



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2023 Biennium

**Bill #** HB0013

**Title:** State Employee Pay Plan

**Primary Sponsor:** Dooling, Julie

**Status:** As Introduced

- Significant Local Gov Impact     
 Needs to be included in HB 2     
 Technical Concerns  
 Included in the Executive Budget     
 Significant Long-Term Impacts     
 Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$1,302,075	\$7,247,866	\$11,463,747	\$11,467,204
State Special Revenue	\$994,602	\$3,943,603	\$6,020,423	\$6,027,953
Federal Special Revenue	\$591,408	\$2,593,379	\$3,949,683	\$3,954,881
Other	\$53,159	\$83,674	\$132,030	\$132,078
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>(\$1,302,075)</u>	<u>(\$7,247,866)</u>	<u>(\$11,463,747)</u>	<u>(\$11,467,204)</u>

**Description of fiscal impact:** HB 13 provides for no across-the-board pay increase in FY 2022 and a 55 cent per hour pay increase for state and university system employees effective the pay period including November 15, 2022 (FY 2023). The bill also increases the longevity increment for employees with 25 years of service by 0.5%. Finally, the bill provides for personal services contingency funds allocated to the Office of Budget and Program Planning to be distributed to agencies when the agencies cannot meet their vacancy savings amount or have leave payouts that cannot be covered by existing budgets within state agencies.

## FISCAL ANALYSIS

### Assumptions:

1. HB 13 provides for no pay increase in FY 2022.
2. Effective on the pay period that includes November 15, 2022, HB 13 provides for a 55 cent per hour increase. The cost of this pay increase is \$12.8 million (all funds) in FY 2023. Because the pay increase for FY 2023 is for a partial year, the annualized cost is \$20.5 million (all funds) in FY 2024 and FY 2025.
3. HB 13 also increases the longevity increment for 25 years of service from 1.5% to 2%. The estimated cost, based upon the July 2020 snapshot, is approximately \$1 million (all funds) in FY 2022 and FY 2023 for state and university system employees. A 1.5% per year inflation factor has been applied for FY 2024 and FY 2025.
4. The bill retains the employer share for employee health insurance at the existing rate, so there is no fiscal impact.
5. Section 3 (4) of the bill includes appropriations to the Office of Budget and Program Planning that provide contingency funds when agencies have excessive retirement costs or are unable to meet vacancy savings levels imposed by the legislature.
6. Section 3 (5) of the bill provides funding for a labor-management training initiative.
7. HB 13 represents a negotiated agreement between the executive branch and labor unions. Section 3(6) accounts for a component of the tentative agreement that the pay increase for state employees (not including university system employees) may not be less than \$10.4 million. The amount included in the bill for state employees is currently \$10,469,122.

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Personal Services	\$1,066,244	\$13,868,522	\$21,565,883	\$21,582,116
Operating Expenses	\$75,000	\$0	\$0	\$0
Transfers	\$1,800,000	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<b>\$2,941,244</b>	<b>\$13,868,522</b>	<b>\$21,565,883</b>	<b>\$21,582,116</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$1,302,075	\$7,247,866	\$11,463,747	\$11,467,204
State Special Revenue (02)	\$994,602	\$3,943,603	\$6,020,423	\$6,027,953
Federal Special Revenue (03)	\$591,408	\$2,593,379	\$3,949,683	\$3,954,881
Other	\$53,159	\$83,674	\$132,030	\$132,078
<b>TOTAL Funding of Exp.</b>	<b>\$2,941,244</b>	<b>\$13,868,522</b>	<b>\$21,565,883</b>	<b>\$21,582,116</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$1,302,075)	(\$7,247,866)	(\$11,463,747)	(\$11,467,204)
State Special Revenue (02)	(\$994,602)	(\$3,943,603)	(\$6,020,423)	(\$6,027,953)
Federal Special Revenue (03)	(\$591,408)	(\$2,593,379)	(\$3,949,683)	(\$3,954,881)
Other	(\$53,159)	(\$83,674)	(\$132,030)	(\$132,078)

  
Sponsor's Initials

1/6/2021  
Date

  
Budget Director's Initials

1/4/21  
Date