

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0290H.02C
Bill No.: HCS for HB 115
Subject: Labor and Management; Employees - Employers; Disabilities
Type: Original
Date: March 30, 2021

Bill Summary: This proposal establishes provisions relating to competitive integrated employment for persons with disabilities and requires the Office of Administration to submit a certain report to the General Assembly.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue Fund	(\$193,411)	(\$168,463)	(\$168,621)
Total Estimated Net Effect on General Revenue	(\$193,411)	(\$168,463)	(\$168,621)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Federal Funds*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and Expenses of approximately \$210,000 annually, net to zero

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 37.980 – Missouri as a Model Employer Report

In response to a similar proposal from this year (HB 116), officials from the **Office of Administration – Information Technology Service Division (OA- ITSD)** stated that this legislation will require a new application to compare applicant responses for disabilities when they applied for a job to employees that were chosen to fill a position, as well as a way to compare these individual's position to similar positions across the state for comparison in this report.

OA-ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, OA-ITSD assumes they will contract out the programming changes need for design, development, project management, etc. of the new application. OA-ITSD estimates the project would take 324 hours at a contract rate of \$95 per hour for a total cost to the state of \$30,780 in FY 2022 and on-going support of the application in years following.

Oversight notes that an average salary for a current IT Specialist within OA-ITSD is \$54,641, which totals roughly \$85,000 per year when fringe benefits are added. Assuming that all OA-ITSD resources are at full capacity, Oversight assumes OA-ITSD may (instead of contracting out the programming) hire an additional IT Specialist to perform the work required from this bill; however, for fiscal note purposes, Oversight will reflect the OA-ITSD estimated cost of \$30,780 in FY 2022, \$6,310 in FY 2023 and \$6,468 in FY 2024 to the General Revenue Fund to provide for the implementation of the changes in this proposal.

In response to a similar proposal from this year (HB 116), officials from the **Office of Administration - Division of Personnel (OA)** stated that their division currently participates and offers support for the Missouri as a Model Employer initiative. The survey to collect data on the number of individuals with disabilities working for the state is anonymous. In order to generate a report as outlined in this proposed bill it would take a minimum of an additional 40 hours of staff member time to complete this work. The projected cost for this work is \$1,170.

Oversight assumes OA is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA could request funding through the appropriation process.

Section 209.700 – Missouri Employment First Act

Officials from the, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education and Workforce Development**, the **Department of Health and Senior Services**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **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 Veterans Commission)**, the **Department of Social Services**, the **Office of the Governor**, the **Joint Committee on Public Employee Retirement**, the **Missouri Lottery Commission**, the **Missouri Consolidated Health Care Plan**, the **Department of Agriculture**, the **Missouri Department of Conservation**, , the **Missouri House of Representatives**, the **Department of Transportation**, the **Office of Prosecution Services**, the **Office of Administration (Administrative Hearing Commission and Budget and Planning)**, the **Office of the State Courts Administrator**, the **Office of the State Auditor**, the **Missouri Senate**, the **Office of the State Public Defender**, the **Office of the State Treasurer** and the **State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Attorney General’s Office**, the **Department of Commerce and Insurance**, the **Veterans Commission** and the **Missouri Ethics Commission** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

In response to a previous version, officials from the **Office of the State Treasurer (STO)** stated that the State Treasurer’s Office appears to fall under the definition of “agency” in HB 115 and would require the STO to have an MOU with every other agency that also qualifies. Currently, the STO doesn’t interact individually with persons with disabilities. We provide educational outreach for the MO ABLE program on a group basis and will continue to provide information to agencies that are conducting individual discussions with the impacted parents and guardians for a variety of services. The State Treasurer’s Office estimates that HB 115 will have a fiscal impact of Unknown and may require 1 or more FTE.

Oversight assumes STO is provided with core funding to handle a certain amount of activity each year. Oversight assumes STO could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, STO could request funding through the appropriation process.

Officials from the **Department of Corrections (DOC)** state this legislation establishes provisions relating to competitive integrated employment for persons with disabilities. It would require "all state agencies that provide employment-related services or that provide services or support to persons with disabilities" to implement coordinated strategies to promote competitive integrated employment for persons with disabilities. It then specifies actions that must be taken by such state agencies in order to promote competitive integrated employment.

"Employment-related services" are defined in the bill as "services provided to persons, including persons with disabilities, to assist them in finding employment. The term 'employment-related services' includes, but is not limited to, resume development, job fairs, and interview training." Adhering to these requirements may create an unknown cost to the Department of Corrections.

Oversight assumes DOC is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOC could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOC could request funding through the appropriation process.

Officials from the **Department of Social Services (DSS)** state that the proposed legislation adds one section to Chapter 209, RSMo, called the "Missouri Employment First Act".

Currently, the Family Support Division (FSD) provides vocational rehabilitation through Rehabilitative Services for the Blind (RSB). The RSB already provides information on competitive integrated employment to blind Missourians who request services and offer in-depth benefits counseling when requested to our Vocational Rehabilitation (VR) clients. In addition, FSD has entered into a combined state plan under the Workforce Innovation and Opportunity Act (WIOA), further aligning services to serve the most vulnerable populations first. FSD currently follows state and federal regulations that already follow the provisions outlined in this bill.

FSD assumes that the requirements of the proposed legislation could be met by developing a brochure that provides general information on competitive integrated employment, resources to obtain and secure assistive technologies to help an individual go to work (which would include Rehabilitation Technology devices and services under our Vocational Rehabilitation (VR) program), information on how earned income might affect their public benefits, and information about Achieving a Better Life Experience (ABLE) accounts.

