

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5615-01
Bill No.: HB 2051
Subject: Economic Development Dept.; Licenses - Professional; Science and Technology
Type: Original
Date: May 9, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(\$43,145)	(\$46,150)	(\$47,306)
Total Estimated Net Effect on General Revenue Fund	(\$43,145)	(\$46,150)	(\$47,306)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Clinical Laboratory Science	\$0	\$1,274,357	(\$477,227)
PR Fees	(\$567,144)	\$0	\$0
Other PR	\$16,811	\$36,843	\$80,196
Total Estimated Net Effect on <u>Other</u> State Funds	(\$550,333)	\$1,311,200	(\$397,031)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator, Office of the Governor, and Missouri Senate** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Administration - Administrative Hearing Commission** assumes the proposal will not significantly alter its caseload. However, if other similar proposals also pass, there are more cases, or more complex cases, there could be a fiscal impact.

Officials from the **Department of Health and Senior Services (DOH)** state the proposal would not be expected to fiscally impact the operations of the DOH. If a fiscal impact were to result, funds to support the program would be sought through the appropriations process.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal to the SOS for administrative rules is less than \$1,500. The SOS does not expect additional funding would be required to meet these costs. However, the SOS 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 its 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.

ASSUMPTION (continued)

HW-C:LR:OD (12/02)

Officials from the **Office of State Treasurer (STO)** state the STO only ensures disbursements are made from a lawful appropriation and don't exceed the amount of the appropriation. As this proposal states the STO shall approve disbursements, the STO will require 1.0 FTE Analyst I to monitor the disbursements. The STO estimates FY 07 costs of \$58,996; FY 08 costs of \$54,123; and FY 09 costs of \$55,477.

Oversight has, for fiscal note purposes only, changed the starting salary for the Analyst I to correspond to the first step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Officials from the **Department of Economic Development (DED) - Division of Professional Registration (PR)** state based on information from the Missouri Economic Development Research and Information Center (MERIC) for medical and clinical laboratory technicians/technologists, it is estimated that there will be approximately 7,100 individuals in the state of Missouri that will be required to be licensed. However, based on information obtained from representatives of laboratory practitioners, the DED-PR anticipates approximately 25,000 individuals will require licensing. The DED-PR assumes a fee of \$70 will be paid for licensure with biennial renewal. The DED-PR estimates a 3% growth rate and assumes licensure begins in FY 2008. The DED-PR assumes fees paid will result in revenue to the Clinical Laboratory Science Fund of \$1,750,000 in FY 2008 and \$52,500 in FY 2009. The DED-PR notes that if the number of licensees differs significantly from the estimate, license fees will need to be modified to cover costs.

The DED-PR assumes all fees collected and all expenses would be deposited into and paid out of the Clinical Science Laboratory Fund. The DED-PR notes expenses occurring prior to an appropriation (FY 07) would be borrowed from another fund within Professional Registration, pursuant to section 620.106, RSMo, and paid back in FY 10.

The DED-PR assumes implementation of the proposal will require utilizing an additional 7.0 FTE in FY 2007, as follows: Principal Assistant (1.0 FTE at \$59,532) to serve as the senior executive officer of the licensing agency; Administrative Office Support Assistant (1.0 FTE at \$28,260) to provide administrative support, assist the executive director, assist with board meetings, complaints, and discipline; Licensure Technician II (2.0 FTE at \$26,292 each) to process applications for licensure and respond to any inquiries related to the licensure law or rules and regulations; Account Clerk II (1. FTE at \$24,984) to provide support for DED-PR Central Accounting and Central Cash Receiving Room; and Investigator II (2.0 FTE at \$39,288
ASSUMPTION (continued)

each) to provide support for the Division's Central Investigation Unit, conduct investigations and inspections, serve notices, and gather information required by the board. The DED-PR notes the Investigators will not be hired until March, 2007 as most investigations will not begin until FY 08. The DED-PR assumes rental space will be needed for these additional FTE at an annual cost of approximately \$19,586. The DED-PR assumes equipment cost and expenses for the additional FTE will be \$305,641 in FY 2007.

