

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4637-14  
Bill No.: Truly Agreed To and Finally Passed SS#2 for SCS for HB 1413  
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: June 28, 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	(\$308,370)	(\$163,983)	(\$165,683)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$308,370)</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 Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 12 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<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>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

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 on a 3-year cycle. 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 from fees collected from labor organizations, an estimated \$43,417 each year (3-year cycle).

<b>Estimated Revenue from Labor Organization Fees</b>							
<b>Total Voters</b>	<b>1-100</b>	<b>101-250</b>	<b>251-500</b>	<b>501-1000</b>	<b>1001-3000</b>	<b>3001+</b>	<b>TOTAL</b>
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>

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.

ASSUMPTION (continued)

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 FTE 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 triennially 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 triennial recertification elections, the SBM would require 1.00 FTE 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 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.

ASSUMPTION (continued)

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.

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 at the **City of Columbia** assume no significant costs from this proposal. There could be potential savings for labor/management meetings since labor group reps could not participate on paid time (except vacation or comp time). There could also be some increased staff time costs to keep track of two separate processes/sets of requirements for non-public safety and public safety labor groups.

**Oversight** assumes each local political subdivision can absorb any cost associated with this proposal and will reflect a \$0 fiscal impact for this proposal.

Officials from the **Office of the Secretary of State** assume 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

ASSUMPTION (continued)

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 at the **Office of the State Courts Administrator** assume there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Officials at the **Office of the Attorney General (AGO)** assume that any potential costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if there is a significant increase in litigation.

Officials at the **Department of Corrections** and the **Department of Mental Health** each defer to the Office of Administration to estimate the fiscal impact of the proposed legislation on their organization.

Officials from the **Office of Administration-Budget and Planning** defers 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 Administration's Division of Personnel** and the **Administrative Hearing Commission**, the **Department of Economic Development**, the **Department of Public Safety's Office of the Director**, the **Missouri Highway Patrol** and the **State Emergency Management Agency**, the **Joint Committee on Administrative Rules**, the **Office of Prosecution Services**, the **Department of Transportation**, **Department of Agriculture**, **Office of the State Treasurer**, **Missouri Ethics Commission**, **Department of Health and Senior Services**, the **Department of Social Services**, the **Missouri Senate**, **Department of Public Safety-Capitol Police** and the **Missouri National Guard**, **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**, the **Missouri House of Representatives**, the **Office of the Governor**, the **Missouri State Employees' Retirement System**, the **Office of the State Public Defender**, the

ASSUMPTION (continued)

**Office of State Auditor, the Department of Higher Education, the Department of Conservation and the Department of Insurance, Financial Institutions and Professional Registration** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials at the **Department of Public Safety's Alcohol and Tobacco Control** and the **Veterans Commission** and the **Office of the Lieutenant Governor** each assumed no fiscal impact to their respective agencies from this proposal.

Officials at the **Department of Elementary and Secondary Education** assume no fiscal impact from this proposal and defers to the Local School Districts to estimate the fiscal impact on their organizations.

Officials from the **Jackson County Election Board, the Platte County Board of Elections, the State Technical College of Missouri, the Missouri State University, the University of Missouri, the University of Central Missouri and the Wellsville-Middletown R-1 School District** each assume no fiscal impact to their respective entities from this proposal.

In response to a previous version, officials from the **St. Louis County Election Board, the Missouri Western State University and the Kirksville R-III School District** each assumed no fiscal impact to their respective entities from this proposal.

<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
Triennial Fees			
<u>Costs - DOLIR</u>			
Salaries	(\$70,390)	(\$85,313)	(\$86,166)
Fringe Benefits	(\$47,876)	(\$57,702)	(\$57,955)
Database setup	(\$100,000)	\$0	\$0
IT Consultant Services	(\$49,500)	(\$15,600)	(\$15,600)
Database Maint/License	(\$20,000)	(\$20,000)	(\$20,000)
Equipment and Expense	(\$64,021)	(\$28,785)	(\$29,379)
<u>Total Cost - DOLIR</u>	<u>(\$351,787)</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>(\$308,370)</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
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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 makes various changes to the laws regarding public employees, public employee labor organizations, and labor agreements between those labor organizations and public bodies.



FISCAL DESCRIPTION (continued)

However, public safety labor organizations, and employees of the Department of Corrections are exempted from the bill's provisions (Section 105.503, RSMo).

The bill provides that no sum shall be withheld from a public employee's earnings to pay dues or other fees to a public labor organization without annual authorization. Labor organizations are required to maintain financial records substantially similar to federal law, and must make the records available to employees in a searchable electronic format (Section 105.505).

The bill requires labor organizations to adopt a constitution and bylaws and file a copy with the Department of Labor and Industrial Relations, along with a report containing specified information about the organization. Labor organizations are also required to annually file a report detailing the organization's financial condition and operations. The financial report shall be in an electronic, readily accessible format available to its members (Section 105.533).

