

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4032-03
Bill No.: SB 701
Subject: Campaign Finance; 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: February 13, 2020

Bill Summary: Modifies provisions governing the authorization of the deduction of monies from the paychecks of public employees for the benefit of public labor organizations.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	(\$199,484)	(\$84,942)	(\$86,223)
Total Estimated Net Effect on General Revenue	(\$199,484)	(\$84,942)	(\$86,223)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

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 2021	FY 2022	FY 2023
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

Section 105.505. 1. Requires a labor organization to annually receive either written or electronic authorization from members and non-members. Currently this list is provided to the employer. New language requires this information to be provided to the Department of Labor (The State Board of Mediation -SBM- would be the administrator). The Board estimates this new section could impact 150 thousand - 200 thousand individuals. If only 10% (could be much higher) of individuals submitted written notices, that would translate into 15,000 to 20,000 records that would need to be entered into our Case Management System (CMS) annually. It is estimated the Board would need to hire at least one (1) new Administrative Office Support Assistant (AOSA) at a cost of approximately \$27,412 for PS and \$13,763 for Expense and Equipment.

Section 105.505. 2. details the content of the notification the Department must receive to allow employers to withhold from the employee's pay for dues and fees on behalf of the labor organization for the next year.

105.505. 4. details the content of the notification the Department must receive to allow employers to withhold from the employee's pay for political contributions on behalf of the labor organization for the next year. The subsection also requires the Department (Board) to create and maintain an electronic database whereby public employees can submit or revoke the authorization forms described above at any time. It is assumed that the Board would be required to notify the employer of a revocation and change the Board's records as well.

ITSD Costs:

This bill will require expansion to the existing State Board of Mediation - Electronic Filing System application. In order to satisfy the requirement of collecting authorization cards online, the Electronic Filing System will need new screens, and new corresponding database tables. In order to carry out the business logic, a new service class will need to be created. It is likely that new email notifications will need to be created to notify users affected by information uploaded by affiliated users. This system will also need to be modified in order to accommodate the new functionality that the SBM itself will need in order to manage the authorization card process. The SBM admin account already exists with elevated privileges, so it will simply need its power expanded over the newly developed pages to make changes as needed.

ASSUMPTION (continued)

The Electronic Filing System was developed to be easily expandable, so the new functionality demanded by this bill will not require sweeping architectural changes to the application. The new requirements do not negatively impact existing functionality, so the impact of integration should be minimized. We will be managing the product backlog in Azure DevOps, following as many Scrum development practices as possible. Unit and integration tests will be created as part of initial development, which allows both of these processes to be automated. By doing this, the cost of initial development will be inflated by some factor, but the cost of testing will be reduced by a much larger factor.

Oversight notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, ITSD assumes they will contract out the programming changes need to the MEDL, MODL, and CDIS systems. ITSD estimates cost of \$145,692 (1534 hours at \$95 per hour). Oversight notes that an average salary for a current IT Specialist within ITSD is \$51,618, which totals roughly \$80,000 per year when fringe benefits are added. However, for fiscal note purposes Oversight will use ITSD's estimate of costs.

Officials from the **Attorney General's Office, Department of Agriculture, Department of Commerce & Insurance (Public Service Commission, and Office of the Public Council), Department of Elementary and Secondary Education, Department of Higher Education and Workforce Development, Department of Health and Senior Services, Department of Mental Health, Department of Natural Resources, Department of Corrections, Department of Revenue, Department of Public Safety (Office of the Director, Capitol Police, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, Missouri Highway Patrol, Missouri National Guard, State Emergency Management Agency and the Veterans Commission) Department of Social Services, Office of the Governor, Joint Committee on Administrative Rules, Joint Committee on Public Employee Retirement, Missouri Lottery Commission, Missouri Consolidated Health Care Plan, Missouri Department of Conservation, Missouri Ethics Commission, Missouri House of Representatives, Department of Transportation, Office of Prosecution Services, Missouri State Employee's Retirement System, MoDOT & Patrol Employees' Retirement System, Office of Administration (Administrative Hearing Commission and Budget and Planning), Office of the State Courts Administrator, Office of the State Auditor, Missouri Senate, Office of the Secretary of State, Office of the State Public Defender, Office of the State Treasurer and the State Tax Commission, City of Kansas City, and Springfield Police Department** each assume the proposal will have no fiscal impact on their respective organizations.

