

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0311H.02P
 Bill No.: Perfected HCS for HB 29
 Subject: Administration, Office of; State Employees; Retirement Systems and Benefits -
 General
 Type: Original
 Date: April 13, 2021

Bill Summary: This proposal modifies provisions relating to government accountability.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	Could exceed (\$30,780)	Could exceed (\$6,310)	Could exceed (\$6,468)
Total Estimated Net Effect on General Revenue	Could exceed (\$30,780)	Could exceed (\$6,310)	Could exceed (\$6,468)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Section 37.850 Employee Salaries

Officials from the **Office of Administration - Information Technology (ITSD)** assume there will be updates to the Missouri Accountability Portal to display additional data. Incentive pay would be displayed as an addition to the salary total. Current state employees only display a column for salary. Adding another column would require additional development hours.

The consultant rate of \$95 per hour is an estimated rate based on current contract(s) pricing. It is assumed that any new IT project/system will be bid out, as all ITSD resources are at full capacity. Project Management hours is an estimated rate of 8% based on current/projected averages. A 20% maintenance rate for on-going support of systems/system changes is based on industry standards and the standard rate usually charged by IT service providers. Plus, a 2.5% inflation factor is applied to future years.

ITSD assumes this will result in additional costs of \$30,780 in FY 2022, \$6,310 in FY 2023 and \$6,468 in FY 2024.

Officials from **Joint Committee on Public Employee Retirement (JCPER)** assume the proposal has no fiscal impact to JCPER. The JCPER's review of this proposal indicates it will not affect retirement plan benefits as defined in Section 105.660(9).

Officials from the **Missouri State Employee's Retirement System (MOSERS)** assume the proposal will have no fiscal impact on their organization.

Officials from **MoDOT & Patrol Employees' Retirement System (MPERS)** assume the proposed bill, if enacted as presented, proposes to make the salaries of employees of Missouri's public employee retirement plans accessible to the public on the state of Missouri's accountability portal. This information is public information under Chapter 610. MPERS provides this information upon request. There would be no fiscal impact to MPERS.

Officials from the **Missouri Department of Transportation, County Employees' Retirement Fund, Police Retirement System of Kansas City, Kansas City Public School Retirement System, Kansas City Employees' Retirement System, Kansas City Firefighter's Pension System, Kansas City Supplemental Retirement Plan, Local Government Employees Retirement System, Metropolitan St. Louis Sewer District Pension Plan, Rock Community Fire Protection District Retirement Plan, Spanish Lake Fire Protection District Retirement Plan, St. Louis City Firefighter's Retirement Plan, Public Schools and Education Employee Retirement Systems** and the **Sheriff's Retirement System** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight will show the costs to modify the Missouri Accountability Portal as estimated by OA-ITSD.

House Amendment 2 - Section 29.420 - Government Lending Transparency Act

In response to a similar proposal (SB 605), officials from the **Office of the State Auditor, Office of Administration - Budget and Planning, Department of Economic Development, Department of Elementary and Secondary Education, Department of Higher Education and Workforce Development, Department of Health and Senior Services, Department of Labor and Industrial Relations, Department of Public Safety (Division of Alcohol and Tobacco Control, Capitol Police, Fire Safety, Missouri Gaming Commission and the Missouri National Guard), Department of Social Services, Missouri Department of Agriculture, Missouri Ethics Commission, Missouri Department of Transportation, Office of Administration, Petroleum Storage Tank Insurance Fund, Office of the Secretary of State, Office of the State Public Defender, University of Missouri System, Missouri Lottery, Missouri Higher Education Loan Authority and the Missouri State Employee's Retirement System** each assumed the proposal would have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight notes failure to comply with the reporting requirements could result in a fine of up to \$2,000 administering agency. Oversight will show a range of impact to General Revenue for fines imposed for non-compliance of \$0 (no fines) to an unknown cost to agencies. For simplicity, Oversight will show an impact to General Revenue, but notes these fines could impact other state funds.

Oversight also notes per Article IX Section 7 of the Missouri Constitution fines and penalties are distributed to school districts. Oversight will show an impact of \$0 to an unknown positive to local school districts. For simplicity, Oversight will not reflect the possibility that fine revenue paid to school districts may act as a subtraction in the foundation formula and a subsequent offset to the fine revenue for school districts.

Legislation as Amended

Officials from the **Department of Commerce and Insurance, Department of Mental Health, Department of Natural Resources, Department of Corrections, Department of Revenue, Department of Public Safety (Director's Office, Missouri Highway Patrol, Missouri Veterans Commission, and the State Emergency Management Agency), Missouri Department of Conservation, MoDOT & Patrol Employees' Retirement System, County Employees Retirement Fund, Local Government Employees Retirement System, Office of the Governor, Missouri Consolidated Health Care Plan, and the Office of the State Courts Administrator** each assume the proposal as amended will have no fiscal impact on their

respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE			
<u>Transfer Out</u> - to School Districts - fines for non-compliance with Government Lending Transparency Act - §29.420	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - OA-ITSD - modifications to the Missouri Accountability Portal - §37.850	<u>(\$30,780)</u>	<u>(\$6,310)</u>	<u>(\$6,468)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	Could exceed <u>(\$30,780)</u>	Could exceed <u>(\$6,310)</u>	Could exceed <u>(\$6,468)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
SCHOOL DISTRICTS			
<u>Gain</u> - fine revenue for non-compliance - §29.420	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Section 37.850 - This section requires all public employee retirement systems and quasi-governmental entities to report such system's or entity's employees' salaries and any incentive pay to the Missouri government accountability portal in the same manner as all state departments and agencies report.

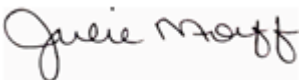
House Amendment 2 - Section 29.420 - This provision creates the Government Lending Transparency Act.

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

Office of Administration – Information Technology (ITSD)
Joint Committee on Public Employee Retirement
Missouri State Employee's Retirement System
MoDOT & Patrol Employees' Retirement System
Missouri Department of Transportation
Office of Administration - Budget and Planning
Department of Commerce and Insurance
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Health and Senior Services
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety
 Division of Alcohol and Tobacco Control
 Capitol Police
 Fire Safety
 Office of the Director
 Missouri Gaming Commission
 Missouri National Guard
 Missouri Highway Patrol
 Missouri Veterans Commission
 State Emergency Management Agency
Department of Social Services
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Ethics Commission
Missouri Department of Transportation
MoDOT & Patrol Employees' Retirement System
Office of Administration
Petroleum Storage Tank Insurance Fund
Office of the Secretary of State
Office of the State Public Defender

University of Missouri System
Office of the Governor
Office of the State Auditor
Missouri Lottery
Missouri Consolidated Health Care Plan
Missouri Higher Education Loan Authority
Missouri State Employee's Retirement System
Office of the State Courts Administrator
County Employees' Retirement Fund
Police Retirement System of Kansas City
Kansas City Public School Retirement System
Kansas City Employees' Retirement System
Kansas City Firefighter's Pension System
Kansas City Supplemental Retirement Plan
Local Government Employees Retirement System
Metropolitan St. Louis Sewer District Pension Plan
Rock Community Fire Protection District Retirement Plan
Spanish Lake Fire Protection District Retirement Plan
St. Louis City Firefighter's Retirement Plan
Sheriff's Retirement System



Julie Morff
Director
April 13, 2021



Ross Strobe
Assistant Director
April 13, 2021