

**FISCAL NOTE  
PUBLIC COST**

- I. Department Title: 1—Office of Administration  
Division Title: 10—Commissioner’s Office  
Chapter Title: 15—Cafeteria Plan**

<b>Rule Number and Name:</b>	1 CSR 10-15.010 Cafeteria Plan
<b>Type of Rulemaking:</b>	Amendment

**II. SUMMARY OF FISCAL IMPACT**

Affected Agency or Political Subdivision	Estimated Cost of Compliance in the Aggregate
All agencies	Approximately \$127,000 per year

**III. WORKSHEET**

Source of Impact to All Agencies of State Government	Total Dollars Subject to Withholding	Withholding Percentage	Impact in Dollars
Social Security Employer Contribution	\$4,128,457	6.20%	\$ (255,964)
Medicare Employer Contribution	\$4,128,457	1.45%	\$ (59,863)
Additional State Income Tax Collected	\$4,128,457	6.00%	\$ 247,707
Fees No Longer Charged to Voluntary Vendors			\$ (59,000)
<b>Net Impact</b>			<b>\$ (127,120)</b>

\*All numbers are approximate, based on past usage of the cafeteria plan

**IV. ASSUMPTIONS**

The cafeteria plan allows employees of the state and other participating state entities to set aside a portion of their salary to be used to pay for certain qualifying medical and dependent care expenses as well as premium payments. Under the current plan regulation, all employees of the state are eligible to participate in the plan and includes all state sponsored plans and voluntary vendors that qualify for inclusion per section 125 of IRS regulations. Due to changes in federal law and the additional requirements that would be required of the voluntary plans, this amendment is being made to remove voluntary plans from the premium payment portion of the cafeteria plan. Changes are also being made to the eligibility of employees that can participate in certain portions of the cafeteria plan for the same reasons.

It is estimated that the potential increase in costs to the State of Missouri, as the employer, would result from employees not having premiums taken out of their pay checks pre-tax, and would result in the employer paying FICA taxes of 7.65% on those dollars. The annual estimate for additional taxes is approximately \$316,000.

This amount would, however, be offset in part by the amount of additional state taxes collected from affected employees of approximately \$248,000.

In addition, the state would forgo fees that are charged to the voluntary vendors for participation in the cafeteria plan. The estimated annual cost of the loss in revenue is approximately \$59,000.