

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6411-01
Bill No.: HB 2155
Subject: State Employees; Transportation
Type: Original
Date: April 9, 2014

Bill Summary: This proposal establishes the state employee mileage reimbursement rate as 90% of the federal rate.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(\$1,368,930)	(\$1,368,930)	(\$1,368,930)
Total Estimated Net Effect on General Revenue Fund	(\$1,368,930)	(\$1,368,930)	(\$1,368,930)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Other State Funds	(\$426,200)	(\$426,200)	(\$426,200)
State Road Fund	(\$39,000 to \$92,000)	(\$39,000 to \$92,000)	(\$39,000 to \$92,000)
Conservation Fund	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Total Estimated Net Effect on Other State Funds	(Less than \$618,200)	(Less than \$618,200)	(Less than \$618,200)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 13 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Federal Funds	(\$1,043,764)	(\$1,043,764)	(\$1,043,764)
Total Estimated Net Effect on <u>All</u> Federal Funds	(\$1,043,764)	(\$1,043,764)	(\$1,043,764)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration's Division of General Services** assumes that the State of Missouri would continue to utilize a dual mileage reimbursement rate structure similar to the GSA structure. The GSA allows employees to claim the "full rate" if the privately owned vehicle is authorized or if a government owned vehicle is not available. A lower reimbursement rate is required if the employee elects to take their own vehicle when a government vehicle is available. The State of Missouri State Vehicular Travel Policy (SP-12) established a similar rate structure.

The current State of Missouri State Vehicular Travel Policy (SP-12) requires employees to utilize the lowest cost, available travel option based on a trip cost estimating calculator, the Trip Optimizer. If the employee elects to utilize their personal vehicle for business travel when a lower cost option is available they are limited to claim the lower "fleet rate" on their expense account.

The continuance of the lower reduced "fleet" rate is a critical component of the travel policy and provides employees with an incentive to utilize the lowest cost travel option. Without a reduced reimbursement rate option, more overall business miles would transition to higher cost mileage reimbursement which could increase overall travel costs in excess of the amounts indicated on this fiscal note.

The annual cost increase illustrated below is based on the current GSA rate of \$.56 per mile and mileage reimbursement data from SAM II Financial for FY 2013 for all agencies listed in SAM II. As the GSA adjusts their rate the cost to the State of Missouri will increase or decrease accordingly. It is assumed that the Commissioner of Administration would elect to keep the lower "fleet" rate at \$.26 per mile.

Current Rates	90% of GSA Rate	% Increase	Per Mile Increase	Estimated Increase based on FY 13 data
Standard: \$.37	\$.504	36%	\$.134	\$2,838,894
Reduced (Fleet): \$.26		--	---	
Total Estimated Cost Increase				\$2,838,894

Oversight will reflect in the fiscal note the estimate of additional costs provided by Office of Administration on behalf of all agencies for General Revenue, Other State Funds and Federal Funds.

ASSUMPTION (continued)

Officials at the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Health and Senior Services**, the **Department of Higher Education**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, the **Department of Revenue**, the **Department of Social Services** and the **Office of Administration's Division of Budget and Planning** each defer to the Office of Administration for fiscal impact.

Officials at the **Missouri Department of Transportation (MoDOT)** assume the following assumptions:

- Based on MoDOT FY 2013 actual motor vehicle mileage reimbursement reported miles of 182,427;
- Based on 90% of the USGA POV standard and reduced rates;
- The standard rate is used when a Government owned vehicle is not available or if a privately owned vehicle is authorized;
- The reduced rate is for use when a Government owned vehicle is used;
- This fiscal note does not take into consideration any Aviation mileage reimbursement.

MoDOT assumes that this would cost between \$39,000 to \$92,000. The range shows the lowest estimated expense (if all miles were reimbursed at the reduced rate) to the highest estimated expense (if all miles were reimbursed at the standard rate).

Oversight will reflect in the fiscal note the estimate of additional costs provided by Missouri Department of Transportation for the State Road Fund.

