

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4637-14  
Bill No.: SS#2 for SCS for HB 1413 with SA 1, SA 2, SA 3, SA 4  
Subject: Employees-Employers; Fire Protection; Department of Labor and Industrial Relations; Labor and Management; Law Enforcement Officers and Agencies Political Subdivisions; State Departments; State Employees; Teachers  
Type: Original  
Date: May 17, 2018

Bill Summary: This proposal creates new provisions relating to public sector collective bargaining.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue Fund	(\$288,370)	(\$163,983)	(\$165,683)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$288,370)</b>	<b>(\$163,983)</b>	<b>(\$165,683)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<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 11 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</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 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
General Revenue Fund	3 FTE	3 FTE	3 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>3 FTE</b>	<b>3 FTE</b>	<b>3 FTE</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 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

**Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials from the **Department of Labor and Industrial Relations (DOLIR)** state:

**REVENUE ESTIMATE**

Subsection 105.540.3 directs the DOLIR to set fees, by regulation, provide copies of reports and documents filed upon payment of a charge based upon the cost of the service. Since these costs will be defined by regulation, DOLIR cannot provide an estimate of revenue for these activities.

Subsection 105.575.15 directs the State Board of Mediation (SBM) to collect fees from each labor organization to defray election costs. The fees are based on the number of members in each bargaining unit. Currently, the SBM is not notified of changes to the number of members in a bargaining unit once the election has concluded, nor does it have information on members voluntarily recognized or otherwise excluded bargaining units.

Subsection 105.575.15 directs the SBM to assess and collect fees from each labor organization participating in an election to defray election costs. For the purposes of this response, DOLIR estimates 550 bargaining unit elections biennially. The majority of certified bargaining units at the time of election are made up of less than 100 members. Based on historical averages from FY 2010 through 2015, DOLIR estimates a total of \$130,250 in revenue annually from fees collected from labor organizations.

<b>Estimated Revenue from Labor Organization Fees</b>							
Total Voters	1-100	101-250	251-500	501-1000	1001-3000	3001+	TOTAL
Bargaining Units	448	84	12	3	2	0	550
Fee	\$200	\$350	\$500	\$750	\$1,500	\$2,000	
<b>Total</b>	<b>\$89,600</b>	<b>\$29,400</b>	<b>\$6,000</b>	<b>\$2,250</b>	<b>\$3,000</b>	<b>0</b>	<b>\$130,250</b>

ASSUMPTION (continued)

DOLIR assumes all revenue collected will be deposited into General Revenue. The SBM will be required to adopt procedures for assessing and collecting the fees, as well compliance with accepted accounting practices.

COST ESTIMATE - State Board of Mediation (SBM)

DOLIR estimates that there are currently over 600 bargaining units that have been certified. Of those, just over 100 represent fire and police. This amendment requires that bargaining units made up of otherwise excluded employees (e.g., teachers and peace officers) and voluntarily recognized units be recertified. Because excluded and voluntarily recognized units are not required to notify the department of their existence, the department does not have the number of such units. For the purposes of this estimate, DOLIR assumes there are 250 excluded and voluntarily recognized units, of which as many as 200 could represent police and fire, for a total of 550. The number of actual bargaining units and elections could be more or less depending upon the precision of the estimate used.

The proposed language requires all of the estimated 55 labor organizations to submit constitutions & bylaws to the DOLIR. It also requires all of the estimated labor organizations, as well as certain officers of those organizations, to submit annual financial reports to the DOLIR. The submissions will be in electronic form. The subsections mandate information to be contained in those submissions. The DOLIR shall make each document filed under this section publicly available, online, in an electronic format. The SBM estimates it will require 2.00 Senior Office Support Assistants (\$26,430 annually) to verify that all labor organizations comply with the required submissions and assist with the initial elections. They must process (review for compliance regarding mandated information), perform necessary electronic formatting and data entry to make the information available online, and properly file the documents and electronically submitted reports. These FTE would also field Chapter 610 requests and prepare the requested documents and reports for dissemination upon authorization as required.

All public sector bargaining units shall be recertified biennially through telephone or on-line elections conducted by the SBM. Currently, elections are conducted only in-person or by mailed ballot. The SBM's current staff will not be able to fulfill the new responsibilities required by the amendment. To facilitate the estimated 550 biennial recertification elections, the SBM would require 1.00 Executive I (\$31,608 annually). The SBM may opt to contract with a third party to conduct the recertification elections.

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

ASSUMPTION (continued)

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 SBM to conduct additional hearings. Each additional hearing will also result in briefing and the need for a written decision.

The SBM members are not compensated for their service; however, they do receive a per diem of up to \$50 for days they perform services for the board and reimbursement for any expenses incurred while performing those duties. The services include preparation for hearings and hearing and deciding cases. It is expected that board members will incur additional expenses for preparation and travel related to the additional hearings.