The DED-PR assumes the seven (7) member board would meet four (4) times per year for two (2) days per meeting, in Jefferson City. The DED-PR notes the Principal Assistant, one clerical staff, and a representative from the division's legal counsel will also attend the meeting. The DED-PR assumes there would be four (4) meetings, beginning in FY 2007 to promulgate rules and regulations. The proposal does not establish reimbursement of expenses or per diem for the board members.

The DED-PR assumes 500 complaints would be received each year. The DED-PR estimates the average complaint will require five (5) hours to complete. It is estimated that 30% of these complaints (150) will require investigations. It is estimated that 45 of these investigations will require field investigations, each needing 30 hours of field work. It is also estimated that 30% of the field investigations will require overnight expenses (23). Travel expenses for the investigations are estimated at \$3,979 annually. The DED-PR assumes complaints and investigations would start in FY 2008.

The DED-PR assumes there will be a cost associated with needing the services of the Attorney General's Office (AGO) and the Administrative Hearing Commission (AHC). The DED-PR estimates the AGO would provide assistance with board meetings, AGO opinions, promulgation of rules and regulations, interpretation of legislation, and litigation. AGO costs are estimated to be \$20,276 per year beginning in FY 07. Services provided by the AHC costs are estimated at \$3,420 yearly beginning in FY 2008. Costs for the AGO and AHC are based on a board of similar size.

The DED-PR assumes printing and postage costs will be incurred in the first year for statute and rule mailings and for startup printing of rules, applications, letterhead and envelopes. The DED-PR estimates printing and postage costs at \$6.25 per licensee in the first year, for a total cost of \$156,250. Subsequent years' printing and postage costs of \$20,667 are based on the estimated costs for a board of similar size.

The DED-PR assumes existing staff would design, program and implement a computer licensure program. The DED-PR assumes licensed laboratory technicians/technologists will represent 0.50% of DED-PR's overhead. As such, the board will be required to reimburse the Division and the Department of Economic Development for its share of administrative overhead costs, \$16,064 for FY 08 and \$58,794 for FY 09.

ASSUMPTION (continued)

Oversight has, for fiscal note purposes only, changed the starting salary for the following positions: Administrative Office Support Assistant, Licensure Technician II (2.0 FTE), Account Clerk II, and Investigator II (2.0 FTE) to correspond to the first step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Oversight notes that the inclusion of rent expense and administrative overhead costs in the total costs to be incurred by the Clinical Laboratory Science Fund will result in a lower allocation of these expenses to other licensing boards. As a result, **Oversight** has shown a savings to Other Professional Registration (PR) Funds in an amount equal to the expense to the Clinical Laboratory Science Fund.

Officials from the **Office of Attorney General (AGO)** assume the AGO would need 0.5 FTE Assistant Attorney General II (AAG) to assist the board in the rule-making process, licensing and investigative matters, as well as any litigation that might result from the investigations the board undertakes as authorized by the proposal. The AGO assumes FY 07 costs of \$31,876; FY 08 costs of \$34,404; and FY 09 costs of \$35,295.

Oversight assumes the AGO will absorb the duties associated with the Clinical Laboratory Science Board within current staffing levels and will not require the equipment associated with the 0.5 FTE position. In addition, **Oversight** assumes other costs incurred by the AGO will be reimbursed by the Clinical Laboratory Science Fund.

Officials from the **Department of Corrections (DOC)** state the DOC cannot predict the number of new commitments which may result from the creation of the offenses(s) outlined in this proposal. An increase in commitment depends on the utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in operational cost through either incarceration (FY 05 average of \$39.13 per inmate per day or an annual cost of \$14,282 per inmate) or through supervision provided by the Board of Probation and Parole (FY 03 average of \$3.15 per offender, per day or an annual cost of \$1,150 per offender per year).

ASSUMPTION (continued)

The DOC assumes the narrow scope of the crime will not encompass a large number of offenders. The low felony status of the crime enhances the possibility of plea-bargaining or the imposition of a probation sentence. The probability also exists that offenders would be charged with a similar but more serious offense of that sentences may run concurrent to one another.

Supervision by the DOC through probation or incarceration would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Officials from the **Office of Prosecution Services (OPS)** did not respond to our request for a statement of fiscal impact. However, in response to legislation with similar penalty provisions, the OPS stated the proposal would not have a significant direct fiscal impact on county prosecutors.

