

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0521S.01P
 Bill No.: Perfected SB 78
 Subject: Employees-Employers; State Departments; State Employees
 Type: Original
 Date: April 21, 2021

Bill Summary: This proposal modifies the process for hiring state employees.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|-------------------------------|------------|------------|
| FUND AFFECTED | FY 2022 | FY 2023 | FY 2024 |
| General Revenue Fund* | \$0 or (\$143,640) | \$0 | \$0 |
| Total Estimated Net Effect on General Revenue | \$0 or (\$143,640) | \$0 | \$0 |

*The change in state employee pay installments is designated by the Commissioner of Administration – Therefore, Oversight has ranged the fiscal impact from \$0 (biweekly option is not utilized) to the estimated cost provided by ITSD to implement the change to biweekly, The Office of Administration notes that if the proposed changes can be delayed until the replacement system for SAM II is implemented (estimated to be 3-5 years) there would be no fiscal impact for this change.

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2022 | FY 2023 | FY 2024 |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2022 | FY 2023 | FY 2024 |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2022 | FY 2023 | FY 2024 |
| | | | |
| 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 2022 | FY 2023 | FY 2024 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration** state this bill requires state agencies to offer an interview to any applicant who is member of the National Guard and is on the register of eligibles for a merit position or meets the minimum qualifications for a non-merit position.

To assist agencies in determining whether an applicant is a member of the National Guard, the new applicant system (HireTrue) would require changes to track this information electronically. OA-Personnel was unable to contact the vendor prior to completing this fiscal note to determine the exact cost for integrating this information. However, based on the pricing provided in the existing contract for specialized work of this nature (Project Assessment Quotation), OA-Personnel believes the cost for the vendor to perform this work would be less than \$10,000. The cost would only exceed \$10,000 if this took the vendor more than 70 hours to complete. Additional cost would result if an automated process to verify National Guard status is created between HireTrue and SAM II or a National Guard application.

Until HireTrue can be updated, this information would have to be obtained and tracked manually. OA-Personnel assumes that the hiring agency would be responsible for contacting the Adjutant General's Office to verify membership in the National Guard. OA-Personnel does not anticipate having any role in this process.

Based on currently available information, OA-Personnel estimates that the fiscal impact will be less than \$10,000 and anticipates being able to absorb these costs. However, until the FY22 budget is final, OA-Personnel cannot identify specific funding sources.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero (absorbable) impact in the fiscal note.

Officials from the **Attorney General's Office**, the **Department of Commerce and Insurance**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, 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 House**

of Representatives, the Department of Transportation, the Office of Administration (Administrative Hearing Commission and Budget and Planning), the Office of the State Courts Administrator, the Office of the State Auditor, the Missouri Senate, the Office of the Secretary of State, the Office of the State Public Defender, the Office of the State Treasurer and the State Tax Commission each assume the proposal will have no fiscal impact on their respective organizations for this proposal.

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.

Senate Amendment 1

Oversight assumes Senate Amendment 1 is clarifying language to the proposal and therefore will have no fiscal impact on state or local governments.

Senate Amendment 2

In response to a similar proposal from this year (SB 431), officials from the **Department of Public Safety - Missouri Gaming Commission (MGC)** stated section 313.004.10 forbids any former employee of the MGC during his or her employment “or during the first two years following termination” of his or her position from being employed by an excursion gambling boat or entering into a “contractual relationship related to direct gaming activity.” This bill exempts those individuals whose termination was either voluntary or “due to misconduct of such employee related to such employee’s direct regulatory authority related to excursion gambling boats.”

According to § 36.025, RSMo, employees of the MGC are considered employees at-will and “serve at the pleasure” of the commission and can be terminated for no cause. As such, there is no requirement for the MGC to inform an employee whether the termination was due to misconduct of the employee related to the employee’s direct regulatory authority related to excursion gambling boats. Therefore, there is no way to know whether or not the employee was terminated for cause, and thus whether or not that individual is violating the statute by accepting a job in the gaming industry within two years immediately following his or her departure from the MGC. Anyone who “knowingly violates” the statute is guilty of a class E felony. MGC is unsure of who determines whether the former employee’s termination was due to misconduct.

Oversight notes that although the legislation does not specifically state who determines whether the former employee’s termination was due to misconduct, Oversight assumes the proposal will have no fiscal impact on MGC. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency for this provision of the proposal.

