assistant to handle the clerical duties/data entry (See Subsection 105.580) that will result from the additional workload.

In even calendar years, the Board will need 760 temporary Election Officers to physically conduct each election (that figure includes 60 alternates to be trained and prepared to conduct elections in anticipation of normal attrition). The Board intends to contract for the required Election Officers. While the mass hiring of temporary election officers is necessary, it will assuredly result in a substantial number of protests by one side or the other as to the quality and neutrality of the temporary employees providing election oversight. Protests result in hearings. Each hearing also results in legal briefing and written decisions by the Board.

The occurrence of the elections will also result in an incentive for existing bargaining representatives or the public body employers to petition to clarify the makeup of their units or to amend their certifications to reflect changing circumstances. It is likely that some portion of these petitions will result in disagreements between public bodies and bargaining representatives, which will, in turn, result in a need for the Board to conduct additional hearings. Each additional hearing will also result in briefing and the need for a written decision.

ASSUMPTION (continued)

The Board members are unpaid, except for receipt of a per diem of up to \$50 for days they perform services for the Board, plus compensation for the expenses they incur in the performance of their duties. The services generally provided by Board members consist of preparing for hearings, hearing cases, and deciding cases. Given the relatively low level of compensation of Board members, who often have other jobs, they cannot be expected to take a role in conducting elections. However, they will incur additional expenses for preparation and travel related to the additional hearings that are anticipated.

Bargaining units are located all across the state. Even with satellite offices in the Kansas City and St. Louis areas, there will be a great deal of travel required. It will be less expensive to purchase vehicles for the exclusive use of the Board as "pool cars" at each of the three offices than to pay mileage rates.

The twelve Senior Office Support Assistants will be needed to handle the scanning and data entry associated with Subsection 105.580. In addition there will be record retrieval, fielding of phone calls, and office support necessary for the additional full time staff.

Officials from the **Department of Corrections** state this legislation could have a significant impact on the Department and how the department is able to negotiate and implement their labor agreements. However, the Department is unable to calculate these costs and the result of the legislation is an "unknown" cost.

Officials from the **Office of Administration - Division of Personnel (OA)** assume for the purposes of this fiscal note, the OA could absorb the increased workload with current staff; however, if more bargaining units are created and labor agreements put into place, OA would require additional appropriations to hire more staff.

Officials from the **Attorney General's Office** assume any potential cost arising from this proposal can be absorbed with existing resources.

Officials from the **Joint Committee on Administrative Rules**, the **Office of the Secretary of State**, the **Department of Mental Health**, the **Department of Social Services**, the **Missouri Department of Conservation**, the **Department of Public Safety - Missouri Highway Patrol** and the **Missouri National Guard** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Cost- DOLIR</u>			
Personal Service	(\$631,780)	(\$765,717)	(\$773,375)
Fringe Benefits	(\$328,557)	(\$398,211)	(\$402,194)
Office Space Lease	(\$65,167)	(\$80,155)	(\$82,159)
Voting Booths and Ballot Box	(\$276,500)	\$0	\$0
Travel Expense	(\$97,900)	(\$120,418)	(\$124,594)
Contract for Election Officers	\$0	(\$1,246,400)	\$0
ITSD Costs	(\$181,440)	(\$37,195)	(\$38,125)
Equipment and Expenses	(\$286,042)	(\$120,163)	(\$41,010)
<u>Total Cost - DOLIR</u>	<u>(\$1,867,386)</u>	<u>(\$2,688,107)</u>	<u>(\$1,461,457)</u>
FTE Change -DOLIR	21 FTE	21 FTE	21 FTE
<u>Cost - DOC</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
Negotiation and implementation of labor agreements			
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$1,867,386 to Unknown)</u>	<u>(\$2,688,107 to Unknown)</u>	<u>(\$1,461,457 to Unknown)</u>
Estimated Net FTE Change on General Revenue	21 FTE	21 FTE	21 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act requires the State Board of Mediation to conduct an election every two years to certify the exclusive bargaining representation of a collective bargaining unit. If a representative fails to receive votes from a majority of the members of a bargaining unit, the Board shall decertify the representative. If a representative is decertified, the affected employees may not be included in a substantially similar collective bargaining unit for twelve months from the date of decertification.

The act limits labor agreements to two years beginning August 28, 2017.

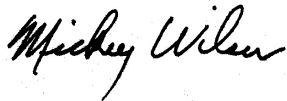
The act also requires employee associations that represent employees in a meeting concerning a labor agreement and collect money from an employee to file an annual report no later than 90 days following the end of the association's fiscal year detailing the financial conditions and operations of the association during the preceding fiscal year. Any employee association that fails to comply with such requirements shall refund all monies collected from employees during such period, be decertified as exclusive representative, and have all labor agreements between the association and a public body immediately rescinded and invalidated.

This act contains a severability clause.

This legislation is not federally mandated and would not duplicate any other program. It would, however, require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Labor and Industrial Relations
Office of the Secretary of State
Joint Committee on Administrative Rules
Department of Corrections
Department of Social Services
Department of Mental Health
Office of Administration
Missouri Department of Conservation
Attorney General's Office
Department of Public Safety



Mickey Wilson, CPA
Director
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Ross Strobe
Assistant Director
April 13, 2015