

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0945-01
Bill No.: Truly Agreed To and Finally Passed HCR 4
Subject: General Assembly; Public Officers; Salaries
Type: Original
Date: June 6, 2017

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	\$770,824	\$1,055,426	\$1,055,426
Total Estimated Net Effect on General Revenue	\$770,824	\$1,055,426	\$1,055,426

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
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 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight reviewed the Missouri Citizens’ Commission on Compensation for Elected Officials report dated December 1, 2016.

The first recommendation is to change compensation payable to all members of the State of Missouri General Assembly beginning July 1, 2017 and July 1, 2018. Each member shall receive an increase in compensation of two and one half percent each year for the next two years. The percentage increase is slightly lower for leadership as the Commission recommends increasing compensation by the same dollar amount for all members in order to maintain the leadership differentials outlined in Sec. 21.140, RSMo.

FY 2018

General Assembly Members	FTE	Current Salary	Proposed Salary	Increase in salary	Total increase
Senators	31	\$35,915	\$36,813	\$898	\$27,838
Senate President Pro Tem	1	\$38,415	\$39,313	\$898	\$898
Senate Majority Floor Leader	1	\$37,415	\$38,313	\$898	\$898
Senate Minority Floor Leader	1	\$37,415	\$38,313	\$898	\$898
Representatives	159	\$35,915	\$36,813	\$898	\$142,782
Speaker of the House	1	\$38,415	\$39,313	\$898	\$898
Speaker Pro Tem of the House	1	\$37,415	\$38,313	\$898	\$898
House Majority Floor Leader	1	\$37,415	\$38,313	\$898	\$898
House Minority Floor Leader	1	\$37,415	\$38,313	\$898	\$898
Total	197				\$176,906

ASSUMPTION (continued)

FY 2019 & FY 2020

General Assembly Members	FTE	Current Salary	Proposed Salary	Increase in salary	Total increase
Senators	31	\$36,813	\$37,733	\$920	\$28,520
Senate President Pro Tem	1	\$39,313	\$40,233	\$920	\$920
Senate Majority Floor Leader	1	\$38,313	\$39,233	\$920	\$920
Senate Minority Floor Leader	1	\$38,313	\$39,233	\$920	\$920
Representatives	159	\$36,813	\$37,733	\$920	\$146,280
Speaker of the House	1	\$39,313	\$40,233	\$920	\$920
Speaker Pro Tem of the House	1	\$38,313	\$39,233	\$920	\$920
House Majority Floor Leader	1	\$38,313	\$39,233	\$920	\$920
House Minority Floor Leader	1	\$38,313	\$39,233	\$920	\$920
Total	197				\$181,240

Since some of the benefits paid by the state are based upon salary, an additional \$107,041 total (MOSERS contributions, employer FICA tax, long term disability, workers compensation, unemployment) for FY 2018, FY 2019 and FY 2020 would be incurred as well. Currently, the MOSERS contribution rate for state employees is roughly 19.45 percent. Therefore, the state would incur a total of roughly \$211,314 (\$176,906 + \$34,408) in FY 2018 and \$427,805 (\$358,146 + \$69,659) in FY 2019 and FY 2020 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 **\$1,066,924** (\$211,314 + \$427,805 + \$427,805) in FY 2018, FY 2019 and FY 2020.

In addition to the recommendation of a salary increase, the daily expense compensation is to be raised by \$36.40 a day and mileage reimbursement will remain the same at \$0.37 per mile for elected officials.

ASSUMPTION (continued)

FY 2018, 2019 & 2020

	FY 2016 Per Diem	Proposed Per Diem	Change in Per Diem	Days of Session	Total Increase
34 Senators	\$114	\$150	\$36	70	\$85,680
163 Representatives	\$114	\$150	\$36	70	\$410,760
Total					\$496,440

The total additional cost to the state of Missouri for the recommended per diem adjustment for elected officials is **\$1,489,320** (\$496,440 + \$496,440 + \$496,440) in FY 2018, FY 2019 and FY 2020.

The second recommendation is to change compensation payable to all statewide elected officials beginning July 1, 2017 and July 1, 2018.