This bill requires every officer and employee of a labor organization to annually file a report listing any legal or equitable interest, income, or transaction the person, his or her spouse, or minor child received or derived from a labor organization or public body with employees that the labor organization represents or is seeking to represent (Section 105.535).

The reports and documents filed with the department under the provisions of this bill are public records. The department must allow for the inspection and examination of the reports and documents, as specified in the bill, and furnish copies upon payment of the service (Section 105.540).

Each person required to file a report shall maintain, for at least five years, sufficient records to verify the information contained in the report. Each labor organization shall file a report within 90 days of becoming subject to the provisions of this bill, and people required to file reports shall file such reports within 90 days after the end of each fiscal year (Sections 105.545 and 105.550).

Any person who knowingly violates certain provisions of the bill related to the required reports or files a false report is subject to a fine or imprisonment of not more than a year (Section 105.555).

The bill provides that supervisory public employees, as defined in the bill, shall not be included in the same bargaining unit as the public employees they supervise and that the same labor organization shall not represent both non-supervisory and supervisory public employees (Section 105.570).

FISCAL DESCRIPTION (continued)

Recognition may only be obtained by a labor organization through an election before the State Board of Mediation. Voluntary recognition by a public body is prohibited. An election by secret ballot will be held after the board is presented with cards containing signatures of at least 30% of the employees in the bargaining unit. The bill specifies the ballot language to be used for the selection of a labor organization as the exclusive representative for the bargaining unit. More than 50% of all public employees within the bargaining unit must vote positively to certify the labor organization as the exclusive representative. However, public employees of the bargaining unit may seek to decertify the labor organization at any time with a subsequent election provided that the board is presented with signed cards representing at least 30% of the employees in the bargaining unit. If more than 50% of the bargaining unit votes to decertify the labor organization then it shall no longer be recognized as the exclusive representative. Labor organizations must be recertified every three years. No more than one election shall take place in any bargaining unit within a 12-month period. The board shall collect a fee from each labor organization participating in an election (Section 105.575).

Within eight weeks of a certification election, the labor organization shall meet and begin bargaining with representatives of the public body. No labor organization shall refuse to meet with the representatives of the public body. Bargaining for renewal agreements shall take place triennially, provided that those labor agreements must be subject to certain limitations. Such limitations include management reserving the right to hire, discipline, and discharge employees; reserving the right to make and amend reasonable work rules; prohibiting all strikes and picketing; extending the duty of fair representation to all employees of the bargaining unit; prohibiting labor organization employees from accepting paid time by a public body for conducting labor organization business with certain exceptions; and providing for the modification of the agreement in the event of a budget shortfall (Sections 105.580 and 105.585).

A labor organization, or associated representative, or public body, or associated representative, that violates the provisions of this bill is subject to a civil action for appropriate relief, including injunctive relief. Attorneys' fees shall be awarded for the enforcement of the provisions of this bill (Section 105.595).

The provisions of the bill shall apply to personal care attendants and their labor organizations, as well as all officers and employees of such organizations (Section 208.862).

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  
City of Kansas City  
City of Columbia  
Office of the Secretary of State  
Office of the State Courts Administrator  
Office of the Attorney General  
Department of Corrections  
Department of Mental Health  
Office of Administration  
    Budget and Planning  
    Division of Personnel  
    Administrative Hearing Commission  
Department of Economic Development  
Department of Public Safety  
    Office of the Director  
    Missouri Highway Patrol  
    State Emergency Management Agency  
    Capitol Police  
    Missouri National Guard  
    Gaming Commission  
    Division of Fire Safety  
    Alcohol and Tobacco Control  
    Veterans Commission  
Joint Committee on Administrative Rules  
Office of Prosecution Services  
Department of Transportation  
Department of Agriculture  
Office of the State Treasurer  
Missouri Ethics Commission  
Department of Health and Senior Services  
Department of Social Services  
Missouri Senate  
Missouri Lottery Commission  
MoDOT and Patrol Employees Retirement System  
Department of Natural Resources  
Missouri Tax Commission  
Department of Revenue  
Missouri Consolidated Health Care Plan

SOURCES OF INFORMATION (continued)

Missouri House of Representatives  
Office of the Governor  
Missouri State Employees' Retirement System  
Office of the State Public Defender  
Office of State Auditor  
Department of Higher Education  
Department of Conservation  
Department of Insurance, Financial Institutions and Professional Registration  
Office of the Lieutenant Governor  
Department of Elementary and Secondary Education  
Jackson County Election Board  
Platte County Board of Elections  
State Technical College of Missouri  
Missouri State University  
University of Missouri  
University of Central Missouri  
Wellsville-Middletown R-1 School District  
St. Louis County Election Board  
Missouri Western State University  
Kirksville R-III School District

Ross Strobe



Acting Director  
June 28, 2018