

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0040-01
Bill No.: Perfected SB 165
Subject: Administration, Office of; Boards, Commissions, Committees, Councils; Business & Commerce; Minorities
Type: Original
Date: April 1, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(\$360)	(\$369)	(\$378)
Total Estimated Net Effect on General Revenue Fund	(\$360)	(\$369)	(\$378)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **City of St. Louis** did not respond to our fiscal impact request.

Officials from the **Missouri Senate** and the **Bi-State Development Agency** did not respond to our fiscal impact request. However, in response to a similar proposal from the current session, officials assumed the proposal would have no fiscal impact on their agencies.

Officials from the **Office of the Governor, Missouri House of Representatives, Office of Administration – Division of Budget and Planning, Department of Revenue, Department of Economic Development, Department of Natural Resources** and **St. Louis County** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Office of Administration – Division of Purchasing and Materials Management** assume this proposal would not have an initial impact on their Division but note if the recommendations made by the Commission include establishing, modifying or deleting procurement policies, programs and procedures there could be an impact.

Officials from the **Department of Transportation (MoDOT)** state the Disadvantaged Business Enterprise program (DBE), or one that meets the requirements of 49 CFR Part 26, is the only

ASSUMPTION (continued)

program that can be used on federally funded construction and consultant contracts. Any attempt to modify the existing DBE program or the goals would endanger federal funding. MoDOT states since the disparity study of 1997 did not include MoDOT products or services, any goals or guidelines based on the study cannot be used in relation to MoDOT activity because there is no evidence of a compelling interest or a disparity. MoDOT notes therefore, if the Missouri Minority Business Advocacy Commission creates guidelines, goals, or programs based on the disparity study of 1997 and MoDOT is required to operate within those guidelines instead of within the guidelines of the existing DBE Program, MoDOT will be at risk for losing all federal aid funding, currently estimated at \$700 million. This is based on the fact that the United States Department of Transportation has informed MoDOT that any attempt to impose state or local quotas by race or other discriminatory factors on federal aid contracts will result in a potential loss of all federal aid funding for transportation.

MoDOT states if the Missouri Minority Business Advocacy Commission does not require MoDOT to modify our existing DBE program or place other guidelines on MoDOT, there may be negligible to no additional impact. Therefore, MoDOT estimates the impact of this proposal to be \$0 to a loss of \$700 million.

Oversight assumes any loss of federal aid funding related to imposing state or local quotas by race or other discriminatory factors on federal aid contracts is speculative and therefore assigns no fiscal impact to state government.

Officials from the **Office of Administration – Deputy Commissioner’s Office (OA)** assume the proposal would require their agency to provide on-going support staff and funding for the Missouri Minority Business Advocacy Commission (MMBAC). OA assumes they would hire a full-time Senior Office Support Assistant to provide clerical assistance to the Commissioners. OA assumes costs including salary, related fringe benefits, expense and equipment, Commission travel and per diem expenses to be approximately \$42,000 annually.

Oversight inquired of the Department of Economic Development (DED), the current provider of administrative support for the MMBAC, and learned that the MMBAC has been relatively inactive for approximately two to three years. The DED stated there has been little to no support provided to the MMBAC nor expenses paid on their behalf.

Oversight reviewed the mission of the Office of Administration’s Office of Equal Opportunity and found their Supplier Diversity Program to be closely aligned with the MMBAC. **Oversight** assumes the provisions of the proposal will not directly increase the level of output produced by

the MMBAC. Therefore, **Oversight** assumes the Office of Administration can absorb any
ASSUMPTION (continued)

additional impact resulting from passage of this proposal. **Oversight** further assumes OA could request additional funds through the appropriations process if/when the activity level of the MMBAC dictates such need.

Oversight notes the proposal repeals the current \$35 per diem, for members appointed by the Governor, and replaces it with an unestablished amount. **Oversight** assumes the cost related to paying per diems could increase to \$50. **Oversight** assumes the members would meet four (4) times per year for two (2) days per meeting, in Jefferson City. **Oversight** assumes the per diem cost increase for the three (3) members, appointed by the Governor would be (3x\$15x4x2) \$360 annually.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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GENERAL REVENUE

Costs – OA

Increase in Per Diem for Members of the
Missouri Minority Business Advocacy
Commission

<u>(\$360)</u>	<u>(\$369)</u>	<u>(\$378)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

KLR:LR:OD (12/02)

DESCRIPTION

This proposal increases the number of members of the Missouri Minority Business Advocacy Commission from nine to 11. The new members shall include one representative of labor and one representative of a non-minority business to serve on the commission. The proposal also redefines members appointed by the Speaker of the House and the President Pro Tem be minority members.

This proposal removes language granting sole authority to the Office of Administration and the Department of Economic Development in developing a financial plan and implements new language allowing them to assist the Commission in the development of a financial plan. Such plan shall be in consultation with the state disparity study of 1997 and as amended. Such plan shall be submitted to the governor and general assembly by July 2006, and biennially thereafter.

In current law, per diem for commission members, appointed by the Governor is set at \$35. This proposal does not set a per diem; however, both current law and this proposal provide reimbursement for actual and necessary expenses. This proposal also states the Office of Administration will provide administrative support to the commission instead of the Department of Economic Development.

This proposal moves the authority of the commission from Chapter 33, RSMo, State Financial Administration, to Chapter 37 RSMo, Office of Administration.

This proposal 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 the Governor
Missouri House of Representatives
Office of Administration

- Division of Budget and Planning
- Division of Purchasing and Materials Management
- Deputy Commissioner's Office

Department of Revenue
Department of Economic Development
Department of Natural Resources

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Department of Transportation
St. Louis County

NOT RESPONDING
Missouri Senate
Bi-State Development Agency
City of St. Louis

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director

April 1, 2003