- The compensation payable to the Governor of the State of Missouri shall be increased by \$10,706 in FY 2018 and increased by \$11,562 in FY 2019, 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 \$6,919 in FY 2018 and \$7,472 in FY 2019, for a total increase of \$14,391. This equates to approximately an 8% 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 2018 and \$9,309 in FY 2019, 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 2018 and increased by \$10,060 in FY 2019, for a total increase of \$19,375. This equates to approximately an 8% increase each year.

ASSUMPTION (continued)

FY 2018

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	\$93,403	\$6,919	\$6,919
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
Total	6				\$52,800

FY 2019 & FY 2020

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	\$93,403	\$100,875	\$7,472	\$7,472
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
Total	6				\$57,021

Since some of the benefits paid by the state are based upon salary, an additional \$10,270 in FY 2018 and \$11,091 in FY 2019 and FY 2020 (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 19.45 percent. Therefore, the state would incur a total of roughly \$63,070 (\$52,800 + \$10,270) annually in FY 2018 and \$131,181 (\$109,821 + \$21,360) in FY 2019 and FY 2020 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 **\$325,432** (\$63,070 + \$131,181 + \$131,181) in FY 2018, FY 2019 and FY 2020.

ASSUMPTION (continued)

The third recommendation is to continue the compensation structure for Missouri Judges that is being calculated under the formula in effect December 1, 2016. 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.

Officials at the **Office of the State Courts Administrator (OSCA)** assume there will be no changes to judges' salaries; however, there will be a cost avoidance of \$191,460 annually in mileage and per diem expenses.

The recommendations made would occur as of July 1, 2017; therefore, **Oversight** will assume fiscal impact in FY 2018, FY 2019 and FY 2020.

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 at the **Missouri House of Representatives** assume there will be a cost avoidance of \$557,134 in FY 2018 and \$560,720 in FY 2019 and FY 2020.

2018

Salary Increase: $\$35,915 \times 0.025 = \$898 \times 163 = \$146,374$
Per Diem Increase: $\$150 - \$114 = \$36 \times 163 = \$5,868 \times 70 \text{ days of session} = \$410,760$

2019 & 2020

Salary Increase: $\$36,813 \times 0.025 = \$920 \times 163 = \$149,960$
Per Diem Increase: $\$150 - \$114 = \$36 \times 163 = \$5,868 \times 70 \text{ days of sessions} = \$410,760$

Officials from the **Office of the State Auditor, Missouri Senate, Office of the Secretary of State, Office of Administration, Department of Labor and Industrial Relations, Office of the Governor, Attorney General's Office and Office of the State Public Defender** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Missouri Lieutenant Governor** assumed the proposal would have no fiscal impact on their organization.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE			
<u>Cost Avoidance -</u>			
Rejection of pay increase for Statewide Elected Officials	\$52,800	\$109,821	\$109,821
Rejection of fringe benefits from pay increase for Statewide Elected Officials (MOSERS - 19.45%)	\$10,270	\$21,360	\$21,360
Rejection of pay increase for General Assembly Members	\$176,906	\$358,146	\$358,146
Rejection of fringe benefits from pay increase for General Assembly members (MOSERS - 19.45%)	\$34,408	\$69,659	\$69,659
Rejection of increased per diem & mileage	<u>\$496,440</u>	<u>\$496,440</u>	<u>\$496,440</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$770,824</u>	<u>\$1,055,426</u>	<u>\$1,055,426</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<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

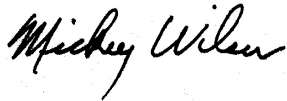
This concurrent resolution rejects the salary and per diem increases for judges, legislators and statewide elected officials recommended by the Citizen's Commission on Compensation for Elected Officials.

FISCAL DESCRIPTION (continued)

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

Missouri Lieutenant Governor
State Auditor's Office
Missouri Senate
Office of the Secretary of State
Office of Administration
Office of the Governor
Missouri House of Representatives
Office of the State Public Defender
Department of Labor and Industrial Relations
Office of the State Courts Administrator
Attorney General's Office



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June 6, 2017

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