

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3865-01  
Bill No.: HB 1273  
Subject: Retirement: State Retirement Systems and Benefits – General; Transportation  
Dept.  
Type: Original  
Date: March 3, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
Highway Fund*	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

\* Unknown not expected to exceed \$100,000.

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials with the **Office of Administration (OA) – Division of Accounting** assume this proposal would have no fiscal impact on their agency.

Officials with **OA-Division of Personnel** assume this proposal could extend the options for excess leave to all state employees. However, **Oversight** assumes that this proposal would only include MoDOT employees. OA further assumes they could have a minimal increase in administrative cost to change the policy and procedures relating to this proposal. **Oversight** assumes that OA could absorb this increase with existing resources.

With information from the **Department of Transportation (MoDOT), Highway and Transportation Employees' and Highway Patrol Retirement System** and OA, **Oversight** assumes that this proposal could give employees with excess accrued annual leave several options to 'cash out' the leave hours. The first option would be to transfer the hours into a departmental annual leave share program. The second option would include purchasing retirement credits and the third option would be a contribution to the employee's retirement account (PEBSCO).

**Oversight** assumes that the first option would not have additional fiscal impact on the Highway Fund. However, the second and third option could allow these hours to be 'cashed out' of the

ASSUMPTION (continued)

Highway Fund and transferred to the Highway and Transportation Retirement System Fund or deposited into the State Employees Deferred Compensation Fund. If employees choose the second or third option, **Oversight** assumes it would decrease the funds available in the Highway Fund. **Oversight** further assumes this amount would be less than \$100,000 due to information from MoDOT officials who indicated an average of 4,500 annual excess hours transferred and average hourly pay rate at MoDOT of \$17 (4,500 \* \$17=\$76,500).

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
<b>HIGHWAY FUND</b>			
<u>Cost – MoDOT</u>			
Increase in contributions to Deferred Compensation or Retirement benefits*	(Unknown)	(Unknown)	(Unknown)
<u>Cost Savings – MoDOT</u>			
Fringe Benefits Social Security Savings **	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>NET ESTIMATED EFFECT ON HIGHWAY FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

\*Unknown amount not expected to exceed \$100,000

\*\*Unknown Social Security savings would be a percentage based on the increase in contributions and decrease in fringe benefits.

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

RK:LR:OD (12/02)

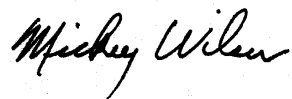
### DESCRIPTION

This proposal would specify the annual leave accrual rate and options for excess accrued leave for Department of Transportation employees. The employees could be offered three options for their excess accrued leave including the transfer of hours into a departmental leave program, increase in retirement credit or increase in retirement contribution.

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 Transportation  
Office of Administration  
    Division of Personnel  
    Division of Accounting  
Highway and Transportation Employees' and Highway Patrol Retirement System



Mickey Wilson, CPA  
Director  
March 3, 2004