

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0779-04
Bill No.: HCS for HB 338
Subject: Department of Corrections; Law Enforcement Officers and Agencies
Type: Original
Date: March 1, 2007

Bill Summary: This proposal authorizes minimum amounts of compensation for certain corrections personnel.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	\$0	(\$4,766,261 to Unknown)	(\$8,587,515 to Unknown)
Total Estimated Net Effect on General Revenue Fund	\$0	(\$4,766,261 to Unknown)	(\$8,587,515 to Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Governor** assume there should be no added cost to their office as a result of the proposal.

Officials from the **Office of Administration – Division of Personnel (COA)** assume to implement the proposed legislation an entirely separate pay grid for Corrections Officers and related classes would be required. This establishes a pay system that would not be possible for other employees in the Department of Corrections and other agencies under the Uniform Classification and Pay System administered by the Division of Personnel. If passed, the proposed legislation would require that the Director of Personnel recommend to the Personnel Advisory Board a separate pay grid for the classes of Corrections Officer I-II-III, Corrections Supervisor I-II, Corrections Classification Assistant, Corrections Caseworker I-II and Functional Unit Manager. This pay plan has no established maximum rate of pay that would be attained. As such, long term employees in the above classes would receive built in pay raises forever. Because this pay plan would be established under the Uniform Classification and Pay System, the plan would only become effective when approved by the Personnel Advisory Board and the Governor. The 6,182 employees affected represent about 17% of the employees covered by the Uniform Classification and Pay System.

In response to this proposal, COA made the following assumptions:

1. The current number of employees in the job classes above would receive \$600 per year in addition to any other pay increases adopted for Corrections Officers beginning July 1, 2008.
2. For each annual fiscal estimate, COA assumed the number of employees would not change, resulting in the same estimate for FY09 and FY10.
3. Fringe benefits are calculated at 22.69% (instead of 45.26% as in most fiscal notes where new employees are added). The estimated cost of health care per employee is where the fringe benefit rate is significantly different. Since the affected employees would already have health care coverage, the 22.69% rate is used. The benefits included in this rate is in the fiscal estimate spreadsheet.

ASSUMPTION (continued)

CLASS TITLE	GRADE	Annual Minimum	Annual Maximum	Count	Avg ANNUAL 'RATE'	\$600 Annual Increase
CORRECTIONS OF CR I	A16	\$25,248	\$34,512	4,680	\$26,707	\$2,808,000
CORRECTIONS OF CR II	A18	\$26,964	\$37,896	621	\$29,612	\$372,600
CORRECTIONS OF CR III	A20	\$29,388	\$41,688	212	\$33,243	\$127,200
CORRECTIONS SPV I	A23	\$32,652	\$46,284	107	\$37,131	\$64,200
CORRECTIONS SPV II	A27	\$37,896	\$55,656	23	\$43,311	\$13,800
CORRECTIONS CLASSIF ASST	A17	\$26,076	\$36,480	189	\$29,325	\$113,400
CORRECTIONS CASEWORKER I	A21	\$30,408	\$43,344	220	\$34,215	\$132,000
CORRECTIONS CASEWORKER II	A23	\$32,652	\$46,284	16	\$37,397	\$9,600
FUNCTIONAL UNIT MGR CORR	A24	\$33,888	\$48,216	114	\$38,035	\$68,400
TOTAL INCREASE				6,182		\$3,709,200

In summary, the COA assumes a cost to the General Revenue fund of \$4,550,817 in FY 09 and FY 10.

Officials from the **Department of Corrections (DOC)** assume the proposal would establish a longevity based pay scale for Department of Corrections custody and classification staff.

DOC assumes the bill proposes an extra \$50 of pay to be given each month per each year of service attained for a Corrections employee working in an institution, excluding administrative and custodial staff. DOC notes that this bill is not subject to appropriations. The cost could change dramatically based on changes in the average of tenure of department staff.

ASSUMPTION (continued)

Class Name	Current # of FTE	Projected FY 09 NDI	Projected FY 10 NDI
Corrections Officer I	4,830	\$2,898,000	\$2,318,400
Corrections Officer II	629	\$377,400	\$339,660
Corrections Officer III	217	\$130,200	\$117,180
Corrections Spv I	113	\$67,800	\$61,020
Corrections Spv II	23	\$13,800	\$12,420
Corrections Classification Asst	192	\$115,200	\$103,680
Corrections Caseworker I	266	\$159,600	\$127,680
Corrections Caseworker II	22	\$13,200	\$11,880
Functional Unit Manager	116	\$69,600	\$62,640
Yearly Total	6408	\$3,844,800	\$3,154,560
Cumulative Total			\$6,999,360
Each year's amount shown above is in addition to the prior amounts. The cost is cumulative.			
All of the numbers provided are projections, significant changes to the turnover and retention rates of DOC staff cannot be predicted.			
Based on years of service within DOC.			

In summary, the DOC assumes the proposal would result in increased cost to the General Revenue Fund of \$3,844,800 to Unknown in FY 09 and \$6,999,360 to Unknown in FY 10.

Oversight has used the cost estimates provided by the Department of Corrections and has added fringe benefits at a 22.69% rate.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (12 Mo.)	FY 2009	FY 2010
GENERAL REVENUE FUND			
<u>Costs – Department of Corrections</u>			
Personal Service	\$0	(\$3,884,800 to Unknown)	(\$6,999,360 to Unknown)
Fringe Benefits	\$0	(\$881,461 to Unknown)	(\$1,588,155 to Unknown)
<u>Total Costs – DOC</u>	\$0	(\$4,766,261 to Unknown)	(\$8,587,515 to Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>(\$4,766,261 to Unknown)</u>	<u>(\$8,587,515 to Unknown)</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2008 (12 Mo.)	 FY 2009	 FY 2010
	<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.

FISCAL DESCRIPTION

This proposal authorizes minimum amounts of compensation for certain corrections personnel, beginning July 1, 2008.

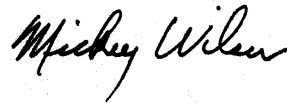
The legislation duplicates the Missouri Merit System and the Uniform Classification and Pay System (Chapter 36, RSMo) administered by the Office of Administration – Division of Personnel. The Department of Corrections is included in the Missouri Merit System and the Uniform Classification and Pay System. The Uniform Classification and Pay System includes the Department of Corrections classifications proposed for a longevity pay system in this proposal.

DESCRIPTION (continued)

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
Department of Corrections
Office of the Governor

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

Mickey Wilson, CPA
Director
March 1, 2007