

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0726-01  
Bill No.: HB 607  
Subject: Education, Elementary and Secondary: Elementary and Secondary Education  
 Dept; Labor and Management  
Type: Original  
Date: March 16, 2005

**FISCAL SUMMARY**

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

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

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 4 pages.

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government*</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

**\*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 (DOLIR)** assume that under this proposed legislation, DOLIR - Division of Labor Standards (Division) will no longer address and investigate complaints on all school related prevailing wage projects, unless a school district notifies the Division that it has voted to include itself under the provisions of the law. However, there is no provision in the legislation to notify the Division if a district has voted to exempt.

Approximately 30% of all prevailing wage complaints in the last fiscal year were regarding school related projects. The Department assumes if the proposal passes there should be a corresponding reduction of 30% of Wage & Hour Investigator FTE. Therefore the reductions

ASSUMPTION (continued)

shown are based on a 30% reduction of staff 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** state this proposal would have no fiscal impact on their district.

Officials from the **Poplar Bluff, Columbia, Nixa, and the Kansas City School District** assume this proposal would have a very positive fiscal impact on schools.

Officials from the **Salisbury School District** did not respond to a request for fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>GENERAL REVENUE</b>			
<u>Savings</u> - DOLIR - Wage and Hour 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
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$131,394</u></b>	<b><u>\$161,658</u></b>	<b><u>\$165,745</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>SCHOOL DISTRICTS</b>			
<u>Savings</u> - Maintenance, renovation, and construction costs*			
	Unknown	Unknown	Unknown
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICTS*</b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>

\*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 proposed legislation exempts work done on a school from the prevailing hourly wage rate requirements, if the governing body of the school approves the exemption.

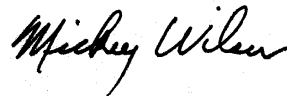
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

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

NOT RESPONDING

**Salisbury School District**



Mickey Wilson, CPA  
Director  
March 16, 2005