

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0391-01
Bill No.: HB 477
Subject: Education, Elementary and Secondary: Employees - Employers; Employment Security
Type: Original
Date: March 16, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	\$131,394	\$161,658	\$165,745
Total Estimated Net Effect on General Revenue Fund	\$131,394	\$161,658	\$165,745

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	Unknown - Expected to Exceed \$100,000	Unknown - Expected to Exceed \$100,000	Unknown - Expected to Exceed \$100,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume passage of this proposal would require zero increase in state cost and has the added benefit of reducing public school district facility construction costs significantly (potentially 15%-40%). A statewide survey of school district facility needs conducted in February 2000 found that the age of the facilities exceeded 30 years for 64% of the school buildings reported. 25% of the school buildings exceeded 50 years of age and 12% exceeded 70 years. This report estimated current building costs for required repairs, renovation, modernization and new construction to exceed \$4 billion. DESE assumes if the passage of this proposal reduced the school district facility cost by 15%, the cost savings could be \$600 million, spread over a number of years.

Officials from the **Department of Labor and Industrial Relations** indicated this proposal would have no fiscal impact on their agency. **Oversight** assumes that, based on a response from a similar proposal from this session (HB 607), DOLIR would have a savings in reduction of personnel for wage and hour investigations. According to DOLIR, approximately 30% of all prevailing wage complaints in the last fiscal year were regarding school related projects. DOLIR assumed if the proposal passes there should be a corresponding reduction of 30% of Wage & Hour Investigator FTE. Therefore the reductions shown are based on a 30% reduction of staff

ASSUMPTION (continued)

needed to address those complaints. Salaries are actual salaries. Office expenses are taken from FY06 OA Budget Guidelines. Telephone costs are actual. Travel is based on actual averages of \$200/month per investigator.

Officials from the **Saint Louis Public School District** stated this proposal would have no fiscal impact on their district.

Officials from the **Columbia School District** assume this proposal would significantly lower the cost of some maintenance projects.

Officials from the **Nixa School District** assume this proposal would save public school districts a significant amount of money over time.

Officials from the **Kansas City Missouri School District** indicated this proposal would reduce the cost of some public works projects.

Officials from the **Parkway and Mexico School Districts** did not respond to a request for fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
<u>Savings - DOLIR - Wage and Hour</u>			
Investigations			
Personal Services	\$86,951	\$106,949	\$109,623
Fringe Benefits	\$37,093	\$45,624	\$46,765
Expense	<u>\$7,350</u>	<u>\$9,085</u>	<u>\$9,357</u>
	\$131,394	\$161,658	\$165,745
ESTIMATED NET EFFECT ON			
GENERAL REVENUE	<u>\$131,394</u>	<u>\$161,658</u>	<u>\$165,745</u>

FISCAL IMPACT - Local Government

FY 2006
(10 Mo.)

FY 2007

FY 2008

SCHOOL DISTRICTS

Savings - Maintenance, renovation, and construction costs*

Unknown -
Expected to
Exceed
\$100,000

Unknown -
Expected to
Exceed
\$100,000

Unknown -
Expected to
Exceed
\$100,000

ESTIMATED NET EFFECT ON SCHOOL DISTRICTS*

Unknown -
Expected to
Exceed
\$100,000

Unknown -
Expected to
Exceed
\$100,000

Unknown -
Expected to
Exceed
\$100,000

FISCAL IMPACT - Small Business

Small businesses in the construction industry could be fiscally impacted as a result of this proposed legislation.

DESCRIPTION

Currently, workers employed on a public work project, except for maintenance workers, are to be paid a wage of no less than the prevailing hourly rate paid for similar work in the locality in which the work is to be performed. This proposal exempts work done on a school from the prevailing hourly wage rate requirement if the school board approves the exemption.

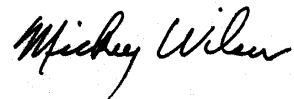
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Labor and Industrial Relations
School Districts
 Kansas City
 Saint Louis
 Columbia
 Nixa

NOT RESPONDING

School Districts
 Parkway
 Mexico



Mickey Wilson, CPA
Director
March 16, 2005