

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1037-01
Bill No.: HB 646
Subject: Labor and Management; Employees - Employers; Disabilities
Type: Original
Date: February 8, 2019

Bill Summary: This proposal modifies provisions relating to sheltered workshops.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	0	0	0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume no additional funding is needed. DESE has the capacity with the appropriation to cover the costs of this proposal.

Officials from the **Missouri Department of Transportation** assume the proposal will have no fiscal impact on their organization.

Based on information from DESE's FY 2019 budget documents, there are 90 non-profit sheltered workshops located in Missouri providing employment to approximately 6,000 adults with severe disabilities. **Oversight** notes the following information for sheltered workshops:

	FY 2016	FY 2017	FY 2018	FY 2019 (Proj.)
State Aid Paid	\$24,524,953	\$24,078,421	\$23,022,548	\$26,041,961
Total Hours Claimed	7,683,473	7,554,364	7,217,779	7,300,000
FTE Employed	5,246	5,063	4,624	5,000
Number of Employed	6,533	6,358	6,037	6,100

Source: DESE FY 2020 Budget Book

	FY 2016	FY 2017	FY 2018	FY 2019
Appropriations	\$25,283,457	\$26,041,964	\$26,041,961	\$26,041,961
Expenditures	\$24,524,953	\$24,078,421	\$23,022,549	N/A

Source: DESE FY 2020 Budget Book

Oversight notes appropriations have exceeded expenditures in FY 16, FY 17 and FY 18.

Oversight notes per Title 5 CSR 20-300.160, a full-time equivalent for sheltered workshops equals six person hours per day worked by an approved employee or combination of employees. Sheltered workshops are reimbursed \$21 dollars for each six-hour or longer day worked by an employee. Oversight assumes this proposal states that the six-hour day must fall within a standard workweek up to and including 38 hours.

ASSUMPTION (continued)

Oversight assumes this proposal would allow the sheltered workshops to receive a percentage of the amount normally paid based on the percentage of time worked by each employee that works less than a six-hour day. Oversight assumes this could increase the number of hours sheltered workshops could claim for reimbursement as part-time hours would now be eligible; however, Oversight notes currently sheltered workshops can claim some part-time hours as a combination of employees are able to make-up a full-time equivalent. Oversight will show a range of cost from \$0 (part-time hours are already claimed for state reimbursement) to an unknown cost to general revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE			
<u>Cost</u> - DESE - part-time hours claimed for reimbursement	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<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

Currently, the Department of Elementary and Secondary Education pays sheltered workshops an amount determined by a set formula, but no less than an amount equal to \$21 for each six-hour or longer day worked by a handicapped worker. This bill adds the requirement that the six-hour or longer day must occur in a standard workweek of up to and including 38 hours worked. For a handicapped worker employed by a sheltered workshop for less than a 38-hour week or a six-hour day, the workshop receives a percentage of the corresponding amount normally paid based on the percentage of time worked by the handicapped employee.

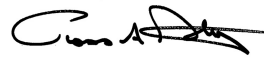
FISCAL DESCRIPTION (continued)

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

Department of Elementary and Secondary Education
Missouri Department of Transportation

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February 8, 2019



Ross Strope
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February 8, 2019