

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5205-01  
Bill No.: HB 2341  
Subject: Labor and Management; Employees - Employers; Department of Labor and Industrial Relations  
Type: Original  
Date: March 5, 2020

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Bill Summary: This proposal modifies provisions governing the authorization of the deduction of moneys from the paychecks of public employees for the benefit of public labor organizations.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	(\$199,484)	(\$84,942)	(\$86,223)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$199,484)</b>	<b>(\$84,942)</b>	<b>(\$86,223)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
<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 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</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 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
General Revenue	1 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Labor and Industrial Relations (DOLIR)** state:

Section 105.505. 1. requires a labor organization to annually receive either written or electronic authorization from members and non-members. Currently this list is provided to the employer. New language requires this information to be provided to the Department of Labor (The State Board of Mediation would be the administrator). The Board estimates this new section could impact 150 thousand – 200 thousand individuals. If only 10% (could be much higher) of individuals submitted written notices, that would translate into 15,000 to 20,000 records that would need to be entered into our Case Management System (CMS) annually. It is estimated the Board would need to hire at least one (1) new AOSA at a cost of approximately \$27,412 for PS and \$13,763 for Expense and Equipment.

Section 105.505. 2. Details the content of the notification the Department must receive to allow employers to withhold from the employee's pay for dues and fees on behalf of the labor organization for the next year.

105.505. 4. Details the content of the notification the Department must receive to allow employers to withhold from the employee's pay for political contributions on behalf of the labor organization for the next year. The subsection also requires the Department (Board) to create and maintain an electronic database whereby public employees can submit or revoke the authorization forms described above at any time. It is assumed that the Board would be required to notify the employer of a revocation and change the Board's records as well.

### ITSD Costs:

This bill will require expansion to the existing State Board of Mediation - Electronic Filing System application. In order to satisfy the requirement of collecting authorization cards online, the Electronic Filing System will need new screens, and new corresponding database tables. In order to carry out the business logic, a new service class will need to be created. It is likely that new email notifications will need to be created to notify users affected by information uploaded by affiliated users. This system will also need to be modified in order to accommodate the new functionality that the SBM itself will need in order to manage the authorization card process. The SBM admin account already exists with elevated privileges, so it will simply need its power expanded over the newly developed pages to make changes as needed.

ASSUMPTION (continued)

The Electronic Filing System was developed to be easily expandable, so the new functionality demanded by this bill will not require sweeping architectural changes to the application. The new requirements do not negatively impact existing functionality, so the impact of integration should be minimized. We will be managing the product backlog in Azure DevOps, following as many Scrum development practices as possible. Unit and integration tests will be created as part of initial development, which allows both of these processes to be automated. By doing this, the cost of initial development will be inflated by some factor, but the cost of testing will be reduced by a much larger factor.

**Oversight** notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, ITSD assumes they will contract out the programming changes need to the MEDL, MODL, and CDIS systems. ITSD estimates cost of \$145,692 ( 1534 hours at \$95 per hour ). Oversight notes that an average salary for a current IT Specialist within ITSD is \$51,618, which totals roughly \$80,000 per year when fringe benefits are added. However, for fiscal note purposes Oversight will use ITSD's estimate of costs.

Officials from the **Office of the Secretary of State (SOS)** assume 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 \$5,000. 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 require additional resources.

ASSUMPTION (continued)

Officials from the **Attorney General's Office, Department of Commerce & Insurance, Department of Elementary and Secondary Education, Department of Higher Education and Workforce Development, Department of Mental Health, Department of Natural Resources, Department of Corrections, Department of Public Safety (Office of the Director, Capitol Police, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, Missouri Highway Patrol, Missouri National Guard, State Emergency Management Agency, the Veterans Commission), Department of Social Services, Office of the Governor, Joint Committee on Administrative Rules, Joint Committee on Public Employee Retirement, Missouri Lottery Commission, Missouri Consolidated Health Care Plan, Missouri Department of Conservation, Missouri Ethics Commission, Missouri House of Representatives, Department of Transportation, Office of Prosecution Services, Missouri State Employee's Retirement System, MoDOT & Patrol Employees' Retirement System, Office of Administration (Administrative Hearing Commission and Budget and Planning), Office of the State Courts Administrator, Office of the State Auditor, Missouri Senate, Office of the State Public Defender, Office of the State Treasurer, Department of Economic Development, Department of Agriculture, and State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **University of Central Missouri, University of Missouri, and State Technical College of Missouri** each stated this proposal will not have fiscal impact to their respective organizations.

