

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1809S.01I
Bill No.: SB 476
Subject: State Departments; Political Subdivisions; Department of Labor and Industrial Relations
Type: Original
Date: April 17, 2023

Bill Summary: This proposal creates new provisions relating to public employment.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue Fund*	Up to (\$434,830)	Up to (\$519,714)	Up to (\$527,371)
Total Estimated Net Effect on General Revenue	Up to (\$434,830)	Up to (\$519,714)	Up to (\$527,371)

*Oversight notes the cost is associated with the possibility of an influx of litigation and DOLIR's need for a range of 0 (no complaints arise due to the proposal) or up to 4 FTE (the DOLIR experience influx of complaints due the proposal), and OA's 0 (no complaints arise due to the proposal) or 1 FTE (the OA must litigate cases due the proposal - Legal Counsel at \$85,000 annually)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
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 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
General Revenue Fund	0 or 5 FTE	0 or 5 FTE	0 or 5 FTE
Total Estimated Net Effect on FTE	0 or 5 FTE	0 or 5 FTE	0 or 5 FTE

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	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration (OA)** note:

Subsection 5 of this bill allows applicants who are denied a position “solely” because of the lack of a postsecondary degree to appeal the hiring decision to the Labor and Industrial Relations Commission (LIRC). OA assumes a hearing process will be necessary for the LIRC to make a determination about whether lack of a degree was the sole factor, and that OA, as an employer, will be represented by legal counsel for such hearings. It is unknown how many appeals/hearings might result from this bill; however, OA assumes the amount could be significant. OA also assumes that legal counsel may be involved in reviewing job posting to ensure compliance with the requirements of this bill, at least initially. Therefore, OA believes it will need 1 additional FTE legal counsel as a result of this bill. The estimated fiscal impact of this bill is \$65,000 to \$85,000 (not including fringe benefits).

Oversight notes that OA assumes the proposal will have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will range the impact from 0 (few additional complaints arise due to the proposal) or up to 1 FTE (Legal Counsel at \$85,000 annually) in the fiscal note.

Officials from the **Missouri Department of Agriculture (MDA)** defer to the OA for the potential fiscal impact of this proposal.

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume the proposed legislation creates a new category of appeals to the Labor and Industrial Relations Commission (Commission). It also creates new enforcement responsibilities for the Commission. Depending on the increased volume of appeals, additional clerical and/or legal staffing may be required. A larger caseload would require additional FTEs and result in additional costs.

Assuming appeals or reports will be filed from 2% of the announced 7,000 state job openings (140) and from at least one job opening from 183 political subdivisions, which represents 5% of Missouri’s approximately 3,650 political subdivisions.

The Office of General Counsel (OGC) estimates that 1 additional General Counsel may be needed to address appeals.

The positions to appropriately comply with the proposal includes 4 FTE. A Clerk, an Investigator, an Attorney, & a General Counsel. The General Counsel would be for the Director’s Office and the other 3 as part of LIRC. The 4 FTE would be due to the proposal creating a new category of appeals to the Commission. Increased duties from the proposed legislation is unknown and cannot be estimated, DOLIR assumes 0 up to 1 per each possible position necessary to handle an increased workload.

Oversight notes the officials from the DOLIR assume the proposal will have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a range from the DOLIR's estimated need for additional FTE from \$0 (the proposal would not create substantial amount of new appeals) to 4 additional FTE (the proposal creates substantial amount of new appeals) impact in the fiscal note.

Officials from the **Department of Public Safety – Director's Office** defer to the DOLIR for the potential fiscal impact of this proposal.

Officials from 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 Mental Health**, 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 Administrative Rules**, 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 Public Defender**, the **Office of the State Treasurer**, the **University of Missouri System**, 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 organization. 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 **University of Central Missouri** assume the proposal will have an indeterminate impact on their respective organization but did not provide any additional information regarding the impact.

Officials from the **City of Kansas City** assume the legislation could have a negative fiscal impact on Kansas City in an indeterminate amount if it exposes the City to a potential liability.

