

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0214H.02C
Bill No.: HCS for HB 337
Subject: State Employees; Employees - Employers; Department of Labor and Industrial Relations; State Departments; Labor and Management
Type: Original
Date: March 19, 2025

Bill Summary: This proposal modifies provisions relating to holiday leave from work for alternative work schedules.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue Fund	\$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)

*According to OA, the unknown cost would consider the number of employees working the compressed work week, the number of holidays defined in law and granted by executive order, and these employees' calculated hourly rate multiplied times 2 hours (for the number of hours that exceed the 8-hour holiday period). Oversight assumes these costs could exceed \$250,000.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Other State Funds*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§105.009 – Alternative Work Schedules

Officials from the **Office of Administration – Division of Purchasing (OA)** assume this proposal specifies if a state holiday falls on a state employee's regularly scheduled ten-hour workday, the employee shall not be required to use annual leave to make up the difference between the eight hours of credited holiday and the employee's regularly scheduled ten-hour day.

OA notes that RSMo, 1 CSR 5.010(2)(G) states, “(G) For purposes of these rules, a holiday is considered as a period of eight (8) hours.

OA assumes this proposal indicates employees cannot be mandated to use annual leave for the 2 extra hours. It does not say that it's not allowed. Based upon OA's interpretation:

1. Employees could request annual leave, comp time, or leave without pay for the 2-hour difference.
2. Or OA's Appointing Authority (AA)/Commissioner can determine if the extra 2 hours will be compensated under 1 CSR 20-5.020(8)(B)5, which states “5. Because of extraordinary reasons sufficient in the opinion of the appointing authority to warrant such time off with compensation”.

If option 1. is followed, there is no cost. If option 2. is followed, the cost would vary depending on upon OA's AA/Commissioner approving the number of OA employees allowed to work a compressed 4-day work week composed of 10-hour days. The cost of this option would consider the number of employees working the compressed work week, the number of holidays defined in law and granted by executive order, and these employees' calculated hourly rate multiplied times 2 hours (for the number of hours that exceed the 8-hour holiday period).

Based on the language proposed, the Office of Administration, Division of Personnel, concludes that the fiscal impact will be \$0 to unknown.

Officials from the **Office of Administration – Division of Accounting (OA)** state per section 105.009, there would be a potential fiscal impact, however, because OA has no way to determine if or when an employee would use vacation time, the fiscal impact is indeterminable.

OA states it is unclear as to whether the proposed language in 105.009.2 is construed to allow the employees the right to receive time off with compensation (administrative leave) for the additional two hours of pay for those that work (4)-10 hour days during a holiday period.

It is our assumption, based upon the language in 105.940, an employer can still exercise the discretion to require the employee to use accumulated compensatory time or allow the employee to request to leave without pay in accordance with 1 CSR 20-5.020.

It is also our assumption that the appointing authority shall continue to establish the working days and the hours of attendance for employees of that respective agency in accordance with 1 CSR 20-5.010(1)(A).

Officials from the **Office of the State Auditor (SAO)** state that the SAO currently affords staff members the option to elect to work an alternative ten-hour, four-day work week. When a state holiday falls on an employee's regularly scheduled work day, the employee receives 8 holiday hours for the day. The employee has the option to request annual leave or flex the additional two hours. At current staffing levels, the SAO could lose out on 2,730 working hours in a calendar year (13 holidays x 2 hours X 105 employees) or the equivalent of 1.3 FTE. If the SAO is fully staffed at the budgeted 157 FTE, that impact rises to 4,082 working hours, or the equivalent of 2 FTE. Due to the fact that much of the work conducted by the SAO is statutorily required and/or time sensitive, the provisions contained in this proposed legislation could require the addition of 2 staff auditors.

Oversight notes the cost of 2 FTE is estimated to be around \$180,000. Oversight assumes this estimation is based on all state holidays landing on a 10 hour work day.

Oversight does not have any information to the contrary. Oversight assumes the range of cost is possible based on interpretation of the proposed language. Oversight notes the number of employees who work a 10 hour/day schedule is unknown and therefore utilization of this proposed legislation is unknown.

