

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4541-01  
Bill No.: HB 1789  
Subject: County Government; Guardians  
Type: Original  
Date: February 4, 2016

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Bill Summary: This proposal changes the laws regarding public administrators to require the county to provide a staff if the public administrator handles at least fifty cases.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<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 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>(Unknown, greater than \$100,000)</b>	<b>(Unknown, greater than \$100,000)</b>	<b>(Unknown, greater than \$100,000)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **County Employees' Retirement Fund (CERF)** assume this proposal will generate additional costs for CERF. The bill will result in additional CERF members. Although it is not possible to definitely determine the number of additional members, CERF has estimated 40 additional members for this analysis, evenly split between individuals who are and are not covered by the Missouri Local Government Employees Retirement System (LAGERS).

The benefit cost for Non-LAGERS members is estimated to be the average non-LAGERS pay level (\$30,853) times the non-LAGERS normal cost rate (6.27%), reduced by member contributions of 6% of pay. This results in an annual per head cost of \$83.30. Assuming one half of the 40 new members are Non-LAGERS, the result is \$1,666.

The benefit cost for LAGERS members is estimated to be the average LAGERS pay level (\$35,294) times the LAGERS normal cost rate (4.08%), reduced by member contributions of 4% of pay. This results in an annual per head cost of \$28.24. Assuming one half of the 40 new members are LAGERS, the result is \$565.

The estimated annual administrative cost per member is \$110. The annual administrative cost for 40 new members would be approximately \$4,400.

In summary, the total estimated cost annually would sum to  $\$1,666 + 565 + 4,400$  or \$6,631.

Officials at the **Missouri Local Government Employees Retirement System (LAGERS)** assume additional full time staff within a participating LAGERS subdivision are eligible for coverage under LAGERS by this bill. For all eligible staff, LAGERS would secure corresponding required contributions to refund the benefit provisions elected by the employer based upon the cost characteristics of the additional staff. The number of staff, if any, cost characteristics and benefit provisions elected are unknown.

**Oversight** assumes that CERF and LAGERS are retirement systems and the proposal should not cause an increase in contribution rates from local political subdivisions. Therefore, Oversight will assume no direct fiscal impact for local political subdivisions.

Officials at the **Callaway County Commission** assume this proposal could have unlimited impact to counties. The Callaway County Commission assumes an unknown negative impact from this proposal.

ASSUMPTION (continued)

Officials at **Cole County** assume a cost greater than \$100,000. Depending on how many additional employees the Public Administrator wants to hire, the County could not deny the request, regardless of the funding in the County budget.

Officials at **St. Louis County** assume no fiscal impact from this proposal.

**Oversight** assumes there are multiple counties within the State of Missouri that could be affected by this legislation. Although it is unclear how many counties would provide staff for the public administrators should their case loads reach 50, Oversight will assume a cost to local political subdivisions of unknown, greater than \$100,000 each year from this proposal.

Officials at the following counties: Andrew, Atchison, Audrain, Barry, Bollinger, Boone, Buchanan, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Cooper, DeKalb, Dent, Franklin, Greene, Holt, Jackson, Jasper, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Mississippi, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, Shelby, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
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**LOCAL POLITICAL SUBDIVISIONS**

<u>Costs</u> - Local Political Subdivisions - new staff for public administrators whose case load is above 50 cases	(Unknown, greater than <u>\$100,000</u> )	(Unknown, greater than <u>\$100,000</u> )	(Unknown, greater than <u>\$100,000</u> )
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<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>(Unknown, greater than <u>\$100,000</u>)</b>	<b>(Unknown, greater than <u>\$100,000</u>)</b>	<b>(Unknown, greater than <u>\$100,000</u>)</b>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

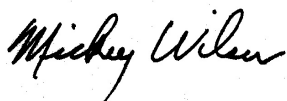
FISCAL DESCRIPTION

This bill provides that if a public administrator who handles 50 or more cases requests full-time staff, the staff must be paid for by the county or the City of St. Louis.

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

County Employees' Retirement Fund  
Cole County  
St. Louis County  
Callaway County Commission  
Missouri Local Government Employees Retirement System



Mickey Wilson, CPA  
Director  
February 4, 2016

Ross Strobe  
Assistant Director  
February 4, 2016