

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4270-06  
Bill No.: SCS for HCS for HB 1432  
Subject: Employees - Employers; State Employees  
Type: Original  
Date: May 2, 2016

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Bill Summary: This proposal requires a hearing to be held within 60 days if a state employee is placed on administrative leave.

**FISCAL SUMMARY**

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

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<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 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</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 2017</b>	<b>FY 2018</b>	<b>FY 2019</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 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>(Could exceed \$100,000)</b>	<b>(Could exceed \$100,000)</b>	<b>(Could exceed \$100,000)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Office of Administration - Administrative Hearing Commission**, the **Office of Administration - Budget and Planning**, the **Governor's Office**, the **Department of Higher Education**, the **Joint Committee on Administrative Rules**, the **Joint Committee on Public Employee Retirement**, **Legislative Research**, the **Missouri Consolidated Health Care Plan**, the **Department of Mental Health**, the **Missouri Lottery Commission**, the **Missouri Senate**, the **Missouri State Employees' Retirement System**, the **Department of Natural Resources**, the **Office of Prosecution Services**, the **Office of State Courts Administrator**, the **Department of Public Safety - Gaming Commission**, the **Department of Public Safety - Capitol Police**, the **Department of Public Safety - Fire Safety Division**, the **Department of Public Safety - State Emergency Management Agency**, **Department of Public Safety - Highway Patrol**, the **Department of Revenue**, the **Missouri Tax Commission**, the **State Treasurer's Office**, and the **Department of Transportation** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the **Department of Elementary and Secondary Education** deferred to local school districts.

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

In response to a previous version, officials at the **Department of Corrections**, the **Missouri Ethics Commission**, the **Department of Labor and Industrial Relations**, the **Lieutenant Governor's Office**, the **Office of Administration - Accounting**, **Office of Administration - Personnel**, the **Department of Public Safety - Alcohol and Tobacco Control**, the **Department of Social Services**, the **State Highway Employees Retirement System**, the **State Public Defender's Office**, and the **Missouri House of Representatives**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Public Safety - Veterans Commission**, the **Department of Insurance, Financial Institutions, and Professional Registration**, and the **Department of Health and Senior Services** each assumed the proposal would 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 **Department of Public Safety - Highway Patrol (Patrol)** assumed the proposal would not have a fiscal impact to their organization. This

ASSUMPTION (continued)

assumption was based on; the proposal did not define hearing, so Patrol assumed a “Laudermill Hearing” would be sufficient.

Officials at the **Wright City R-VII** assume this proposal could have an unknown negative impact on their organization, estimated from \$0 to over \$10,000 per year.

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.

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 \$3,000 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.

ASSUMPTION (continued)

In response to a previous version, officials at the **Kansas City Schools** assumed the proposal would not have a fiscal impact on their organization.

Officials at the **Cole County Sheriff's Department** and **Springfield Police Department** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the **Missouri State University**, the **State Technical College of Missouri**, and the **University of Missouri** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the Board of Elections for **Platte County** and **St. Louis County** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the school districts of **Lewis County C-I**, **Macon County R-IV**, **Malta Bend**, and **West Plains R-VII** each assume this proposal will not have a fiscal impact on their respective organizations.

In response to a previous version, officials at the **University of Central Missouri** assume this proposal will not have a fiscal impact on their organization.

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
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<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> )
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	(Could exceed <u>\$100,000</u> )	(Could exceed <u>\$100,000</u> )	(Could exceed <u>\$100,000</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 that a hearing be held within 60 days from the date that a public employee was placed on administrative leave. Any hearing may be continued for good cause, but shall in no event be continued beyond 180 days from the date the employee was placed on administrative leave.

The act further requires that such employee be advised in writing within seven days of being placed on administrative leave, the reason or reasons for being placed on administrative leave. Such documents shall not be subject to the sunshine law.

Any employer that is also a school district is required to notify the Board of Education within 30 days of placing an employee on administrative leave of the reason or reasons for the placement.

This act does not apply to:

1. Charter counties, charter cities, or home rule cities with administrative leave policies;
2. Any law enforcement agency within a charter county, charter city, or a home rule city, provided such county or city has adopted an administrative leave policy; or
3. Certain law enforcement agencies

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

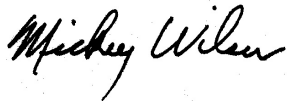
Attorney General's Office  
Department of Agriculture  
Department of Corrections  
Department of Economic Development  
Governor's Office  
Department of Higher Education  
Joint Committee on Administrative Rules  
Joint Committee on Public Retirement  
Missouri Ethics Commission  
Department of Labor and Industrial Relations  
Legislative Research

SOURCES OF INFORMATION (continued)

Lieutenant Governor's Office  
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 Elementary and Secondary Education  
Missouri Lottery Commission  
Missouri Senate  
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 Public Safety - Highway Patrol  
Department of Social Services  
Department of Revenue  
Department of Transportation  
Missouri State Employees' Retirement System  
State Highway Employees Retirement System  
State Public Defender's Office  
Missouri Tax Commission  
Missouri House of Representatives  
State Treasurer's Office  
Department of Conservation  
Platte County Board of Elections  
St. Louis County Board of Elections  
School Districts:  
    Monroe City R-1 Schools  
    Concordia Schools  
    Brentwood School District  
    New Haven School District  
    Cassville Schools  
    Kansas City Schools  
    Pettis County R-12 Schools  
    Macon County R-IV

SOURCES OF INFORMATION (continued)

Malta Bend  
Lewis County C-I  
West Plains R-VII  
Wright City R-II Schools  
State Technical College of Missouri  
University of Central Missouri  
University of Missouri  
Cole County Sheriff's Department  
Springfield Police Department



Mickey Wilson, CPA  
Director  
May 2, 2016

Ross Strobe  
Assistant Director  
May 2, 2016