In addition to the standard expense and equipment for each FTE, additional expenses including a printer, file cabinets, and travel expenses will also be required because bargaining units are located throughout the state. In order to track all of the information submitted by labor organizations to the department, DOLIR will implement a computer system, estimated at \$110,000 with ongoing maintenance of \$20,000 annually. IT consultant Services will be \$49,500 (660 hours x \$75/hr) in FY19, \$15,600 (208 hours x \$75/hr) in FY20, and \$15,600 (208 hours x \$75/hr) in FY21.

In response to a previous version, officials from the **Office of the Secretary of State** assumed many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Department of Corrections** defer to the Office of Administration to estimate the fiscal impact of the proposed legislation on their organization.

ASSUMPTION (continued)

In response to a previous version, officials from **Department of Public Safety-Office of the Director, Department of Mental Health, and Department of Social Services** each deferred to the Office of Administration to estimate the fiscal impact of the proposed legislation on their organization.

In response to a previous version, officials from the **Office of Administration-Budget and Planning** deferred to the Department of Labor and Industrial Relations to estimate the fiscal impact of the proposed legislation on their respective organization.

Officials from the **Office of Prosecution Services** assume the proposal will have no measurable fiscal impact.

Officials from the **Joint Committee on Administrative Rules** anticipate the proposal will not cause a fiscal impact beyond its current appropriation.

Officials from the **Department of Economic Development, Office of Administration-Administrative Hearing Commission, Department of Transportation, Department of Public Safety-Alcohol and Tobacco Control, Department of Public Safety-State Emergency Management Agency, Department of Agriculture, Office of the State Treasurer, Missouri Ethics Commission, Department of Health and Senior Services, Missouri Senate, Department of Public Safety-Capitol Police, Missouri Lottery Commission, MoDOT and Patrol Employees Retirement System, Department of Public Safety-Fire Safety, Department of Natural Resources, Missouri Tax Commission, Department of Revenue, Missouri Consolidated Health Care Plan, Department of Public Safety-Gaming Commission, and Missouri State Employees' Retirement System** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Office of Administration-Personnel, Department of Elementary and Secondary Education, Office of the State Public Defender, Office of State Courts Administrator, State Auditor's Office, Missouri Lieutenant Governor, Department of Public Safety-Veterans, Department of Higher Education, Missouri Department of Conservation, and Department of Insurance, Financial Institutions and Professional Registration** each assumed the proposal will have no fiscal impact on their respective organizations.

Officials from the **Jackson County Election Board and Platte County Board of Elections** both assume the proposal will have no fiscal impact on their organization.

ASSUMPTION (continued)

In response to a previous version, officials from the **St. Louis County Election Board** assumed the proposal will have no fiscal impact on their respective organizations.

Officials from the **City of Kansas City** assume the proposed Section 105.580.07 and .08 in this legislation may have a negative fiscal impact on the City of Kansas City, Missouri, of an indeterminate amount because the City would incur the costs of negotiating with its unions that represent non-firefighters every 3 years.

Officials from the **State Technical College of Missouri** assume the proposal will have no fiscal impact on their organization.

In response to a previous version, officials from the **Missouri State University, Missouri Western State University, and University of Missouri** each assumed the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Kirkville R-III School District** assumed the proposal will have no fiscal impact on their organization.

Officials from the following **cities**: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark City, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles City Administrator, St. Louis City Budget Division, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

Officials from the following **counties**: Andrew, Atchison, Audrain, Barry, Benton, Bollinger, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Clinton, Cole, Cooper, Davies, Dekalb, Dent, Franklin, Greene, Holt, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne, and Worth did not respond to **Oversight's** request for fiscal impact.

Officials from the following **colleges and universities**: Crowder, East Central, Harris-Stowe, Jefferson College, Kansas City Metropolitan Community College, Lincoln University, Moberly Area Community College, Missouri Southern State University, Northwest Missouri State

University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College, Truman State University, and the University of Central Missouri did not respond to **Oversight's** request for a statement of fiscal impact.