In response to a similar proposal from this year (SB 431), officials from the **Attorney General’s Office, the Department of Corrections, the Department of Public Safety - Missouri Highway Patrol, the Office of the State Public Defender, the Missouri Office of Prosecution Services and the Office of the State Courts Administrator** each assumed the proposal will have no

fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Senate Amendment 1 to Senate Amendment 2

Oversight assumes Senate Amendment 1 to Senate Amendment 2 is clarifying language to Senate Amendment 2 and therefore will have no fiscal impact on state or local governments.

Senate Amendment 3

Oversight assumes Senate Amendment 3 expands this proposal from requiring state agencies to offer an interview to any applicant who is member of the National Guard to any active duty or reserve members of the Armed Forces (or veteran) and is on the register of eligibles for a merit position or meets the minimum qualifications for a non-merit position. Oversight assumes this expansion of the proposal would have no additional fiscal impact on the proposal.

Senate Amendment 4

In response to a similar proposal from this year (SB 316), officials from the **Office of Administration – Information Technology (ITSD)** stated the proposed legislation would require state employees to be paid every fourteen days. Currently, employees are paid on the 15th of the month and the last day of the month, with adjustment for weekends and holidays. The change would require modifications to the SAM II system, and require changes to related projects and systems. ITSD would likely see impact to data and reports, along with other errors that would occur after implementation, until all the changes mature because of complex program interaction and multiple possible scenarios that could occur.

Estimate assumes work for project management coding and testing the changes. The business staff would need to be heavily involved in the analysis and requirements gathering, as well as, the testing. ITSD has not accounted for business staff hours in this estimate. It is worth noting that there is a current effort underway to replace the SAM II system, with two week payrolls likely to be included in the new system. If the proposed changes can be delayed until the replacement system is implemented, estimated to be 3-5 years, there would be no fiscal impact for this fiscal note.

Oversight notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, ITSD assumes they will contract out the programming changes needed for SAMII. ITSD estimated the project would take 1,557 hours at a contract rate of \$95 for a total cost of \$143,640.

Oversight notes that an average salary for a current IT Specialist within ITSD is approximately \$54,641, which totals roughly \$85,000 per year when fringe benefits are added. Assuming that all ITSD resources are at full capacity, Oversight assumes ITSD may (instead of contracting out the programming) hire an additional IT Specialist to perform the work required from this bill; however, for fiscal note purposes, Oversight will reflect the ITSD estimated cost of \$0 or \$143,640 in FY 2022, as the change to biweekly is designated by the Commissioner of Administration.

In response to a similar proposal from this year (SB 316), officials from the **Attorney General's Office**, the **Department of Commerce and Insurance**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, , the **Department of Corrections**, 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)**, 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 Courts Administrator**, the **Office of the State Auditor**, the **Missouri Senate**, the **Office of the Secretary of State**, the **Office of the State Public Defender**, the **Office of the State Treasurer** and the **State Tax Commission** each assumed the proposal will have no fiscal impact on their respective organizations for this proposal.

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.

In response to a similar proposal from this year (SB 316), officials from the **Department of Commerce and Insurance**, the **Department of Health and Senior Services**, the **Department of Mental Health** and the **Department of Natural Resources** deferred to the Office of Administration for the potential fiscal impact of this proposal.

| <u>FISCAL IMPACT – State Government</u> | FY 2022 (10 Mo.) | FY 2023 | FY 2024 |
|---|--------------------------------------|-------------------|-------------------|
| GENERAL REVENUE FUND | | | |
| <u>Cost – ITSD Sam II Programming p. 5 (SA 4)</u> | <u>\$0 or (\$143,640)</u> | <u>\$0</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND | <u>\$0 or (\$143,640)</u> | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT – Local Government</u> | FY 2022 (10 Mo.) | FY 2023 | FY 2024 |
|---|---------------------|-------------------|-------------------|
| | | | |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

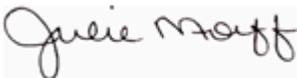
Current law requires the salaries of all elective and appointive officers and employees of the state shall be paid out of the state treasury, in semimonthly or monthly installments as designated by the commissioner of administration. This act allows salaries to additionally be paid out in biweekly installments.

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
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
Local Government Employees Retirement System
Missouri Consolidated Health Care Plan
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri House of Representatives
Office of the Lieutenant Governor
Missouri Department of Transportation
Missouri State Employee's Retirement System
MoDOT & Patrol Employees' Retirement System
Office of Administration - 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
Public Schools and Education Employee Retirement Systems
State Tax Commission



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