ASSUMPTION (continued)

Officials from the **University of Central Missouri**, and the **State Technical College of Missouri** both stated this proposal will not have fiscal impact to their respective organizations.

Oversight notes that the above have stated the proposal would not have a direct fiscal impact on their agencies. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Officials from **City of Brentwood** state the proposal will add fiscal impact, however, minimal the dollar cost may be. If this were to become law, then the finance department would have to track each union member that agrees to have this deducted and when they choose to no longer have this deduction. The two individuals who would be tasked with performing this duty would now have to add this to his or her responsibilities. A function they were not performing before.

Official from **City of Springfield** state there is a potential negative fiscal impact to the City; however, the impact is unquantifiable without knowing how implementation will effect union dues and city resources.

Oversight notes the **City of Springfield** and **City of Brentwood** each assume the proposal would have some unquantifiable cost to their respective organizations. Oversight is unable to determine how implementation will affect union dues and city resources and assume any cost related will be insignificant. Therefore, Oversight will assume that the local political subdivisions are able to absorb any cost as a result of the proposal and reflect \$0 cost on the fiscal note for political subdivisions.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other school districts, counties, cities, and colleges were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT - State Government</u>	<u>FY 2021</u> (10 Mo.)	<u>FY 2022</u>	<u>FY 2023</u>
GENERAL REVENUE FUND			
<u>Cost - DOLIR</u>			
Salaries	(\$22,843)	(\$27,686)	(\$27,963)
Fringe Benefits	(\$17,186)	(\$20,715)	(\$20,807)
Expense & Equipment	(\$13,763)	(\$6,674)	(\$6,839)
<u>Total Cost - DOLIR</u>	<u>(\$53,792)</u>	<u>(\$55,075)</u>	<u>(\$55,609)</u>
FTE Change - DOLIR	1 FTE	1 FTE	1 FTE
<u>Cost - DOLIR - ITSD</u>			
Electronic Filing System	(\$145,692)	(\$29,867)	(\$30,614)
<u>ESTIMATED NET EFFECT ON</u>			
<u>GENERAL REVENUE FUND</u>			
	<u>(\$199,484)</u>	<u>(\$84,942)</u>	<u>(\$86,223)</u>
<u>Estimated Net FTE Change for General Revenue Fund</u>			
	<u>1 FTE</u>	<u>1 FTE</u>	<u>1 FTE</u>
<u>FISCAL IMPACT - Local Government</u>			
	<u>FY 2021</u> (10 Mo.)	<u>FY 2022</u>	<u>FY 2023</u>
	<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

Under current law, a public body may withhold fees from public employee paychecks for the purpose of paying any portion of labor organization dues, agency shop fees, or any other fees paid to a labor organization only upon the annual consent of the public employee. Annual consent is also required for labor organizations to use such fees or dues for political purposes.

FISCAL DESCRIPTION (continued)

This act requires any such authorization to be submitted to the Department of Labor and Industrial Relations. Furthermore, the Department shall require clear and compelling evidence that the authorization was freely given.

The Department is additionally required to create and maintain an electronic database whereby public employees can submit or revoke any authorization

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:

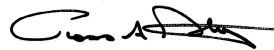
Attorney General's Office
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety Alcohol & Tobacco Control
Department of Public Safety - Fire Safety
Department of Public Safety - Missouri Highway Patrol
Department of Public Safety - National Guard
Department of Public Safety - State Emergency Management System
Department of Public Safety - Veterans Commission
Department of Social Services
Governor's Office
Joint Committee on Administrative Rules
Lottery Commission
Missouri Consolidated Health Care Plan
Department of Conservation
Missouri Ethics Commission
Missouri House of Representatives
Missouri Department of Transportation
Office of Prosecution Services
Office of Administration

SOURCES OF INFORMATION (continued)

Office of Administration - Budget & Planning
Office of State Courts Administrator
State Auditor's Office
Missouri Senate
State Public Defender's Office
State Treasurer's Office
Missouri Tax Commission



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February 13, 2020



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