

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0177-02
Bill No.: HB 503
Subject: National Guard, State Employees
Type: Original
Date: February 9, 2009

Bill Summary: This proposal provides state officers and employees on military leave with compensation for the difference in pay between their military pay and their state pay.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Approximately \$1,399,198)	(Approximately \$1,679,037)	(Approximately \$1,679,037)
Total Estimated Net Effect on General Revenue Fund	(Approximately \$1,399,198)	(Approximately \$1,679,037)	(Approximately \$1,679,037)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Missouri Veterans Commission** assume the number of National Guard and Reservists who are currently deployed or could be deployed and are employed by the state, county, municipality, school district or other political subdivisions and all other public employees is 1,408. Additionally, it is estimated there are another 500 retired reservists that are eligible for deployment.

Officials at the **Department of Public Safety's Adjutant General Office/ Missouri National Guard** assume that there is no fiscal impact from this proposal.

Officials at the **Office of Administration** assume that as of today there are 281 state employees on military leave. The average state employee pay is \$32,513. The average base pay of the military is \$18,824. The average differential in the state pay and military pay is \$13,689.

Oversight found on the Department of Defense's website that the monthly housing allowance for a member of the military serving in Jefferson City, Missouri is \$671 month if the person has no dependents and \$820 if the person has dependents. For this fiscal note Oversight will use the \$671 monthly amount or \$8,052 a year.

Oversight has calculated the average military salary to include the additional housing allowance making the military pay \$26,876. Therefore the average differential in the state pay and military pay is \$5,637. Therefore the pay differential that the state would need to make up is \$1,583,997. In addition, military pay is not taxed and the state would lose the 6% tax rate for another loss of \$95,040.

Officials at the **Missouri Department of Conservation (MDC)** assume that this legislation could effect MDC funds as they have approximately eight employees in the military. However, none of these employees are currently on active duty. The exact amount of impact is unknown, but is expected to be less than \$100,000 annually.

Officials at the **Missouri Department of Transportation (MoDOT)** assume an unknown impact. MoDOT does not know how many employees are in the military and could be called to duty, also the department has no way of knowing those employees military pay.

Officials at the **Budget and Planning** defer to the Office of Administration Accounting Division for the specific estimate for employee benefits.

ASSUMPTION (continued)

Oversight assumes for the purpose of this fiscal note, that the pay differential would come out of general revenue funds. Oversight assumes that the number of employees called to military service is continuously changing and therefore has show the loss in salary and taxes as an approximate based on today's information on an annualized basis.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
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GENERAL REVENUE

<u>Cost</u> - additional employee pay	(Approximately \$1,319,998)	(Approximately \$1,583,997)	(Approximately \$1,583,997)
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<u>Cost</u> - lost taxes	(Approximately \$79,200)	(Approximately \$95,040)	(Approximately \$95,040)
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**ESTIMATED NET EFFECT ON
GENERAL REVENUE**

(Approximately <u>\$1,399,198</u>)	(Approximately <u>\$1,679,037</u>)	(Approximately <u>\$1,679,037</u>)
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<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<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

Provides state officers and employees on military leave with compensation for the difference in pay between their military pay and their state pay.

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

Missouri Department of Conservation
Missouri Veterans Commission
Missouri Department of Transportation
Office of Administration
Department of Public Safety's Adjutant General Office/Missouri National Guard

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

Mickey Wilson, CPA
Director
February 9, 2009