Officials from the **Office of State Public Defender** did not respond to our request for a statement of fiscal impact.

The proposal will result in an increase in total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE			
<u>Costs - Office of State Treasurer</u>			
Personal Service (1.0 FTE)	(\$25,441)	(\$31,821)	(\$32,617)
Fringe Benefits	(\$11,209)	(\$14,020)	(\$14,371)
Equipment and Expense	<u>(\$6,495)</u>	<u>(\$309)</u>	<u>(\$318)</u>
	<u>(\$43,145)</u>	<u>(\$46,150)</u>	<u>(\$47,306)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$43,145)</u>	<u>(\$46,150)</u>	<u>(\$47,306)</u>
CLINICAL LABORATORY SCIENCE FUND			
<u>Transfer-In - DED-PR</u>			
Transfer from PR Fees Fund	\$567,144	\$0	\$0
<u>Income - DED-PR</u>			
Licensure Fees/Renewals	\$0	\$1,750,000	\$52,500
<u>Costs - DED-PR</u>			
Personal Service (7.0 FTE)	(\$162,885)	(\$230,703)	(\$236,404)
Fringe Benefits	(\$70,533)	(\$100,415)	(\$102,926)
Expense and Equipment	(\$296,639)	(\$83,986)	(\$86,505)
AGO and other allocated costs	<u>(\$37,087)</u>	<u>(\$60,539)</u>	<u>(\$103,892)</u>
Total <u>Costs</u> - DED-PR	<u>(\$567,144)</u>	<u>(\$475,643)</u>	<u>(\$529,727)</u>
ESTIMATED NET EFFECT ON CLINICAL LABORATORY SCIENCE FUND	<u>\$0</u>	<u>\$1,274,357</u>	<u>(\$477,227)</u>
PR FEES FUND			
<u>Transfer-Out - DED-PR</u>			
Transfer to Clinical Laboratory Fund	<u>(\$567,144)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON PR FEES FUND	<u>(\$567,144)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
OTHER PR FUNDS			
<u>Savings - Other PR Funds</u>			
Reduction in rent and overhead costs allocated to other licensing boards	<u>\$16,811</u>	<u>\$36,843</u>	<u>\$80,196</u>
ESTIMATED NET EFFECT ON OTHER PR FUNDS	<u>\$16,811</u>	<u>\$36,843</u>	<u>\$80,196</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2007 (10 Mo.)	 FY 2008	 FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal may fiscally impact small businesses that employ clinical laboratory technician personnel if they pay licensure fees.

DESCRIPTION

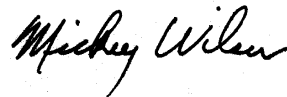
This proposal establishes the Clinical Laboratory Science Practice Act relating to the licensure of clinical laboratory science personnel. The proposal: (1) Establishes the Clinical Laboratory Science Board in the Division of Professional Registration within the Department of Economic Development; (2) Requires all persons performing, interpreting, reporting, or consulting on laboratory tests to be licensed; (3) Establishes a grace period for existing practitioners who are certified or eligible for certification by any agency acceptable to the department; (4) Authorizes qualification exemptions for persons who have been providing acceptable experience at the professional level for at least three years; (5) Authorizes the board to promulgate rules to establish standards and criteria for licensure, professional conduct, and discipline; (6) Creates the Clinical Laboratory Science Fund within the state treasury; (7) Establishes categorical licenses; (8) Authorizes the department to issue temporary and reciprocal licenses, issue inactive licenses, collect fees, and suspend and revoke licenses; and (9) Allows the department to petition the court to enjoin certain persons from practicing as laboratory technicians if he or she is found to be in violation of any provision of the proposal.

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 Attorney General
Office of Administration -
 Administrative Hearing Commission
Office of State Courts Administrator
Department of Economic Development -
 Division of Professional Registration
Department of Corrections
Department of Health and Senior Services
Office of the Governor
Office of Secretary of State
Office of State Treasurer

NOT RESPONDING: Office of Prosecution Services and Office of State Public Defender

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
May 9, 2006