

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1166-22
Bill No.: HCS for SS 2 for SCS for SB 481
Subject: Transportation; Transportation Dept; Road and Highways
Type: Original
Date: May 6, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(Unknown greater than \$84,456)	(Unknown greater than \$168,912)	(Unknown greater than \$168,912)
Total Estimated Net Effect on General Revenue Fund*	(Unknown greater than \$84,456)	(Unknown greater than \$168,912)	(Unknown greater than \$168,912)

*Unknown could exceed \$100,000.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Highway Fund	Unknown greater than \$330,670	Unknown greater than \$396,804	Unknown greater than \$396,804
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown greater than \$330,670	Unknown greater than \$396,804	Unknown greater than \$396,804

*Unknown could exceed \$100,000

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 10 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 with the **Office of State Courts Administrator** and **Department of Revenue** assume this proposal would have no fiscal impact on their agencies.

21.795

This section proposes that the transportation Inspector General shall serve as the executive director of the Joint Committee on Transportation Oversight (JCTO) and includes other provisions for the JCTO.

Officials with **Department of Transportation (MoDOT)** assume this section could create an annual accountability report that MoDOT would submit to the JCTO and presentation of a prioritized plan for all modes of transportation. MoDOT notes there could be additional personnel needed to handle additional requests.

Oversight assumes MoDOT could absorb the additional workload with existing staff.

ASSUMPTION (continued)

226.030, 226.033

These sections include provisions for the state highways and transportation commission.

Officials with MoDOT assume this section has provisions for Commissioners for the Missouri Highways and Transportation Commission and could revise the Commissioners' duty dates.

No fiscal impact was noted by any responding agencies.

226.096

This section relates to the use of arbitration in MoDOT contract disputes.

MoDOT assumes this section could provide that any controversy or claim on a contract award for highway and bridge projects (probably even design contracts) are to be settled by arbitration. However, both parties at least have to agree to such alternative dispute resolution. MoDOT assumes this is likely to cost a substantial amount of money (Road Fund), but that amount is unknown.

Oversight assumes the potential unknown negative impact addressed by MoDOT is a possible secondary effect of the proposal, however, no direct fiscal impact was indicated.

226.192

This section of the proposal creates the office of transportation Inspector General.

Officials with the **Office of Administration (COA)- Division of Budget and Planning (BAP)** assume their agency could need additional staff and related expenses. Although the language does not order the Division to provide assistance, it allows the Inspector General to request assistance from the Division. Given the detailed nature of the Inspector General's assigned work, it is likely that any assistance requested from BAP would require a great deal of the staff's time to complete.

BAP further assumes this section of the proposal could cause considerable cost to General Revenue. While the bill does not specifically state what agency funds the Office of Inspector General, BAP assumes these costs would have to come from the General Revenue Fund. The Inspector General is assigned multiple duties, which could require a significant amount of staff

and related expenses for the office.

ASSUMPTION (continued)

Officials with MoDOT assume this section creates the Transportation Inspector General, allows for the Transportation Inspector General to hire necessary staff, states that all funding for the Transportation Inspector General and staff will come from appropriations other than funds derived from highway users fees and dedicated to the operation of Department of Transportation and states the duties and responsibilities of the Transportation Inspector General.

MoDOT assumes that there will be significant and on-going requests for information including reports and explanations of inquiries. Therefore, MoDOT assumes that one additional Senior Business Specialist could be needed to coordinate information requests/responses for the new Transportation Inspector General and to coordinate the additional information to be discussed by the Joint Committee on Transportation Oversight. The salary for this employee is \$44,628 with standard office equipment and expenses.

Oversight assumes that MoDOT could handle any additional requests for information with existing staff.

Oversight assumes this proposal could create a position of an independent Inspector General that would perform duties as assigned by the JCTO. **Oversight** further assumes that the activities of the Inspector General could include investigations, complaint and contract reviews. With information provided by BAP (for the Governor's Office) from a similar proposal, **Oversight** assumes the following cost could be associated with this proposal.

This position would become active on January 1, 2004.

Personal Service

Inspector General	\$86,868
Executive Secretary	\$33,380

Note: The Inspector General could request additional personnel appropriations depending on the scope of the new office.

