

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3415S.02I
 Bill No.: SB 941
 Subject: Nursing Homes and Long-Term Care Facilities; Salaries; State Employees;
 Veterans
 Type: Original
 Date: March 1, 2022

Bill Summary: This proposal modifies the compensation of certain state employees in positions within Missouri Veterans' homes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue*	\$0	\$0	\$0
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

*Oversight notes the Department of Public Safety – Missouri Veterans Commission assume General Revenue funding will be needed to supplement the Veterans Homes Fund for the pay increases at the lower level (\$15 maximum increase). However, for simplicity, Oversight will reflect the additional expense from the Veterans Homes Fund.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Veterans Homes Fund (0460)*	\$0 or Could Exceed (\$225,684)	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or Could Exceed (\$225,684)	\$0	\$0

*Oversight is reflecting the additional pay for Department of Public Safety - Missouri Veterans Commission employees to the \$15 per hour level for the two months (January and February 2022) before the effective date of TAFP HB 3014 (March 1, 2022) which raised the pay to the minimum level stated in this bill. Retroactive pay for state employees may not be allowed under the Missouri Constitution; therefore, we used the range of \$0 to the estimated cost.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety – Missouri Veterans Commission (MVC)** note:

MVC does not require additional FTE, but uses the FTE impacted as the basis for total increase to spending authority. This response reflects only those employees in these two classifications that make less than \$15/hour. MVC does have multiple other classifications with a base pay rate of less than \$15/hour. It is difficult, based on the bill language, to determine if additional classifications would qualify as support care roles. Food service, custodial, driver, barber classifications all provide a level of direct care outside of the general rule of interpretation and select positions within these classifications are paid less than \$15/hour. Furthermore, compression becomes an issue when skilled and unskilled classifications are paid at the same rate; the high range presented provides an ability to address compression between these skilled positions and the unskilled positions. It is also important to note that the fund impacted, based on current budget operations, and cannot support the increases as listed because the resources available are limited. This fiscal note is better served if listed as an impact to General Revenue, or additional resources are transferred into the Homes fund to support the authority increase.

Oversight notes, prior passage of HB 3014 – Supplemental Budget, the officials from the DPS-MVC provided additional information, February 24 via e-mail, to show the total impact for FY 2022 as follows:

Title / Position	FTE	Current Salary	Annual Per Employee Increase to reach \$15/hr	Total	Annual Per Employee Increase to reach \$22/hr	Total
Support Care Asst.	629.48	\$ 29,871.00	\$ 1,329.00	\$ 836,578.92	\$ 15,889.00	\$ 10,001,807.72
Senior Support Care Asst.	131	\$ 29,871.00	\$ 1,329.00	\$ 174,099.00	\$ 15,889.00	\$ 2,081,459.00
Total	760.48	\$ 29,871.00	\$ 1,329.00	\$ 1,010,677.92	\$ 15,889.00	\$ 12,083,266.72

Oversight notes the proposal denotes the “State Employee shall receive a wage in the amount of at least \$15.00 dollars per hour and no more than \$22.00.” Additionally, the proposal allows for adjustment as the increase or decrease in the general price level as measured by the Consumer Price Index for All Urban Consumers (CPI-U)

Oversight notes the DPS-MVC used given assumptions for above calculations as follows:

- Low Range of authority increased at \$15/hour for authorized FTE
- High Range of authority increased at \$22/hour for authorized FTE
- Dollars represented do not include corresponding Fringe impacts
- This increase could not be supported utilizing Other (Homes Fund) as the incoming revenue will not support the increases listed
- Increases listed and corresponding fringe costs would require additional resources from another funding source to accommodate the cash flow concerns in the Homes Fund
- FY23 authority reflects a 10-month cycle
- FY24 and FY25 authority reflects a 2% inflation rate increase
- The high authority increase would address the compression caused by paying skilled and unskilled workers a base rate of \$15/hour by allowing a higher authorization for the above listed skilled staff.

Oversight notes the officials from the DPS-MVC provided additional information to address the impact of the proposal after the passage of HB 3014 as follows:

MVC states roughly 25% of staff in these classifications could be eligible for the \$22/hour. MVC is analyzing the compression issues that moving skilled and unskilled workforce to the \$15/hour pay will cause. This compression is mostly affecting the support care assistant and senior support care assistant roles. Salaries for these skilled positions will need to maintain a differential from that of the unskilled positions.