Officials at the **Department of Conservation** assume a negative impact of less than \$100,000 per year for the Department. The Department has its own vehicles and the increased costs would be to the Conservation Fund.

Oversight will reflect in the fiscal note the estimate of additional costs provided by the Department of Conservation for the Conservation Fund.

Officials at the **Missouri Highway Patrol** assume the current federal mileage rate is \$.56 per mile, and the state is paying \$.37 per mile. If the state rate were to go to 90% of the federal rate, it would be an increase of \$.13 to a new rate of \$.50 per mile (\$.56 x .90). In FY2013, the Patrol spent \$207,991 on mileage, which equates to 562,138 miles (\$207,991 / \$.37). If we were paying

ASSUMPTION (continued)

an additional \$.13 per mile, it would be a cost of \$73,078 (562,138 miles x \$.13). Based on FY 2013 expenses, this would break down to \$68,869 from Highway funds and \$4,209 from Federal funds.

Officials at the **Department of Corrections (DOC)** assume based on a department mileage reimbursement estimate of 1,369,576 miles in FY 2013, a state reimbursement rate increase of \$.134 per mile would cost the agency an additional \$183,523.19 to unknown per each year in all funds. The agency estimates a cost of greater than \$168,078 to General Revenue, greater than \$962 to Federal funds and greater than \$14,483 to Other State funds.

Officials at the **Department of Mental Health (DMH)** assume this proposal would require the Department to pay 90% of the federal mileage reimbursement rate when paying mileage reimbursement for employees and others traveling on state business. The current rate authorized by the Commissioner of the Office of Administration is 37 cents per mile. Although the Department tries to utilize the fleet of state vehicles or rentals as much as possible, there is still a significant amount of mileage reimbursed as employees use their personal vehicles to conduct state business. In fiscal years 2011 to 2013, the Department reimbursed the following for mileage reimbursements:

FY11	\$288,228	(approx. # of miles - 780,000)
FY12	\$373,006	(approx. # of miles - 1,008,000)
FY13	\$375,399	(approx. # of miles - 1,014,000)

The current Federal mileage rate is 56 cents per mile. The proposed 90% of the federal rate would make the new state rate 50 cents per mile. The additional 13 cents per mile would result in additional mileage reimbursement of approximately 35%. Based on FY13 expenditures, this would mean an increase of over \$38,000 in general revenue and an increase of almost \$91,000 in the Department of Mental Health federal fund.

Officials at the **Office of State Treasurer (STO)** estimates that this measure would cost roughly \$580.12 in FY 2015 and \$632.86 every fiscal year thereafter. We arrived at that number by averaging the miles driven over the last 5 years and then finding the difference between the amount that would be reimbursed at the new rate and the amount that would have been reimbursed at the old rate.

Officials at the **Office of the Secretary of State (SOS)** assume this would increase their costs by \$10,513 a year.

ASSUMPTION (continued)

Officials at the **Department of Higher Education (DHE)** assume in 2013, our employees traveled a total of 6,435 miles. At the current rate (\$0.10), we paid out \$643.50. The current vehicle mileage rate as set by the United States General Services Administration for federal privately owned vehicles is \$0.56 (making \$0.504 the 90% rate as proposed). At this new rate, the DHE would have spent \$3,243.24 on the same miles traveled. DHE uses the state fleet vehicles so their costs are included in the Office of Administration response.

Officials at the **Office of the State Auditor** assume the fiscal impact for this legislation is unknown. Each staff and senior auditor in the State Auditor's Office has the possibility of traveling as much as 75%, while managers and directors also travel within each year. The travel amounts are determined based on the audit plan, and more specifically, where each audit is located. Since it's not possible to determine where each employee will be auditing at the time this bill would take effect or in future years, it's unknown how this bill would fiscally impact our office.

Officials at the **Office of State Courts Administrator** assume during the past three years (2011 to 2013) there was an average of 1,665,105 miles driven, the total expense at \$0.37 per mile would be \$616,088.76 and the total expense at 90% of the federal rate would be \$809,036.07. If the employee mileage reimbursement rate is changed to 90% of the federal rate, the expense would be approximately \$192,947.31 in a given year. This expense will be shown as Other state funds.