**Oversight** notes that the above state agencies and educational organizations have stated the proposal would not have a direct fiscal impact on their agencies. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Officials from **City of Kansas City** assume the city currently sets up union dues based on the authorization forms provided by its unions. If it's determined that the City must track employee authorizations, the City would have to explore establishing an interface between our payroll system and the Union's system to ensure the City's records are in sync. Assuming all transactions are monitored electronically, a cost estimate would range from \$20,000 to \$50,000 to develop, test and validate an interface between the City payroll system and the union to track and monitor the union due activity. Subsequent testing and validation tasks of the City payroll system, the union and/or the Department of Labor and Industrial Relations' computer systems would be required intermittently in future years at a cost of \$10,000 to \$20,000 each time computer system upgrades are required.

ASSUMPTION (continued)

**Oversight** is unable to determine how implementation will affect union dues and city resources and assumes any cost related will be insignificant. Therefore, Oversight will assume that the local political subdivisions are able to absorb any cost as a result of the proposal and reflect \$0 cost on the fiscal note for political subdivisions.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other school districts, counties, cities, and colleges were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT - State Government</u>	<u>FY 2021</u> (10 Mo.)	<u>FY 2022</u>	<u>FY 2023</u>
<b>GENERAL REVENUE FUND</b>			
<u>Cost - DOLIR</u>			
Salaries	(\$22,843)	(\$27,686)	(\$27,963)
Fringe Benefits	(\$17,186)	(\$20,715)	(\$20,807)
Expense & Equipment	(\$13,763)	(\$6,674)	(\$6,839)
<b>Total Cost - DOLIR</b>	<b><u>(\$53,792)</u></b>	<b><u>(\$55,075)</u></b>	<b><u>(\$55,609)</u></b>
FTE Change - DOLIR	1 FTE	1 FTE	1 FTE
<u>Cost - DOLIR - ITSD</u>			
Electronic Filing System	(\$145,692)	(\$29,867)	(\$30,614)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$199,484)</u></b>	<b><u>(\$84,942)</u></b>	<b><u>(\$86,223)</u></b>
Estimated Net FTE Change for General Revenue Fund	1 FTE	1 FTE	1 FTE
<u>FISCAL IMPACT - Local Government</u>	<u>FY 2021</u> (10 Mo.)	<u>FY 2022</u>	<u>FY 2023</u>
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

### 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, a public body may withhold fees from public employee paychecks for the purpose of paying any portion of labor organization dues, agency shop fees, or any other fees paid to a labor organization only upon the annual consent of the public employee. Annual consent is also required for labor organizations to use such fees or dues for political purposes.

This bill requires any such authorization to be submitted to the Department of Labor and Industrial Relations. Furthermore, the Department shall require clear and compelling evidence that the authorization was freely given. The Department is additionally required to create and maintain an electronic database whereby public employees can submit or revoke any authorization. Any change will take effect at the beginning of the succeeding pay period.

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

#### Attorney General's Office

Department of Elementary and Secondary Education  
Department of Higher Education and Workforce Development  
Department of Mental Health  
Department of Natural Resources  
Department of Corrections  
Department of Labor and Industrial Relations  
Department of Revenue  
Department of Public Safety Alcohol & Tobacco Control  
Department of Public Safety - Fire Safety  
Department of Public Safety - Missouri Highway Patrol  
Department of Public Safety - National Guard  
Department of Public Safety - State Emergency Management System  
Department of Public Safety - Veterans Commission  
Department of Social Services  
Governor's Office

SOURCES OF INFORMATION (continued)

Joint Committee on Administrative Rules  
Lottery Commission  
Missouri Consolidated Health Care Plan  
Department of Conservation  
Missouri Ethics Commission  
Missouri House of Representatives  
Missouri Department of Transportation  
Office of Prosecution Services  
Office of Administration  
Office of Administration - Budget & Planning  
Office of State Courts Administrator  
State Auditor's Office  
Missouri Senate  
State Public Defender's Office  
State Treasurer's Office  
Missouri Tax Commission  
State Technical College of Missouri  
University of Central Missouri  
City of Kansas City



Julie Morff  
Director  
March 5, 2020



Ross Strobe  
Acting Director  
March 5, 2020