

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0051S.01I
 Bill No.: SB 324
 Subject: Nursing Homes and Long-Term Care Facilities; Salaries; State Employees;
 Veterans
 Type: Original
 Date: February 28, 2023

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 2024	FY 2025	FY 2026
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

*Oversight notes the Department of Public Safety – Missouri Veterans Commission assumes General Revenue funding will be needed to supplement the Veterans Homes Fund for the pay increases at the lower level (\$15 per hour minimum salary) and continues with CPI adjustment. However, for simplicity, Oversight will reflect the additional expense from the Veterans Homes Fund.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Veterans Homes Fund (0460)*	\$0	\$0 or \$ Up to (\$1,083,130)	\$0 or \$ Up to (\$2,448,694)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0 or \$ Up to (\$1,083,130)	\$0 or \$ Up to (\$2,448,694)

*Oversight is reflecting the additional pay for Department of Public Safety - Missouri Veterans Commission employees for required CPI adjustments beginning FY 2025.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
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 2024	FY 2025	FY 2026
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

This proposal will not have a fiscal impact on MVC for FY24 due to their personnel in the positions addressed by this bill are already above the minimum required. However, in January 2025, the mandatory increase equal to the CPI will have a significant fiscal impact on MVC.

Oversight notes the DPS-MVC assumes the need for additional money because of the CPI adjustment and need to address fringe benefits, compression increases, and support care salary increases in FY 2025 and FY 2026.

Oversight notes the MVC provided additional information regarding the proposal, specifically, the wage adjustment annually on January 1, 2025, and on January first of successive years, by the same percentage 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 officials from the DPS-MVC provided additional information to address the impact of the proposal after the passage of HB 14 (2023) as follows:

Oversight notes the DPS – MVC stated, via e-mail, that currently all employees make at least the minimum \$15 an hour. However, the compression challenge and the CPI increases will need to be address through the regular budgetary process each year after FY 2024.

Oversight notes the DPS – MVC, in response to the similar proposal SB 941 – 2022, provided projected totals for employee and salary to successfully comply with the proposal. The DPS-MVC indicated that they had a 629.48 Support Care Assistants at \$15/Hr., and 131 Senior Support Care Assistants at \$22/Hr. who would be directly impacted by the proposal.

Oversight notes, per additional e-mails with MVC, the Department currently 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.

Oversight notes the DPS-MVC assume it would need at minimum \$1,083,130 in FY 2025 (6 month, as per proposal starting January 1, 2025) and \$2,448,694 in FY 26 (full year) respectively to comply with the proposal.

Oversight notes the DPS-MVC total expenditure estimate include salary, compression, and corresponding fringe benefit increases for the Support Care Assistant and Senior Support Care Assistant group of employees.

Oversight show below the corresponding salary increase expenditure, taking in consideration the total workforce and salary for each of the category workers affected by the proposal, and the expenditure for salary adjustments to comply with the proposal.

Position	Total Employee	Salary per each	Total Salary Expense	FY 24	FY 25	FY 26
Support Care Assistant	629.48	\$ 31,200	\$19,639,776	\$392,796	\$ 400,651	\$ 408,664
Senior Support Care Asst.	131	\$ 45,760	\$5,994,560	\$119,891	\$122,289	\$124,735
CPI adjusted Salary Total				\$512,687	\$522,940	\$533,399

Submitted in response to the SB 941-2022 by DPS

Calculation of current need to comply with the proposal:

Position	Total Employee	Salary per each	Total Salary Expense	FY 24	FY 25	FY 26
Support Care Assistant	629.48	\$31,200	\$21,348,437	\$426,969	\$435,508	\$444,218
Senior Support Care Asst.	131	\$49,741	\$6,516,087	\$130,322	\$132,928	\$135,587
CPI adjusted Salary Total				\$557,290	\$568,436	\$579,805

Total Salary Expense adjusted by 8.7% and 2% CPI thereafter to comply with the proposal

Oversight notes the MVC calculations of additional needed expenditure to comply with the proposal is plausible.

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, and CPI adjustment beginning FY 2025.

<u>FISCAL IMPACT – State Government</u>	FY 2024	FY 2025 (6 Mo.)	FY 2026
VETERANS HOMES FUND			
<u>Cost – DPS – MVC - Salary to comply with Section 42.137 (CPI adjustments, and compression issues) p.3,4</u>	\$0	\$0 or Up to (\$1,083,130)	\$0 or Up to (\$2,448,694)
NET ESTIMATED EFFECT ON THE VETERANS HOMES FUND	\$0	\$0 or Up to (\$1,083,130)	\$0 or Up to (\$2,448,694)
<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	\$0	\$0	\$0

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

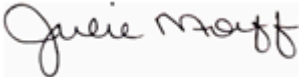
FISCAL DESCRIPTION

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. An employee receiving a wage greater than \$22 per hour before January 1, 2024, shall be entitled to that wage on and after January 1, 2024. The wage is effective on January 1, 2024, with an annual adjustment 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

Department of Public Safety – Missouri Veterans Commission



Julie Morff
Director
February 28, 2023



Ross Strobe
Assistant Director
February 28, 2023