	Miles Driven	Total Exp at \$.37/mile	Total Exp at 90% of fed rate
FY 2013	1,594,133	\$589,829.03	\$803,442.79
FY 2012	1,729,518	\$639,921.71	\$863,894.31
FY 2011	1,671,664	\$618,515.54	\$759,771.12
		\$1,848,266.28	\$2,427,108.22

Officials at the **Office of Attorney General (AGO)** assume based on current activity, the AGO reimburses its employees for approximately 133,000 miles per year at the standard rate, and for about 164,000 miles per year at the reduced rate. However, the AGO anticipates that these numbers could increase somewhat if its employees were incentivized-in the form of a higher reimbursement rate-to use their personal vehicles instead of state owned vehicles more often.

ASSUMPTION (continued)

The AGO estimates that the total cost of the proposed increase in mileage reimbursement for the AGO would be approximately \$60,000 per year. This is only an estimate of the increase in cost, not an estimate of the total cost of mileage reimbursement. The AGO will require additional appropriations for these increased costs.

Officials at the **Department of Elementary and Secondary Education** assume mileage paid last year for VR, State Schools for the Severely Handicapped, and DESE totaled \$556,079. These are for the agency owned vehicles and the personal vehicles driven by employees.

The federal rate for FY14 is \$0.560000. 90% of the federal rate would be \$0.504000. The state rate is currently \$0.370000. The ratio of the state rate to the 90% federal rate is calculated as 1.362162. If the state rate increases to 90% of the federal rate, the mileage paid last year (for example) would have been \$757,470. This would have resulted in an additional cost calculated as \$201,391.

Officials at the **Missouri Veterans Commission** assume the impact is unknown as they do not know how much travel will be needed. They use both OA fleet vehicles as well as agency vehicles. Agency vehicles are paid for with Veterans Commission Capital Improvement Trust Fund and Home Funds.

Officials at the **Missouri National Guard** assume an increase of \$1,000 to General Revenue and \$3,000 to Federal funds.

Officials at the **Office of Prosecution Services** assume this proposal would result in additional costs of \$2,500.

Officials at the **Missouri Gaming Commission** assume this legislation has minimal fiscal impact on the operations of the Missouri Gaming Commission and no net impact to the Gaming Fund (0286). The 35% increase (\$.56 Fed Rate times .90 divided by \$.37 State Rate) would be covered by licensee reimbursements resulting in no net increase to the Gaming Fund although the initial outlay would minimally affect appropriation authority. The legislation would increase mileage reimbursement expense by 35% or \$6,067.08. This is based on an average of mileage reimbursement of \$17,335.17 for FY 2012 and FY 2013.

ASSUMPTION (continued)

Officials at the **Office of the State Public Defender (SPD)** assume in Fiscal Year the SPD traveled a total of 2,307,805 miles.

2013 Mileage	# of Miles
AP/PCR	114,096.46
Capital	82,431.78
CDU	24,550.60
Operations/Conflicts	13,603.00
Trial	2,073,122.83
	2,307,804.67

If the federal reimbursable mileage rate is \$.565 per mile remains constant for the near future, the cost to the Missouri State Public Defender System would be

$$\begin{aligned} 56.5 \text{ cents} * 90\% &= .5085 \\ .5085 - .3700 &= .1385 \text{ cents} \\ 2,307,805 * 14 \text{ cents} &= \$323,093. \end{aligned}$$

Of course, car rentals would immediately become more cost effective and this cost could be reduced proportionately. 90 miles becomes the new break even point.

Officials at the **Department of Natural Resources (DNR)** assume based upon the FY 2013 standard and fleet mileage reimbursements made to employees for the use of their personal vehicle, the department assumes the proposed legislation would increase mileage reimbursement costs to the department between \$33,674 and \$87,259 annually. The Department uses both fleet vehicles and personal vehicles.

