

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4270-02
Bill No.: HCS for HB 1432
Subject: Employees - Employers; State Employees
Type: Original
Date: February 17, 2016

Bill Summary: This proposal requires a hearing to be held within 30 days if a state employee is placed on administrative leave.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

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 2017	FY 2018	FY 2019
Local Government	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Agriculture, Department of Corrections, Department of Economic Development, Governor's Office, Department of Higher Education, Joint Committee on Administrative Rules, Joint Committee on Public Retirement, Missouri Ethics Commission, Department of Labor and Industrial Relations, Lieutenant Governor's Office, Lottery Commission, Department of Mental Health, Missouri Consolidated Health Care Plan, Department of Natural Resources, Office of Prosecution Services, Office of Administration - Administrative Hearing Commission, Office of Administration - Accounting, Office of Administration - Budget and Planning, Office of Administration - Personnel, Office of State Courts Administrator, Department of Public Safety - Alcohol and Tobacco Control, Department of Public Safety - Capitol Police, Department of Public Safety - Fire Safety Division, Department of Public Safety - Gaming Commission, Department of Public Safety - State Emergency Management Agency, Department of Public Safety - Veterans Commission, Department of Revenue, Missouri State Employees' Retirement System, State Highway Employees Retirement System, State Public Defender's Office, Missouri Tax Commission, and State Treasurer's Office** each assume this proposal will not have a fiscal impact on their respective organizations.

In response to a previous version, officials at the **Department of Conservation (MDC)** assumed the proposal would have a negative fiscal impact of less than \$100,000 annually.

Oversight assumed MDC could absorb this fiscal impact.

In response to a previous version, officials at the **Monroe City R-1 Schools** assumed in the event of a hearing, the employee has the right to legal counsel. If counsel is secured, the District would respond in kind. If legal services are required it is reasonable to expect a cost of \$2,000 - \$4,000 depending on the extent of services provided.

In response to a previous version, officials at the **Concordia Schools** assumed if a teacher is considered a state employee the District would see a cost. The District has specific requirements for tenured, certified staff leave that are in place with specific notification time-frames that have to be met. There is nothing for the support staff which are at -will employees and can be terminated without the hearing process. The hearing would necessitate the need for an attorney. The District's attorney charges \$185 an hour. The billable hours could vary between 25-50 for an estimated cost of \$4,625-\$9,250. However there are already hearing rights in the laws regarding teachers, so a district might have these costs anyway. If they are not considered state employees, the District assumes no fiscal impact from this proposal.

ASSUMPTION (continued)

In response to a previous version, officials at the **Brentwood School District** assumed the proposal would have a negative fiscal impact on their organization. This is based on implementation of this proposal would result in an estimated cost of \$4,000 per additional hearing or \$16,000 per year. Currently, most uses of administrative leave do not lead to a hearing. By requiring a hearing for every one placed on leave, even for a short time, new hearings and legal fees would be created.

In response to a previous version, officials at the **New Haven School District** assumed the proposal would have an negative fiscal impact on their organization. This is based on hearings will very likely incur legal expense at \$300 per hour times 10 hours (estimated) with a minimum total of approximately \$3000 per occurrence.

In response to a previous version, officials at the **Cassville Schools** assumed the proposal would have an estimated negative fiscal impact of \$5,500.

In response to a previous version, officials at the **Pettis County R-12 Schools** and **Wright City R-II Schools** each assumed the proposal would have an unknown negative fiscal impact to their organizations.

Based upon the various school district responses, **Oversight** will reflect a potential impact to local political subdivisions of Could exceed \$100,000 in additional expenses.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
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LOCAL POLITICAL SUBDIVISIONS

<u>Costs - school districts - hearing and counsel expense</u>	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)
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ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill requires that, if an employee of a department or division of the state, agency of the state, instrumentality of the state or political subdivision of the state, or school district is placed on administrative leave, a hearing must be held within 30 days to determine if the employee engaged in the misconduct. Within three days of being placed on administrative leave as defined in the bill, an employee must be given a written explanation of the specific reason or reasons for the placement.

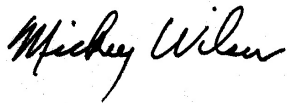
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Agriculture
Department of Corrections
Department of Economic Development
Governor's Office
Department of Higher Education
Joint Committee on Administrative Rules
Joint Committee on Public Retirement
Missouri Ethics Commission
Department of Labor and Industrial Relations
Lieutenant Governor's Office
Lottery Commission
Department of Mental Health
Missouri Consolidated Health Care Plan
Department of Natural Resources
Office of Prosecution Services
Office of Administration - Administrative Hearing Commission
Office of Administration - Accounting
Office of Administration - Budget and Planning
Office of Administration - Personnel
Office of State Courts Administrator
Department of Public Safety - Alcohol and Tobacco Control
Department of Public Safety - Capitol Police
Department of Public Safety - Fire Safety Division
Department of Public Safety - Gaming Commission

SOURCES OF INFORMATION (continued)

Department of Public Safety - State Emergency Management Agency
Department of Public Safety - Veterans Commission
Department of Revenue
Missouri State Employees' Retirement System
State Highway Employees Retirement System
State Public Defender's Office
Missouri Tax Commission
State Treasurer's Office
Department of Conservation
Monroe City R-1 Schools
Concordia Schools
Brentwood School District
New Haven School District
Cassville Schools
Pettis County R-12 Schools
Wright City R-II Schools



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