Additionally, this increase in spend weighs heavily on the resources MVC has to continue operations within the Homes fund. In FY22 and into FY23 it appears MVC will be able to support the increases as listed, but without a long term alternate funding source it is difficult to project the resource needs beyond FY23.

Oversight notes the DPS-MVC identified 760.48 FTEs who could qualify for increase in salary under the proposal.

Oversight notes TAFP HB 3014 (signed 2/24/22) already raised pay to \$15 per hour (as of March 1, 2022), similar to what this bill proposes. However, this bill states the raises will be effective January 1, 2022. Therefore, Oversight will assume January 2022 and February 2022 will be the impacted pay months from the bill. Therefore, **Oversight** will reflect a salary payment at \$15/Hr. for eligible FTEs, for only two months, to assure retroactive payments of salaries to January 1, 2022 in FY 2023.

Oversight notes the MVC indicated that the employee salaries are being compensated from the Home Fund (0460) and any additional increases stemming from the proposal will have to be supplemented through the General Revenue Fund. Therefore, **Oversight** will reflect a footnote that General Revenue may needed to supplement the Veterans Homes Fund and/or the Veterans Capital Improvement Trust Fund in order for MVC to be able to pay its employees up to \$15.00/Hr., and necessarily deal with the salary compression differences.

Oversight will note the estimated amounts in the Table 1 could be less, or could exceed the above estimated amounts due to an adjustment as the increase, or decrease in the general price level as measured by the Consumer Price Index for All Urban Consumers (CPI-U).

Officials from the **Office of Administration (OA)** assume the retroactive pay could be potentially deemed unconstitutional. Therefore, **Oversight** will range the impact from \$0 (the retroactive payment is potentially unconstitutional) to the estimated impact for FY 2023 in Table 1 for the months of January 2022 and February 2022 (months not accounted for in HB 3014).

Table 1.

FY 2023 - 2 Months of Benefits - Retroactive Pay	
\$15/Hr. for all FTEs w/o FB	\$15/Hr. Salary + FB
\$ 139,429.82	\$ 186,808.07
\$ 29,016.50	\$ 38,876.31
\$ 168,446.32	\$ 225,684

Officials from the **Department of Labor and Industrial Relations, Department of Public Safety – State Emergency Management Agency, Department of Health and Senior Services, City of Kansas City, City of Springfield, City of Saint Louis – Budget Division, Office of Administration,** and the **University of Missouri System** each assume the proposal will have no fiscal impact on their organizations. **Oversight** does not have any information to the contrary. Therefore, **Oversight** will reflect a zero impact for above organizations in the fiscal note.

Oversight notes the proposal institutes a cap of pay at \$22 per hour for these positions. Oversight has not reflected a cost for DPS-MVC increasing the pay of those employees within the range of \$15 - \$22 per hour.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (18 Mo.)	FY 2024	FY 2025
VETERANS HOMES FUND			
<u>Cost – DPS – MVC - Salary to comply with Section 42.137 (\$15 , 2 months of retroactive pay) (p.4-5)</u>	\$0 or Could Exceed <u>(\$225,684)</u>	<u>\$0</u>	<u>\$0</u>
NET ESTIMATED EFFECT ON THE VETERANS HOMES FUND	\$0 or Could Exceed <u>(\$225,684)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<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 act provides that state employees in support care assistance positions for Missouri veterans' homes shall receive a wage in the amount of at least \$15 per hour and no more than \$22 per hour. The wage shall be effective on January 1, 2022, with an annual increase or decrease based on inflation every following year.

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

- Office of Administration
- Department of Public Safety – Missouri Veterans Commission
- Department of Labor and Industrial Relations
- Department of Public Safety – State Emergency Management Agency

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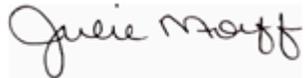
Department of Health and Senior Services

City of Kansas City

City of Springfield

City of Saint Louis – Budget Division

University of Missouri System



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March 1, 2022



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March 1, 2022