

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6586-03
Bill No.: Perfected HB 2644
Subject: Disabilities; Department of Elementary and Secondary Education
Type: Original
Date: May 2, 2018

Bill Summary: This proposal creates new provisions relating to sheltered workshops.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from **Office of Administration - Budget and Planning (B&P)** state the proposed legislation modifies the reimbursement methodology for sheltered workshops. The current pay-rate is \$95 for each standard workweek (Monday through Friday) and \$19 for each six-hour or longer day for Saturdays or Sundays. For each worker employed for less than a thirty-hour workweek or a six-hour day on Saturday or Sunday, a percentage of the standard pay-rate based on time worked will be paid to the sheltered workshop. The proposed legislation will require reimbursement to equal an amount that constitutes at least \$21 for each six-hour or longer day worked per employee. Otherwise, the amount paid to each sheltered workshop shall be the full appropriation distributed proportionately based on the number of hours submitted by each sheltered workshop to DESE.

The proposed legislation appears to have no direct impact on TSR or the calculation pursuant to Article X, Section 18(e). B&P defers to DESE for any specific impact to sheltered workshop reimbursement.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the proposal will have no fiscal impact on their organization. DESE assumes any potential cost arising from this proposal can be absorbed with existing appropriations.

Oversight notes, based on information from DESE’s FY 2019 budget documents, there are 90 non-profit sheltered workshops located in Missouri providing employment to approximately 7,000 adults with severe disabilities. The current pay-rate is \$95 for each standard, Monday through Friday, work week (or \$19 per day) and \$19 for each six-hour or longer day for Saturdays or Sundays. Oversight notes the following information for sheltered workshops:

Table I

	FY 2015	FY 2016	FY 2017	FY 2018 (Proj.)
State Aid Requested	\$24,913,446	\$24,524,953	\$24,190,364	\$25,260,702
State Aid Paid	\$24,913,446	\$24,524,953	\$23,921,649	\$25,260,702
Total Hours Claimed	8,019,711	7,683,473	7,554,364	7,856,539
Number of Employed	7,034	6,533	6,358	6,612

Source: DESE FY 2019 Budget Book

ASSUMPTION (continued)

Table II

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019*
Appropriations	\$25,283,457	\$25,283,457	\$25,283,457	\$26,041,961	\$26,041,961
Expenditures	\$24,913,446	\$24,524,953	\$24,078,421	N/A	N/A

Source: DESE FY 2019 Budget Book

* Amount listed in HB 2002

Oversight assumes this proposal raises the state reimbursement rate to \$21 per six-hour day. Based on DESE's response, Oversight will not show a fiscal impact resulting from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<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

The proposed legislation appears to have no direct fiscal impact.


This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Office of Administration - Budget and Planning

Ross Strope

A handwritten signature in black ink, appearing to read "Ross Strope", with a stylized flourish at the end.

Acting Director
May 2, 2018