Oversight will range the cost as \$0 (employees can choose to use annual/comp time or leave without pay to make up the two-hour difference (Option 1 listed above)) to unknown cost (time is given off without having to take leave (Option 2 listed above)) to the General Revenue Fund and Other State Funds.

Oversight notes that if each agency allows a flex schedule, each agency could have a potential cost similar to the SAO. Therefore, Oversight assumes the cost could exceed \$250,000.

Officials from the **Office of the State Courts Administrator (OSCA)** assume there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

In response to a similar proposal from last year, HB 1565, officials from the **OSCA** assumed the proposal would have no fiscal impact on their organization.

Oversight does not anticipate an impact to OSCA. If this assumption is incorrect, this would alter the fiscal impact as presented in this fiscal note. If additional information is received, Oversight will review it to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

Officials from the **Attorney General's Office, Office of Administration - Administrative Hearing Commission, the Department of Economic Development, the Department of Elementary and Secondary Education, the Department of Higher Education and Workforce Development, the Department of Labor and Industrial Relations, the Department of Revenue, the Department of Public Safety (Capitol Police, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, Missouri Highway Patrol, State Emergency Management Agency and Veterans Commission), the Missouri National Guard, the Department of Social Services, the Office of the Governor, the Missouri Department of Agriculture, the Missouri Ethics Commission, the Missouri National Guard, the Joint Committee on Public Employee Retirement, the Missouri Lottery Commission, the Missouri Consolidated Health Care Plan, the Missouri House of Representatives, the Missouri Senate, the Office of the State Public Defender, the Office of the State Treasurer, the Legislative Research, the Oversight Division, the Missouri State Employees Retirement System and the State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations for this proposal.

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.

Officials from the **Office of Administration - Budget and Planning, the Department of Commerce and Insurance, the Department of Health and Senior Services, the Department of Mental Health, the Department of Natural Resources, the Department of Corrections, the Department of Public Safety – Directors Office, the Missouri Department of Conservation, and the Missouri Department of Transportation** defer to the Office of Administration for the potential fiscal impact of this proposal.

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 (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also 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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE FUND*			
<u>Cost – OA</u> Alternative Work Schedules §105.009	<u>\$0 to</u> (Unknown)	<u>\$0 to</u> (Unknown)	<u>\$0 to</u> (Unknown)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0 to</u> (Unknown)	<u>\$0 to</u> (Unknown)	<u>\$0 to</u> (Unknown)
OTHER STATE FUNDS*			
<u>Cost – OA</u> Alternative Work Schedules §105.009	<u>\$0 to</u> (Unknown)	<u>\$0 to</u> (Unknown)	<u>\$0 to</u> (Unknown)
ESTIMATED NET EFFECT TO OTHER STATE FUNDS	<u>\$0 to</u> (Unknown)	<u>\$0 to</u> (Unknown)	<u>\$0 to</u> (Unknown)

*According to OA, the unknown cost would consider the number of employees working the compressed work week, the number of holidays defined in law and granted by executive order, and these employees' calculated hourly rate multiplied times 2 hours (for the number of hours that exceed the 8-hour holiday period). Oversight assumes these cost could exceed \$250,000.

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<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

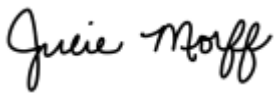
The bill allows for flexibility in work schedules for State agencies allowing implementation of a compressed work week schedule of a four-day work week composed of 10 hours a day, if deemed appropriate by the relevant authorities. If a State holiday falls on an employee's regularly scheduled 10 hour work day, the employee will not be required to use his or her own annual leave to make up the difference between the eight hours of credited holiday time and the employee's usual 10 hour day.

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
 Office of the Director
 Division of Alcohol and Tobacco Control
 Capitol Police
 Fire Safety
 Missouri Gaming Commission
 Missouri Highway Patrol
 Missouri National Guard
 State Emergency Management Agency
 Missouri Veterans Commission
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
Missouri State Employee's Retirement System
MoDOT & Patrol Employees' Retirement System

Missouri Office of Prosecution Services
Office of Administration
 Administrative Hearing Commission
 Budget and Planning
Facilities Management, Design and Construction
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
Public Schools and Education Employee Retirement Systems
State Tax Commission



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March 19, 2025



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