Officials at the **City of Columbia**, the **Department of Public Safety's Capitol Police**, the **Department of Public Safety's Division of Alcohol and Tobacco Control**, the **Platte County Board of Election Commission**, the **State Emergency Management Agency**, **St. Louis County**, the **St. Louis County Board of Election Commission** each assume there is no fiscal impact to their respective organization from this proposal.

ASSUMPTION (continued)

Officials from the **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.

Officials at the following counties: Andrew, Audrain, Barry, Bates, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to

Oversight's request for fiscal impact.

Oversight assumes this proposal requires counties to follow this same mileage reimbursement rates as the state agencies. However, Oversight did not receive enough responses from counties to determine if this would have an impact on counties. Therefore, Oversight will reflect an impact in the fiscal note for counties.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE			
<u>Cost - State Agencies</u>			
increase in fuel reimbursement rate	<u>(\$1,368,930)</u>	<u>(\$1,368,930)</u>	<u>(\$1,368,930)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$1,368,930)</u>	<u>(\$1,368,930)</u>	<u>(\$1,368,930)</u>
OTHER STATE FUNDS			
<u>Cost -State Agencies</u>			
increase in fuel reimbursement rate	<u>(\$426,200)</u>	<u>(\$426,200)</u>	<u>(\$426,200)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(\$426,200)</u>	<u>(\$426,200)</u>	<u>(\$426,200)</u>
STATE ROAD FUND			
<u>Cost - Department of Transportation</u>			
increase in fuel reimbursement rate	<u>(\$39,000 to \$92,000)</u>	<u>(\$39,000 to \$92,000)</u>	<u>(\$39,000 to \$92,000)</u>
ESTIMATED NET EFFECT ON STATE ROAD FUND	<u>(\$39,000 to \$92,000)</u>	<u>(\$39,000 to \$92,000)</u>	<u>(\$39,000 to \$92,000)</u>
CONSERVATION FUND			
<u>Cost - Department of Conservation</u>			
increase in fuel reimbursement rate	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>
ESTIMATED NET EFFECT ON CONSERVATION FUND	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2015	FY 2016	FY 2017
(continued)	(10 Mo.)		

FEDERAL FUNDS

<u>Cost - State Agencies</u>			
increase in fuel reimbursement rate	<u>(\$1,043,764)</u>	<u>(\$1,043,764)</u>	<u>(\$1,043,764)</u>

ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>(\$1,043,764)</u>	<u>(\$1,043,764)</u>	<u>(\$1,043,764)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2015	FY 2016	FY 2017
	(10 Mo.)		

LOCAL POLITICAL SUBDIVISIONS

<u>Cost - Counties</u>			
increase in fuel reimbursement rate	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Under current law, state employees and certain local government employees are paid at a rate of 10 cents per mile, unless a higher rate is authorized by statute or an order of the Commissioner of Administration, when using a personal vehicle for government travel. This bill changes the rate to 90% of the federal privately owned vehicle mileage rate unless a higher rate is authorized by the Commissioner of Administration.

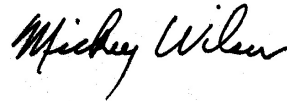
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

City of Columbia
Department of Agriculture
Department of Conservation
Department of Corrections
Department of Economic Development
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Higher Education
Department of Insurance, Financial Institutions and Professional Registration
Department of Labor and Industrial Relations
Department of Mental Health
Department of Public Safety
 Capitol Police
 Division of Alcohol and Tobacco Control
Department of Revenue
Department of Social Services
Missouri Department of Transportation
Missouri Gaming Commission
Missouri Highway Patrol
Missouri National Guard
Missouri Veterans Commission
Office of Administration
 Division of Budget and Planning
Office of Attorney General
Office of Prosecution Services
Office of the Secretary of State
Office of State Courts Administrator
Office of the State Public Defender
Office of State Treasurer

SOURCES OF INFORMATION (continued)

Platte County Board of Election Commission
State Emergency Management Agency
St. Louis County
St. Louis County Board of Election Commission



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