

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5524-01  
Bill No.: HB 1795  
Subject: Merit System; State Employees  
Type: Original  
Date: February 12, 2018

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Bill Summary: This proposal changes the law regarding state personnel law.

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(Less than \$100,000)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Less than \$100,000)</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

§36.140.1

Officials from the **Department of Revenue (DOR)** assume this proposal allows for the pay plan for all classes to use an open or stepless pay grid. This would allow agencies more flexibility when granting salary advances to uniform classification and pay (UCP) titles. A stepless pay grid would allow a more consistent application of salary movement for all employees by using a set percentage or amount instead of the preset pay grid stops.

All exempt, band manager, and non-classified titles follow a stepless pay philosophy currently.

### **Revenue Impact**

The proposed legislation allows for open or stepless pay ranges. The financial impact on the Department would be dependent on the percentage of salary increase used for salary changes in the stepless pay range positions. Further guidelines will be needed before the financial impact can be determined. Based on the 2% cost of living increase that was given on July 1, 2016, to all employees, the total annual salary increase for the Department UCP covered employees on the pay grid steps totaled \$452,836.80. If a flat 2% had been given to all of these employees using a stepless pay grid, instead of placing employees on the preset steps, the increase would have totaled \$551,416.27 annually. This would have been an additional cost of \$98,579.47 to personnel services. UCP employees would have received the same 2% increase that exempt, band managers, and unclassified employees received.

Officials from the **Office of Administration (Division of Personnel) (OA)** assume section 36.140 of this proposed legislation modifies the state's pay plan to allow for the use of open, or stepless pay ranges. Within the Merit System, only broad banded managers have previously been paid on stepless ranges. OA Pay, Leave and Reporting Section is responsible for preparing and maintaining the Uniform Classification and Pay (UCP) grids, to include the broad banded manager grid. OA staff would be responsible for developing and implementing the new stepless system and submit it to the Personnel Advisory Board for approval.

ASSUMPTION (continued)

OA assumes section 36.220, veteran and parental preference points are removed and new language inserted which allows hiring preference only if all relevant job-related factors are equal. Also removed in section 36.240 was the requirement that most appointments must be made from available eligible applicants comprising the top fifteen ranking or top fifteen percent, whichever is greater. Upgrades to the Management and Application Information Resources System (MAIRS) will be necessary in order to comply with these two sections.

Administrative rules will need to be promulgated by the Personnel Advisory Board and OA would have to ensure agencies were made aware of these changes to the State Personnel Law.

While it is unknown what the technological costs may be, OA assumes other costs associated with this proposal could be absorbed with existing resources.

**Oversight** assumes costs to upgrade and maintain payroll and application computer systems would not exceed \$100,000 in any given year during the period covered in this fiscal note. Oversight also assumes for fiscal note simplification that the aforementioned costs will be charged to the General Revenue Fund and will be made in FY 2019.

Officials from the **Attorney General's Office (AGO)** assume any potential cost arising from this proposal can be absorbed with existing resources. AGO may seek additional appropriations if the proposal results in a significant increase in cases.

Officials from the **Department of Natural Resources** assume the deletion of broad-banded positions will not result in pay rate changes and therefore no fiscal impact.

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume section 36.140 may require adjustments to some staff salaries. DOLIR cannot predict which employees would have adjustments nor the costs of those salary changes. If the cost is significant, DOLIR would pursue additional funding via the appropriations process.

Officials from the **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Department of Economic Development, Department of Social Services, Department of Corrections, Department of Health and Senior Services and Office of Administration - Budget and Planning** each defer to the Office of Administration to estimate the fiscal impact of the proposed legislation on their respective organization.

ASSUMPTION (continued)

Officials from the, **Department of Agriculture, Department of Elementary and Secondary Education, Department of Higher Education, Department of Insurance, Financial Institutions and Professional Registration, Department of Mental Health, Department of Public Safety (Office of the Director, Capitol Police, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, Missouri Highway Patrol, Missouri National Guard, State Emergency Management Agency and the Veterans Commission) Office of the Governor, Missouri Lottery Commission, Missouri Consolidated Health Care Plan, Missouri Department of Conservation, Missouri Ethics Commission, Missouri House of Representatives, Office of the Lieutenant Governor, Department of Transportation, Office of Prosecution Services, Missouri State Employee's Retirement System, MoDOT & Patrol Employees' Retirement System, Office of Administration (Administrative Hearing Commission), Office of the State Courts Administrator, Office of the State Auditor, Missouri Senate, Office of the Secretary of State, Office of the State Public Defender, Office of the State Treasurer and the State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations.

**Oversight** assumes the proposal will have no direct fiscal impact on the state except for the technological costs assumed by OA.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>GENERAL REVENUE FUND</b>			
<u>Office of Administration</u> Payroll and Application Systems' Upgrades	(Less than <u>\$100,000</u> )	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b>(Less than <u>\$100,000</u>)</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<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 bill modifies provisions of state personnel law. The provisions for broad classification bands, which is the grouping of positions with similar levels of responsibility or expertise, is expanded from the grouping of management positions with similar levels of responsibility or expertise into broad classification bands to the grouping of any positions with similar levels of responsibility or expertise. The state's pay plan is modified to allow for open or stepless pay ranges. Language ensuring that hearing impaired or blind persons can request a certified interpreter or an amanuensis or reader during an examination is repealed and new language allowing an applicant to request a reasonable accommodation has been added.

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

Attorney General's Office  
Department of Agriculture  
Department of Economic Development  
    Public Service Commission  
    Office of the Public Council  
    Division of Energy  
Department of Elementary and Secondary Education  
Department of Higher Education  
Department of Health and Senior Services  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Mental Health  
Department of Natural Resources  
Department of Corrections  
Department of Labor and Industrial Relations  
Department of Revenue  
Department of Public Safety  
Department of Social Services  
Office of the Governor

SOURCES OF INFORMATION (continued)

Joint Committee on Administrative Rules  
Missouri Lottery Commission  
Missouri Consolidated Health Care Plan  
Missouri Department of Conservation  
Missouri Ethics Commission  
Missouri House of Representatives  
Office of the Lieutenant Governor  
Department of Transportation  
Office of Prosecution Services  
Missouri State Employee's Retirement System  
MoDOT & Patrol Employees' Retirement System  
Office of Administration  
    Administrative Hearing Commission  
    Budget and Planning  
Office of the State Courts Administrator  
Office of the State Auditor  
Missouri Senate  
Office of the Secretary of State  
Office of the State Public Defender  
Office of the State Treasurer  
State Tax Commission

Ross Strobe



Acting Director  
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