

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0849-01  
Bill No.: HB 349  
Subject: Employees- Employers; Labor and Industrial Relations Department; Labor and Management; Liability  
Type: Original  
Date: April 22, 2011

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Bill Summary: This proposal changes the laws regarding equal employment practices.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(Unknown up to \$5,000)	(Unknown up to \$5,000)	\$0
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown up to \$5,000)</b>	<b>(Unknown up to \$5,000)</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<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 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</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 FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Department of Labor and Industrial Relations (DOLIR)** assume this bill eliminates language that specifies “female” and “males” and seeks to ensure equal pay for equal work in the state of Missouri. It also requires all employers, including the state, to keep records and provide each employee with a written statement informing the employee of their job title, wage rate and how the wage is calculated. It requires employers to “preserve records and make reports from the records as shall be prescribed by Department of Labor and Industrial Relations.” It allows, but does not require, DOLIR to use the information and data to compile studies, reports, etc. It also requires the Director of DOLIR to appoint an “Equal Pay Commission.” That commission is required to create a report that is to be submitted to the Governor. There will be unknown fiscal impact due to the administrative costs associated with the creation and duties of the Equal Pay Commission. The DOLIR estimates the expenses will not exceed \$5,000 annually.

Officials at the **Office of Administration’s Division of Personnel** assume to our knowledge, Uniform Classification & Pay systems agencies comply with the Equal Pay Act and the proposed legislation. However, it is possible that somewhere, some employee may have a legitimate claim that could result in litigation and therefore incur a fiscal impact. It would be difficult with any accuracy to predict that type of event and develop cost estimates. As such, OA/DOP has not calculated a fiscal impact.

Officials at the **City of Raytown, Department of Economic Development, East Central College, Lincoln University, Linn State Technical College, Metropolitan Community College, Missouri Department of Conservation, Missouri Department of Transportation, Missouri Western State University, Northwest Missouri State University, St. Louis Community College** and the **University of Central Missouri** assume that there is no fiscal impact from this proposal.

Officials at the **University of Missouri** state they are unable to determine the fiscal impact of this proposal however, they believe it would have a significant financial liability for the University. It would place a large administrative burden which is duplicative of that already required under federal and other state laws.

Officials at the **St. Louis County** estimate this would cost \$10,000 annually based on production of records and staff time.

ASSUMPTION (continued)

Officials at the **City of Kansas City** assume a small negative impact from this proposal.

Officials at the **City of St. Robert** assume a unknown cost from this proposal.

Officials at the **Missouri State University** assume substantial costs are anticipated from this legislation due to the extra record keeping, reporting, annual notices to employees, etc. required by this legislation that might even create the need for a full time employee at some employers just to keep track of the compliance issues of this legislation, not to mention the efforts and time and money anticipated to be expended in research and compliance efforts to prevent legal costs and damages from suits that are encouraged in this legislation. Revenue losses can be expected in potential successful claims that might ensue as a result of court rulings encouraged by this legislation and the increased number of claims anticipated under the language of this proposed legislation.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
<b>GENERAL REVENUE</b>			
Cost - Dept of Labor & Industrial Relations Equal Pay Commission expenses	<u>(Unknown up to \$5,000)</u>	<u>(Unknown up to \$5,000)</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(Unknown up to \$5,000)</u></b>	<b><u>(Unknown up to \$5,000)</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill changes the laws regarding equal employment practices. In its main provisions, the bill:

- (1) Requires every employer upon an individual's employment and at least annually thereafter to provide a written statement informing the employee of his or her job title, wage rate, and how the wage rate was calculated. The employee notice is to be supplemented whenever the employee is promoted or reassigned;
- (2) Requires every employer to make and keep certain records regarding wages paid to employees and requires the Department of Labor and Industrial Relations to establish forms and procedures for employers to submit this information, protect the confidentiality of the acquired information, and compile and publish any reports it considers appropriate on the submitted information;
- (3) Requires the department director to appoint, within 90 days of the effective date of the bill, a nine-member Equal Pay Commission to study and identify wage disparities in the public and private sectors between men and women and minorities and non-minorities as well as the causes, consequences, and needed actions including proposed legislation to eliminate and prevent the

FISCAL DESCRIPTION (continued)

disparities. The commission's membership requirements are specified in the bill. The commission must report its findings and recommendations to the department director within 12 months of its formation who must transmit it to the Governor;

(4) Prohibits an employer from paying any employee a wage rate less than the rate paid to an employee of the opposite gender for equal work with certain specified exceptions. No employer may discharge or take any adverse action or otherwise discriminate against any individual because he or she opposed any unlawful act or practice or participated in an investigation, hearing, or other proceeding regarding the provisions of the bill. Any employer violating a provision regarding discharge or adverse action will be liable to the employee in the amount of all wages and benefits lost as a result of the retaliation as well as any damages awarded by the court. The court may also enjoin the employer from future violations and order additional steps as necessary. Remedies for any unlawful gender-based practice may also include the recovery of court costs and reasonable attorney fees; and

(5) Repeals the six-month statute of limitations for filing civil actions against an employer and requires an action to be commenced within two years after the alleged violation occurred or the date of the reasonable discovery of the violation.

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

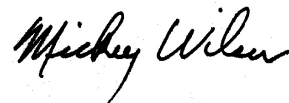
SOURCES OF INFORMATION

City of Kansas City  
City of Raytown  
City of St. Robert  
Department of Economic Development  
Department of Labor and Industrial Relations  
East Central College  
Lincoln University  
Linn State Technical College  
Metropolitan Community College  
Missouri Department of Conservation  
Missouri Department of Transportation  
Missouri State University  
Missouri Western State University  
Northwest Missouri State University

JH:LR:OD

SOURCES OF INFORMATION (continued)

Office of the Secretary of State  
St. Louis Community College  
St. Louis County  
University of Central Missouri  
University of Missouri

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, prominent 'M' and 'W'.

Mickey Wilson, CPA  
Director  
April 22, 2011