

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0727H.011
 Bill No.: HB 88
 Subject: Labor and Management; Employees - Employers; Business and Commerce;
 Labor and Industrial Relations, Department of
 Type: Original
 Date: January 20, 2021

Bill Summary: Modifies provisions relating to paycheck deductions for public labor organizations.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	(\$199,958)	(\$85,511)	(\$86,794)
Total Estimated Net Effect on General Revenue	(\$199,958)	(\$85,511)	(\$86,794)

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.

This fiscal note contains NumberOfPages pages.

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
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

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

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

FISCAL ANALYSIS

ASSUMPTION

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

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 to 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 would require expansion of the existing State Board of Mediation - Electronic Filing System (SBM-EFS). The existing database would need new tables and relationships added. The EFS front-end application would need new screens added to collect authorization forms, and the system server would need corresponding business logic implemented. All of these systems are cloud-hosted via Microsoft Azure. It is unclear at the time of this evaluation if the best route forward would be to containerize this functionality inside of its own Azure app services, or if this functionality should be packaged and deployed along with EFS. This decision ultimately will not affect cost by a more than trivial amount.

ITSD estimates a cost of \$145,692 (1534 hours at \$95 per hour) in the first year, with annual maintenance cost of roughly \$30,000 thereafter.

Officials from the **Office of the Secretary of State** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

Officials from the **Saint Louis County Police Department** assume proposed legislation would have a fiscal impact on the St. Louis County Police Department. If passed, the legislation would require every member of the Department's collective bargaining entity to annually complete two forms related to the withholding of membership dues from their paycheck.

The Department currently has several collective bargaining units that consist of commissioned employees and non-commissioned employees that are represented by the Fraternal Order of Police. Currently, the organization provides forms that are completed by employees to have membership dues deducted from their paycheck. Additionally, a form is available to stop the deduction of membership dues which may be submitted at any time. However, the forms are not required to be completed every twelve months by members. Based on the proposed legislation, the forms currently utilized by the Department would need to be revised and the Fiscal Services Unit would have an increased workload.

It is estimated that based on the current membership, and the two forms that must be completed, that the Fiscal Services Unit would have roughly 1,800 forms to process annually. The hourly salary of a Fiscal Services employee on average is \$40.00 per hour including fringes. If we estimate that each form takes a Fiscal Services Unit employee 5 minutes to process, then the total time spent doing so would result in 150 hours of work which translates to \$6,000 annually or \$18,000 over the course of three years.

Officials from the **Saint Clair Fire Protection district (STCL) – Franklin** assume the proposal would have a direct fiscal impact on their respective agency.

Oversight notes that the Saint Louis County Police Department and Saint Clair Fire Protection district (STCL) – Franklin both assume the proposal would have a direct fiscal impact on their respective organization. Oversight does not have any information to the contrary. Therefore,

Oversight will reflect a zero impact (the police departments & fire departments in Missouri are able to absorb the cost) to “Unknown” (police departments & fire departments in Missouri are not able to absorb the cost) on the fiscal note.

Officials from the **Attorney General’s Office, Office of Administration - Administrative Hearing Commission, Office of Administration – Budget & Planning, 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 Revenue, Department of Public Safety – Alcohol and Tobacco Control, Capital Police, Fire Safety, Director’s Office, Gaming Commission, National Guard, Highway Patrol, Veterans Commission, Department of Social Services, Missouri Department of Agriculture, Missouri Department of Conservation, Missouri Ethics Commission, Missouri Department of Transportation, Missouri Department of Transportation – Patrol Employee’s Retirement System, Office of the State Public Defender, Office of the State Auditor, Joint Committee on Administrative Rules, Joint Committee On Education, Joint Committee on Public Employee Retirement, Legislative Research, Oversight Division, Missouri House Of Representatives, Missouri Senate, Missouri Lottery, Missouri Consolidated Health Care Plan, Missouri Higher Education Loan Authority, Missouri State Employee’s Retirement System, Office of the State Courts Administrator, State Tax Commission, Economic & Policy Analysis Research Center, and** each assume the proposal will have no fiscal impact on their respective agencies.

Officials from the **City of Ballwin, Corder, Kansas City, Springfield, City of Saint Louis – Budget Division, Crestwood Police Department, Ellisville Police Department, Kansas City Police Department, and Saint Joseph Police Department, Crawford County 911 Board, Nodaway County Ambulance District, and Hermann Area Hospital District** each assume the proposal will have no fiscal impact on their respective organization.

Officials from the **Missouri State University, Missouri University, Northwest Missouri State University, State Technical College of Missouri, University of Central Missouri, and High Point R-III School District** each assume the proposal will have no fiscal impact on their respective organization.

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>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<u>Cost - DOLIR</u>			
Salaries	(\$22,843)	(\$27,686)	(\$27,963)
Fringe Benefits	(\$17,660)	(\$21,284)	(\$21,378)
Expense & Equipment	(\$13,763)	(\$6,674)	(\$6,839)
Total Cost - DOLIR	(\$54,266)	(\$55,644)	(\$56,180)
FTE Change - DOLIR	1 FTE	1 FTE	1 FTE
<u>Cost - DOLIR - ITSD Electronic Filing System (150.505.4, p.3)</u>	(\$145,692)	(\$29,867)	(\$30,614)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$199,958)</u>	<u>(\$85,511)</u>	<u>(\$86,794)</u>
Estimated Net FTE Change for General Revenue Fund	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost - Police Departments & Fire Departments (form processing p.4,5)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

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

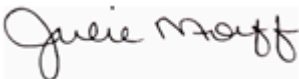
This bill requires any such authorization to be submitted to the Department of Labor and Industrial Relations, along with clear and compelling evidence that the authorization was freely given. The Department is required to create and maintain an electronic database that allows any public employee to submit or revoke any authorization. Any authorization 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

Department of Labor and Industrial Relations
Office of the Secretary of State
Saint Louis County Police Department
Saint Clair Fire Protection district (STCL) – Franklin
Attorney General’s Office
Office of Administration - Administrative Hearing Commission
Office of Administration – Budget & Planning
Department of Elementary and Secondary Education
Higher Education and Workforce Development
Department of Health and Senior Services
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Revenue
Department of Public Safety
Department of Social Services
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Ethics Commission
Missouri Department of Transportation
Missouri Department of Transportation – Patrol Employee’s Retirement System
Office of the State Public Defender

Office of the State Auditor
Joint Committee on Administrative Rules
Joint Committee on Education
Joint Committee on Public Employee Retirement
Legislative Research
Oversight Division
Missouri House of Representatives
Missouri Senate, Missouri Lottery
Missouri Consolidated Health Care Plan
Missouri Higher Education Loan Authority
Missouri State Employee's Retirement System
Office of the State Courts Administrator
State Tax Commission
Economic & Policy Analysis Research Center
City of Ballwin
City of Corder
City of Kansas City Springfield
City of Saint Louis – Budget Division
Crestwood Police Department
Ellisville Police Department
Kanas City Police Department
Saint Joseph Police Department
Crawford County 911 Board
Nodaway County Ambulance District
Hermann Area Hospital District
Missouri State University
Missouri University
Northwest Missouri State University
State Technical College of Missouri
University Of Central Missouri
High Point R-III School



Julie Morff
Director
January 20, 2021



Ross Strope
Assistant Director
January 20, 2021