Officials from the **City of Springfield** note:

The City of Springfield anticipates a negative fiscal impact from this bill of approximately \$14,000. If approved, the bill would result in the City having to do a full review of all job descriptions to determine compliance with the new parameters and raise the possibility of dealing with the cost of an appeals process, should one be filed.

Officials from the **City of O'Fallon** assume the proposal will have no fiscal impact on their organization.

Oversight notes City of Kansas City and the City of Springfield both assume the proposal will have a potential direct impact on their organizations.

Oversight notes Section 105.1600 1 (6) defines “public employer” as political subdivision, in addition to any State of Missouri entity.

Oversight notes the proposal also defines specific steps that must be taken to properly assess the hiring process of new perspective employees. Therefore, Oversight will note an Unknown negative impact to political subdivisions, as the entities adjust the hiring process to comply with the provisions and experience potential litigation due to non-compliance, in the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE			
<u>Costs – OA- Section 105.1600 5. P. 3</u>	\$0 or	\$0 or	\$0 or
Personnel Service	Up to (\$70,833)	Up to (\$70,833)	Up to (\$70,833)
Fringe Benefits	Up to (\$39,488)	Up to (\$133,554)	Up to (\$48,026)
Expense & Equipment	(Unknown)	(Unknown)	(Unknown)
<u>Total Costs</u>	Could Exceed (\$110,321)	Could Exceed (\$133,554)	Could Exceed (\$134,735)
FTE Change	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
<u>Costs – DOLIR - Section 105.1600 5</u>	\$0 or	\$0 or	\$0 or
Personnel Service	(\$192,530)	(\$235,657)	(\$240,370)
Fringe Benefits	(\$123,979)	(\$150,530)	(\$152,266)
Expense & Equipment	(\$8,000)	(\$0)	(\$0)
<u>Total Costs –DOLIR (p.3)</u>	(\$324,509)	(\$386,160)	(\$392,636)
FTE Change	0 or up to 4 FTE	0 or up to 4 FTE	0 or up to 4 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	Up to (\$434,830)	Up to (\$519,714)	Up to (\$527,371)
Estimated Net FTE Change on General Revenue	0 up to 5 FTE	0 up to 5 FTE	0 up to 5 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
LOCAL POLITICAL SUBDIVISIONS			
Cost – Section 105.1600 1 (6) &2 (1) to (3)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISION	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</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 creates new provisions governing public employment. In the course of hiring considerations, as defined in the act, the act prohibits public employers from denying consideration to any applicant based solely on the applicant lacking a post-secondary degree. A public employer may include prior direct experience and particular certifications and courses as baseline requirements but may not include a postsecondary degree as a baseline requirement.

Certain exemptions are allowed in the case of positions for which a clear demonstration is made that the duties of the position require a postsecondary degree. Moreover, a postsecondary degree may only be included in a baseline requirement for a position as an alternative to a specific number of years of direct experience, as described in the act.

This act is enforced by the Department of Labor and Industrial Relations and all complaints and appeals shall be made to the Labor and Industrial Relations Commission.

This act does not apply to appointments made and positions filled by elected officials.

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 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 Labor and Industrial Relations

Department of Revenue

Department of Public Safety

 Office of the Director

 Division of Alcohol and Tobacco Control

 Capitol Police

 Fire Safety

 Missouri Gaming Commission

 Missouri Highway Patrol

 Missouri National Guard

 State Emergency Management Agency

 Missouri Veterans Commission

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 Consolidated Health Care Plan

Missouri Department of Agriculture

Missouri Department of Conservation

Missouri Ethics Commission

Missouri House of Representatives

Office of the Lieutenant Governor

Missouri Department of Transportation

Missouri State Employee's Retirement System

MoDOT & Patrol Employees' Retirement System

Missouri Office of Prosecution Services

Office of Administration

 Administrative Hearing Commission

 Budget and Planning

 Facilities Management, Design and Construction

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

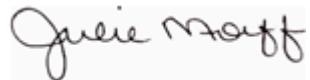
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State Tax Commission
City of Kansas City
City of Springfield
City of O'Fallon
University of Central Missouri



Julie Morff
Director
April 17, 2023



Ross Strope
Assistant Director
April 17, 2023