Officials from the following **school districts**: Alton R-IV, Arcadia Valley R-2, Ash Grove R-IV, Ava R-1, Avilla R-13, Bakersfield R-4, Belton School District #124, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Bradleyville R-1, Branson, Brentwood, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Central R-III, Chilhowee R-4, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Couch R-1, Crawford County R-1, Crawford County R-2, Crocker R-II, Delta C-7, East Carter R-2, East Lynne 40, East Newton R-6, Eldon R-I, Fair Play, Fayette R-3, Forsyth R-3, Fox C-6, Fredericktown R-I, Fulton, Gasconade County R-1, Glenwood R-8, Grain Valley, Green City R-1, Green Ridge R-8, Hallsville R-IV, Hancock Place, Hannibal School District #60, Harrisonburg R-8, Harrisonville, Hartville R-11, Hazelwood, Henry County R-1, Hillsboro R-3, Holcomb R-III, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jasper R-5, Jefferson City, Kansas City, Kennett #39, King City R-1, Kirbyville R-VI, Lathrop R-2, Lee Summit, Leeton R-10, Lewis County C-1, Liberty, Lincoln R-2, Lindbergh, Lonedell R-14, Macon County R-1, Macon County R-IV, Malta Bend, Maplewood Richmond Heights, Marshfield R-1, Maryville R-II, Maysville R-1, Meadville R-IV, Mehville School District R-9, Meramec Valley R-3, Mexico, Middle Grove C-1, Midway R-1, Milan C-2, Miller R-11, Moberly, Montgomery County R-11, Morgan County R-2, Mountain Grove R-III, Mt. Vernon R-V, New Bloomfield R-III, New Haven, Niangua R-5, Nixa, North Harrison R-3, North Kansas City, North St. Francois Co. R-1, Northeast Nodaway R-5, Northwest R-1, Oak Ridge R-6, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osage County, Osage R-2, Osborn R-O, Parkway, Pattonville, Pettis County R-12, Pierce City R-6, Plato R-5, Polo R-VII, Prairie Home R-5, Princeton R-5, Purdy R-II, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Republic R-III, Rich Hill R-IV, Richards R-5, Richland R-1, Richmond R-XVI, Riverview Gardens, Rockwood School District, Salisbury R-4, Sarcoxie R-2, Scotland County R-I, Scott City R-1, Sedalia, Seymour R-2, Shell Knob #78, Sherwood Cass R-5, Sikeston, Silex, Smithville R-2, South Harrison R-11, Southland C-9, Sparta R-III, Special School District of St. Louis County, Spickard R-II, Spokane R-VII, Springfield, St Joseph, St Louis, St. Charles, St. Elizabeth R-4, Stanberry R-III, Stewartsville C-2, Sullivan, Summersville R-2, Sweet Springs, Trenton R-1x, Valley Park, Valley R-6, Verona R-7, Warren County R-3, Warrensburg R-6, Warsaw R-IX, Waynesville, Webster Groves, Wellsville Middletown R-1, Wentzville R-IV, West Plains R-VII, Westran R-1, Westview C-6, Willard R-2 and the Wright City R-2 School District did not respond to **Oversight's** request for fiscal impact.



<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>GENERAL REVENUE FUND</b>			
<u>Revenue - DOLIR</u>	\$43,417	\$43,417	\$43,417
Biennial Fees			
<u>Costs - DOLIR</u>			
Salaries	(\$70,390)	(\$85,313)	(\$86,166)
Fringe Benefits	(\$47,876)	(\$57,702)	(\$57,955)
Equipment and Expense	(\$213,521)	(\$64,385)	(\$64,979)
<u>Total Cost - DOLIR</u>	<u>(\$331,787)</u>	<u>(\$207,400)</u>	<u>(\$209,100)</u>
FTE Change - DOLIR	3 FTE	3 FTE	3 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$288,370)</u></b>	<b><u>(\$163,983)</u></b>	<b><u>(\$165,683)</u></b>
Estimated Net FTE Change on the General Revenue Fund	3 FTE	3 FTE	3 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

This proposal would affect any state agency or political subdivision that employs workers in a bargaining unit with exclusive bargaining representatives.

## FISCAL DESCRIPTION

This bill prohibits any sum from being withheld from the earnings of a public employee for the payment of any portion of dues, agency shop fees, or other fees paid by public employee members of a public labor organization or a public employee who is a nonmember except upon the annual written or electronic authorization of the employee.

A public labor organization is prohibited from using or obtaining any portion of dues, agency shop fees, or any other fees paid by member and nonmember public employees to make political campaign contributions or expenditures unless it obtains a written or electronic authorization from the member or nonmember within the previous 12 months.

Failure to provide any written or electronic authorization shall not be a condition of employment. This bill further requires public labor organizations to maintain financial records, identical to those required by federal law (29 U.S.C. 431(b)), for no less than five years. Each report required under this section must be made available to employees in a searchable electronic format. If a public labor organization fails to make the reports available to an employee, that employee will have a cause of action against the organization.

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  
Office of the Secretary of State  
Department of Corrections  
Department of Public Safety-Office of the Director  
Office of Administration-Budget and Planning  
Office of Prosecution Services  
Joint Committee on Administrative Rules  
City of Kansas City  
Office of Administration-Personnel  
Department of Elementary and Secondary Education  
Office of the State Public Defender  
Missouri Tax Commission  
Office of State Courts Administrator  
Missouri Lottery Commission

SOURCES OF INFORMATION (continued)

Office of the State Treasurer  
Department of Agriculture  
Missouri Consolidated Health Care Plan  
Office of Administration-Administrative Hearing Commission  
Department of Public Safety-Gaming Commission  
Missouri Senate  
State Auditor's Office  
Missouri Lieutenant Governor  
Department of Public Safety-Capitol Police  
Department of Public Safety-Veteran  
Department of Public Safety-State Emergency Management Agency  
Department of Health and Senior Services  
Department of Public Safety-Division of Fire Safety  
MoDOT and Patrol Employees Retirement System  
Department of Higher Education  
Missouri Department of Conservation  
Department of Insurance, Financial Institutions and Professional Registration  
Missouri State Employees' Retirement System  
Platte County Board of Elections  
Jackson County Election Board  
St. Louis County Election Board  
Missouri State University  
State Technical College of Missouri  
Missouri Western State University  
University of Missouri  
Kirksville R-III School District

Ross Strope



Acting Director  
May 17, 2018