Since FSD would not know which households include an individual with a disability, to ensure the brochure reached all potential disabled persons, FSD would complete a mass mailing of the brochure to all participants active in FSD programs. In addition, a brochure will be provided by RSB to clients' age 16 and higher upon application for services. For Youth with Disabilities, RSB will attend annual Individual Education Program (IEP) meetings when requested and it is assumed the brochure could be provided at the annual IEP meetings.

Due to the Families First Coronavirus Response Act (HR 6201, Section 6008), MO HealthNet coverage was maintained at the same benefit level for all cases as of March 18, 2020 and coverage was only closed for voluntary requests, deceased participants, participants moving out of the state, or aging out of Children's Health Insurance Program (CHIP) under Title XXI. The annual review process required in 42 CFR 435.916 and RSMo 208.147 is temporarily waived while operating under the provisions of HR 6201, Section 6008. The number of MHN cases included in the total number of FSD IM cases may be higher as this resulted in a limited closings after March 18, 2020. As of October 31, 2020 there were a combined total of 690,277 active FSD IM cases that would receive the informational brochure annually. FSD calculated the cost to produce the brochure based on production costs of similar brochures produced by the division at \$0.07 per brochure, and mailing costs at the bulk mailing rate of \$0.46 per item. It is estimated that the cost to produce and mail the informational brochure to IM households would total \$365,847 $((690,277 * \$0.07) + (690,277 * \$0.46))$.

As of December 3, 2020, there are a total of 2,093 active RSB participants in all programs age 16 or higher. Of those, it is estimated that the majority prefers printed communication to be in large print, with a minority requesting regular print or braille. Assuming 85% large print, 10% regular print, and 5% braille, the RSB calculated the following amounts of the informational brochure will be needed for the initial mailing:

- 1,779 $(2,093 * 85\%)$ large print informational brochures
- 209 $(2,093 * 10\%)$ regular print informational brochures
- 105 $(2,093 * 5\%)$ braille informational brochures

FSD calculated the cost to produce the brochure based on production costs of similar brochures produced by the division at \$0.35 per brochure in regular print, \$3.50 per brochure in large print, and \$5.00 per brochure in braille. The mailing costs are calculated at the bulk mailing rate of \$0.46 per item. It is estimated that the cost to produce and mail the informational brochure in the following formats to RSB participants the first year would total \$7,787 $(\$7,045 + \$169 + \$573)$.

- 1,779 large print informational brochures: $\$7,045 ((1,779 * \$3.50) + (1,779 * \$0.46))$
- 209 regular print informational brochures: $\$169 ((209 * \$0.35) + (209 * \$0.46))$
- 104 braille informational brochures: $\$573 ((105 * \$5.00) + (105 * \$0.46))$

As RSB receives approximately 1,700 new referrals a year, it is assumed that the following amounts of informational brochures would be needed ongoing to provide to RSB clients during the application process and at annual IEP meetings:

- 1,445 $(1,700 * 85\%)$ large print informational brochures
- 170 $(1,700 * 10\%)$ regular print informational brochures
- 85 $(1,700 * 5\%)$ braille informational brochures

The RSB estimates the ongoing annual fiscal impact of \$5,543 as follows:

- 1,445 large print brochures: \$5,058 (1,445 * \$3.50)
- 170 regular print brochures: \$60 (170 * \$0.35)
- 85 braille brochures: \$425 (85 * \$5.00)

Therefore, the one-time fiscal impact to the FSD as a result of the provisions in section 209.700, would be RSB's initial cost of \$7,787. The ongoing fiscal impact will be \$371,390 (the cost of IM's annual brochure mailing of \$365,847 and RSB's ongoing cost of \$5,543).

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the cost estimate provided by DSS in the fiscal note as a \$162,631 cost to the General Revenue and \$211,003 to Federal Funds in FY 2022, \$162,153 cost annually thereafter to the General Revenue Fund and \$209,237 annually thereafter to Federal Funds.

Rule Promulgation

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

Officials from the **Office of the Secretary of State** notes many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize 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 our office can sustain with our core budget. Therefore, they reserve 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.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Cost – ITSD New Application</u>	(\$30,780)	(\$6,310)	(\$6,468)
<u>Cost – DSS Informational Brochure Printing and Mailing</u>	(\$162,631)	(\$162,153)	(\$162,153)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$193,411)</u>	<u>(\$168,463)</u>	<u>(\$168,621)</u>
FEDERAL FUNDS			
<u>Revenue – federal reimbursement</u>	\$211,003	\$209,237	\$209,237
<u>Cost – DSS Informational Brochure Printing and Mailing</u>	(\$211,003)	(\$209,237)	(\$209,237)
ESTIMATED NET EFFECT TO FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<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

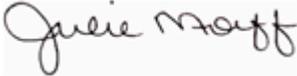
This bill requires the Office of Administration to submit a report to the General Assembly before December 31 of each year starting in 2021 that describes the progress of the "Missouri as a Model Employer" initiative. The report must include specified data that was collected through voluntary self-disclosure. The report must also include descriptions of specific efforts made by state agencies to recruit, hire, advance, and retain individuals with disabilities. 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 Commerce and Insurance
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Health and Senior Services
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
Joint Committee on Public Employee Retirement
Joint Committee on Administrative Rules
Missouri Lottery Commission
Legislative Research
Oversight Division
Local Government Employees Retirement System
Missouri Consolidated Health Care Plan
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Ethics Commission
Missouri House of Representatives
Office of the Lieutenant Governor
Missouri Department of Transportation

L.R. No. 0290H.02C
Bill No. HCS for HB 115
Page **10** of **10**
March 30, 2021

Missouri State Employee's Retirement System
MoDOT & Patrol Employees' Retirement System
Missouri Office of Prosecution Services
Office of Administration
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



Julie Morff
Director
March 30, 2021



Ross Strobe
Assistant Director
March 30, 2021