COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0390-01
Bill No.: SB 132
Subject: State Employees; Administration, Office of
Type: Original
Date: January 3, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	$0 or ($58,485)	$0 or ($72,062)	$0 or ($73,992)
Total Estimated Net Effect on General Revenue Fund	**$0 or ($58,485)**	**$0 or ($72,062)**	**$0 or ($73,992)**

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 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on All 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 **Office of Administration – Division of Accounting (COA)** state the language in this proposal imposes an additional administrative burden on the plan administrator to conduct additional enrollments, change the official plan documents and their instructions to employees and agencies. Reprogramming costs would also be incurred to increase available options in the plan for four additional vendors that would qualify. COA assumes the effective date requires mid-year special enrollment period and conversion of from payroll deductions to cafeteria plan deductions to cafeteria plan reductions. COA assumes ongoing maintenance costs will be increased to process employee terminations - refunds and adjustments to taxable income. COA assumes they will need 3 additional FTE (2 Central Accounting Technicians and 1 Accountant II) and programming/maintenance costs totaling approximately $138,000 annually. COA also assumes the proposal would result in additional work for all personnel/payroll officers who would have to enroll the participants of these plans in the Cafeteria Plan.

Oversight assumes:

(1) A mid-year special enrollment period and conversion would not be needed;

ASSUMPTION (continued)

(2) The Office of Administration could implement the proposal with one additional FTE and existing resources; and

(3) Additional duties, related to the proposal, imposed on various state agencies' personnel offices could be absorbed.

Oversight notes the portion of the proposal that could generate a fiscal impact contains permissive language and therefore has reflected the fiscal impact to be zero or ($74,000).

FISCAL IMPACT - State Government	FY 2004 (10 Mo.)	FY 2005	FY 2006
GENERAL REVENUE			
Costs – Additional Duties (COA)			
Salaries (1 FTE)	($26,804)	($32,969)	($33,793)
Fringe Benefits	($10,848)	($13,343)	($13,676)
Expense (Programming/Maintenance)	($20,833)	($25,750)	($26,523)
Total Costs	($58,485)	($72,062)	($73,992)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	**$0 or ($58,485)**	**$0 or ($72,062)**	**$0 or ($73,992)**

FISCAL IMPACT - Local Government	FY 2004 (10 Mo.)	FY 2005	FY 2006
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal revises the operation of the Cafeteria Plan for State employees. The proposal allows the Commissioner of Administration to include in the Cafeteria Plan, products from venders if: 1) the product is eligible under the United States Code; 2) the vendor is approved by the Office of Administration; and 3) the vendor is receiving at least $500,000 annually from State employees through voluntary payroll deductions.

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 Administration – Division of Accounting

Mickey Wilson

Mickey Wilson, CPA
Director

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