

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4855S.02C
Bill No.: SCS for HB 2090
Subject: Office of Administration; State Employees
Type: Original
Date: April 27, 2022

Bill Summary: This proposal modifies provisions relating to the Office of Administration.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue Fund*	\$5,489 or (\$138,151)	\$5,489	\$5,489
Total Estimated Net Effect on General Revenue	\$5,489 or (\$138,151)	\$5,489	\$5,489

*This amount (\$143,640) reflects programming to include the change into the current SAM II accounting system. ITSD notes that there is a current effort underway to replace the SAM II system, with two week payrolls likely to be included in the new system. If the proposed changes can be delayed until the replacement system is implemented, there would be no fiscal impact for this fiscal note. Oversight notes this change from semimonthly installments to biweekly installments is “as designated by the Commissioner of Administration.” Therefore, Oversight has ranged the fiscal impact from \$0 (such designation change is not implemented within the current SAM II system) to the estimated ITSD costs to make the change immediately.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

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

Due to time constraints, **Oversight** was unable to receive some agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

Section 33.100 – Once every two week Pay Periods

Officials from the **Office of Administration** state if the bill passed, it would be difficult to implement currently in SAM II-HR due to programming of the payroll system. However, implementing a bi-weekly pay schedule in the future ERP is more feasible. It is expected to be in place in 2024-2025. If the bill was to pass with “bi-weekly” as an added possibility for frequency for State employees to be paid there would not be a cost in terms of actual payroll. The salaries would be calculated by dividing by 26 pay periods versus 24 pay periods.

Oversight notes in a similar proposal from last year (HB 407), officials from the **Office of Administration - Information Technology Services Division (ITSD)** assumed the proposed legislation would require state employees to be paid every 14 days. Currently, employees are paid on the 15th of the month and the last day of the month, with adjustment for weekend and holidays. The change would require modifications to SAM II. This effort would be a major undertaking in the SAM II system requiring changes to many projects and systems. ITSD would likely see impacts to data and reports along with other errors occur after implementation until all the changes mature because of the complex program interaction and ability to test all possible scenarios that could occur.

ITSD estimated a cost of \$143,640 to the General Revenue Fund. The estimate assumes work for project management coding and testing the changes. The business staff would need to be heavily involved in the analysis and requirements gathering as well as the testing. ITSD has not accounted for Business staff hours in this estimate.

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 project management coding and testing the changes needed for SAM II. ITSD estimated the project would take 1,512 hours at a contract rate of \$95 for a total cost of \$143,640. Oversight notes that an average salary for a current IT Specialist within ITSD is approximately \$54,641, which totals roughly \$85,000 per year when fringe benefits are added. Assuming that all ITSD resources are at full capacity, Oversight assumes ITSD may (instead of contracting out the programming) hire an additional IT Specialist to perform the work required from this bill; however, for fiscal note purposes, Oversight will reflect the ITSD estimated cost of \$143,640 in FY 2023. However, as

the bill states, the choice between biweekly, semimonthly, or monthly installments is “as designated by the Commissioner of Administration.” Therefore, Oversight will range the cost from \$0 (OA Commissioner decides not to shift to biweekly pay installments, or a cost to include upgrading the current SAM II system.

ITSD notes that there is a current effort underway to replace the SAM II system, with two week payrolls likely to be included in the new system. If the proposed changes can be delayed until the replacement system is implemented, (estimated to be 3-5 years) there would be no fiscal impact for this fiscal note.

Officials from the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education and Workforce Development**, the **Department of Natural Resources**, the **Department of Corrections**, the **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 Veterans Commission)**, the **Department of Social Services**, the **Office of the Governor**, the **Missouri Lottery Commission**, the **Missouri Consolidated Health Care Plan**, the **Department of Agriculture**, the **Missouri Department of Conservation**, the **Missouri Ethics Commission**, the **Missouri House of Representatives**, the **Office of Prosecution Services**, the **Office of the State Courts Administrator**, the **Office of the State Auditor**, the **Missouri Senate**, the **Office of the Secretary of State**, the **Office of the State Public Defender**, the **Office of the State Treasurer** and the **State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organizations. 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 the **Department of Commerce and Insurance**, the **Department of Health and Senior Services** and the **Department of Mental Health** defer to the Office of Administration for the potential fiscal impact of this proposal.

SEQ CHAPTER \h \r 1SEQ CHAPTER \h \r 1

Sections 36.020 - 288.220 – Personnel Advisory Board

In response to a similar proposal from this year (SB 996), officials from the **Office of Administration (OA)** stated the non-State employee members of the Personnel Advisory Board (PAB) received per diem payments of \$6,120, \$5,040, and \$5,307.84 in FY2019, FY2020, and FY2021, respectively. The elimination of the PAB will eliminate these payments and therefore have a positive fiscal impact of \$5,489 (the average of those three figures) annually.

Additionally, while this proposal does not eliminate any FTE, this legislation would obviate the need for numerous team members to spend hours preparing for and attending monthly PAB meetings.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect an annual savings to the General Revenue Fund of \$5,489.

In response to a similar proposal from this year (SB 996), officials from the **Attorney General's Office**, the **Department of Commerce and Insurance**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education and Workforce Development**, the **Department of Health and Senior Services**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **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 Veterans Commission)**, the **Department of Social Services**, the **Office of the Governor**, the **Joint Committee on Public Employee Retirement**, the **Missouri Lottery Commission**, the **Missouri Consolidated Health Care Plan**, the **Department of Agriculture**, the **Missouri Department of Conservation**, the **Missouri Ethics Commission**, the **Missouri House of Representatives**, the **Department of Transportation**, the **Office of Prosecution Services**, the **Office of Administration (Administrative Hearing Commission and Budget and Planning)**, the **Office of the State Courts Administrator**, the **Office of the State Auditor**, the **Missouri Senate** the **Office of the State Public Defender**, the **Office of the State Treasurer** and the **State Tax Commission** each assumed the proposal will have no fiscal impact on their respective organizations for this proposal.

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

In response to a similar proposal from this year (SB 996), officials from the **Department of Mental Health** deferred to the Office of Administration for the potential fiscal impact of this proposal.

Rule Promulgation

In response to a similar proposal from this year (SB 996), officials from the **Joint Committee on Administrative Rules** assumed this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to a similar proposal from this year (SB 996), officials from the **Office of the Secretary of State (SOS)** noted many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and

does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with its core budget. Therefore, the SOS reserves 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.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE			
<u>Cost Avoidance</u> – OA (p. 5) Elimination of the Personnel Advisory Board §§36.020 - 288.220	\$5,489	\$5,489	\$5,489
<u>Cost</u> - OA – ITSD §33.100 (p. 3) Coding to move to payroll once every two weeks	\$0 or (\$143,640)	\$0	\$0
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$5,489 or</u> <u>(\$138,151)</u>	<u>\$5,489</u>	<u>\$5,489</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.

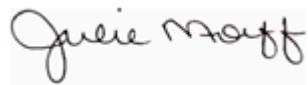
FISCAL DESCRIPTION

This bill requires that the pay period for all state employees shall not exceed 14 days unless otherwise provided for under law.

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 Commerce and Insurance
Department of Economic Development
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 Public Safety
Department of Social Services
Office of the Governor
Joint Committee on Public Employee Retirement
Joint Committee on Administrative Rules
Missouri Lottery Commission
Legislative Research
Oversight Division
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Ethics Commission
Missouri House of Representatives
Office of the Lieutenant Governor
Missouri Office of Prosecution Services
Office of Administration
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
State Tax Commission



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