FY 04-Cost (Six months)

Salaries	\$60,124
Fringe Benefits	\$24,332
Equipment and Expenses	<u>Unknown</u>
Total	(Unknown greater than \$84,456)

L.R. No. 1166-22
Bill No. HCS for SS 2 for SCS for SB 481
Page 5 of 10
May 6, 2003

ASSUMPTION (continued)

FY 05 and 06 (no growth assumed)

Salaries	(\$120,248)
Fringe Benefits	(\$48,664)
Equipment and Expenses	<u>(Unknown)</u>
Total	(Unknown greater than \$168,912)

226.194, 226.195, 226.194, 226.197, 226.198, 226.199

These sections address the subsequent duties of the Inspector General's office.

Section 1

This section eliminates any Inspector General position within MoDOT.

MoDOT assumes this section states their agency cannot employ anyone in a position to detect and prevent fraud, waste, and abuse in department programs and operation and to provide independent and objective assistance to help assure the department is operated in compliance with the constitution and laws of the United States and the state of Missouri. Recently, the employees performing auditing duties were combined with the Inspector General's Office and the Director of the Audit and Business Analysis' title was changed to the Inspector General. MoDOT feels that it is necessary to maintain an internal process to monitor itself. Therefore, MoDOT assumes that we will continue to employ the employees that work as internal auditors and that the title for the current Inspector General will be changed back to Director of Audit and Business Analysis. Additionally, without internal audits and investigations of grievances, federal funding of highway dollars from Federal Highway Administration will be at risk.

Oversight notes that MoDOT currently has an Inspector General and an Audit and Business Analysis section. Both sections currently have a director's position.

Oversight assumes this section of the proposal could remove the current Inspector General position within MoDOT. The savings are based on current salaries and benefits.

FY 04 (six months), 05 and 06

Senior Investigator	\$43,764
Special Assignments Liaison	\$48,216

Asst. Special Reviews Coordinator \$52,092
ASSUMPTION (continued)

Senior Investigator	\$41,304
Inspector General	<u>\$83,808</u>
Total Salaries	\$269,184
Benefits (47.41%)	\$127,620

FY 04 (six months)-Savings

Salaries	\$134,592
Fringe Benefits	\$63,810
Expense and Equipment	Unknown

FY 05 and 06-Savings

Salaries	\$269184
Fringe Benefits	\$127620
Expense and Equipment	Unknown

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

Cost- Inspector General's Office

Personal Service (2 FTE)	(Unknown greater than \$60,124)	(Unknown greater than \$120,248)	(Unknown greater than \$120,248)
Fringe Benefits	(Unknown greater than \$24,332)	(Unknown greater than \$48,664)	(Unknown greater than \$48,664)
Expense and Equipment	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>Total Cost- Inspector General's Office</u>	<u>(Unknown greater than \$84,456)</u>	<u>(Unknown greater than \$168,912)</u>	<u>(Unknown greater than \$168,912)</u>

NET ESTIMATED EFFECT ON GENERAL REVENUE	<u>(Unknown greater than \$84,456)</u>	<u>(Unknown greater than \$168,912)</u>	<u>(Unknown greater than \$168,912)</u>
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*Unknown cost is subject to appropriations and could exceed \$100,000.

HIGHWAY FUND

Savings- Department of Transportation

Salaries	\$224,320	\$269,184	\$269,184
Fringe Benefits	\$106,350	\$127,620	\$127,620
Expense and Equipment	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<u>Total Savings - MoDOT</u>	<u>Unknown</u> <u>greater than</u> <u>\$330,670</u>	<u>Unknown</u> <u>greater than</u> <u>\$396,804</u>	<u>Unknown</u> <u>greater than</u> <u>\$396,804</u>

NET ESTIMATED EFFECT ON HIGHWAY FUND	<u>Unknown greater than \$330,670</u>	<u>Unknown greater than \$396,804</u>	<u>Unknown greater than \$396,804</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal could create an Inspector General position to also serve as the Executive Director of the legislature's Joint Committee on Transportation Oversight.

This proposal has several provisions relating to the Highway and Transportation Commission.

This proposal has provisions relating to arbitration in MoDOT contracts.

This proposal could remove the Inspector General position currently with MoDOT.

L.R. No. 1166-22
Bill No. HCS for SS 2 for SCS for SB 481
Page 9 of 10
May 6, 2003

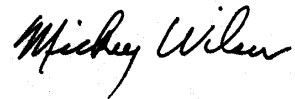
This legislation is not federally mandated and would not require capital improvements.

There could be additional rental space needed for an Inspector General's office.

L.R. No. 1166-22
Bill No. HCS for SS 2 for SCS for SB 481
Page 10 of 10
May 6, 2003

SOURCES OF INFORMATION

Office of State Courts Administrator
Department of Revenue
Department of Transportation
Office of Administration

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

Mickey Wilson, CPA
Director
May 6, 2003