



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

<b>Bill information:</b>	
HB0013 - State Employee Pay Plan and revising laws governing state employees (Fitzpatrick, John )	
<b>Status:</b>	As Amended in House Committee

- |  |  |  |
|--|--|--|
| <input type="checkbox"/> Significant Local Gov Impact                | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input checked="" type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b>Expenditures:</b>					
General Fund	\$9,256,405	\$30,015,989	\$60,617,028	\$60,617,028	\$60,617,028
State Special Revenue	\$5,654,270	\$16,578,670	\$32,356,490	\$32,356,490	\$32,356,490
Federal Special Revenue	\$1,889,540	\$7,482,903	\$14,554,221	\$14,554,221	\$14,554,221
Other (Proprietary)	\$111,402	\$412,463	\$728,058	\$728,058	\$728,058
<b>Revenue:</b>					
General Fund	\$0	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>(\$9,256,405)</u>	<u>(\$30,015,989)</u>	<u>(\$60,617,028)</u>	<u>(\$60,617,028)</u>	<u>(\$60,617,028)</u>

**Description of fiscal impact:** HB 13 provides for across-the-board pay increases in FY 2024 and FY 2025 of \$1.50 per hour or 4% (whichever is greater) for state and university system employees effective the pay period including July 1, 2023 (FY 2024) and July 1, 2024 (FY 2025). The bill also provides a one-time lump-sum payment to employees equivalent to 50 cents per hour in FY 2023. HB 13 increases the meal per diem rate for employees in in-state travel status by approximately 10% and ties the meal per diem for foreign travel to the federal reimbursement rate. 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:

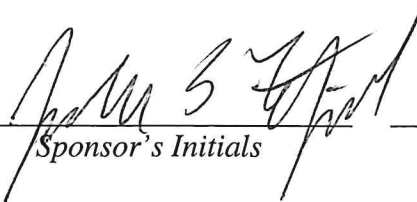

1. Effective on the pay period that includes July 1, 2023 (FY 2024), HB 13 provides for a \$1.50 per hour or 4% pay increase (whichever is greater). The cost of this pay increase is \$52.3 million (all funds) in each year of the biennium.
2. Effective on the pay period that includes July 1, 2024 (FY 2025), HB 13 provides for a \$1.50 per hour or 4% pay increase (whichever is greater). The cost of this pay increase is \$55.6 million (all funds) in FY 2025.
3. HB 13 includes funds for a one-time lump-sum payment to employees equivalent to 50 cents per hour. The payment is broken out in Section 2 of the bill between full time employees, employees that work between 20 and 40 hours per week, and employees who work less than 20 hours per week. The one-time cost of the lump sum payments is \$16.9 million (all funds).
4. The meal per diem rate for in-state meals while employees are in travel status is increased in the bill by approximately 10% per meal. Breakfast is increased from \$7.50 to \$8.25; lunch is increased from \$8.50 to \$9.25; and dinner is increased from \$14.50 to \$16.00. The cost of the increased meal per diem is \$283,399 per year (all funds).
5. The meal per diem rate for foreign travel is changed in the bill from a specific per meal allowance to the federal reimbursement rate. Because foreign travel by state employees is very minimal, the cost is estimated to be de minimis. No appropriations are included in the bill.
6. Funding has historically been included in HB 13 to provide personal services contingency funds. The appropriation goes to the Office of Budget and Program Planning (OBPP). When an agency experiences a budget shortfall related to personal services, typically related to employee leave payouts upon retirement or separation from service or the agency does not achieve the vacancy savings rate assessed in HB 2, the agency can apply to OBPP to receive an allocation of funds. If funds are not allocated, the funds revert to the general fund or applicable funding source.
7. Section 5 of the bill provides funding for the labor-management training initiative.

	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>					
<b><u>Expenditures:</u></b>					
Personal Services	\$13,684,572	\$43,807,699	\$86,014,180	\$86,014,180	\$86,014,180
Operating Expenses	\$0	\$358,399	\$283,399	\$283,399	\$283,399
Transfers	\$3,227,045	\$10,323,927	\$21,958,218	\$21,958,218	\$21,958,218
<b>TOTAL Expenditures</b>	<b>\$16,911,617</b>	<b>\$54,490,025</b>	<b>\$108,255,797</b>	<b>\$108,255,797</b>	<b>\$108,255,797</b>

<b><u>Funding of Expenditures:</u></b>					
General Fund (01)	\$9,256,405	\$30,015,989	\$60,617,028	\$60,617,028	\$60,617,028
State Special Revenue (02)	\$5,654,270	\$16,578,670	\$32,356,490	\$32,356,490	\$32,356,490
Federal Special Revenue (03)	\$1,889,540	\$7,482,903	\$14,554,221	\$14,554,221	\$14,554,221
Other	\$111,402	\$412,463	\$728,058	\$728,058	\$728,058
<b>TOTAL Funding of Exp.</b>	<b>\$16,911,617</b>	<b>\$54,490,025</b>	<b>\$108,255,797</b>	<b>\$108,255,797</b>	<b>\$108,255,797</b>

<b><u>Revenues:</u></b>					
General Fund (01)	\$0	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<b>\$0</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)	(\$9,256,405)	(\$30,015,989)	(\$60,617,028)	(\$60,617,028)	(\$60,617,028)
State Special Revenue (02)	(\$5,654,270)	(\$16,578,670)	(\$32,356,490)	(\$32,356,490)	(\$32,356,490)
Federal Special Revenue (03)	(\$1,889,540)	(\$7,482,903)	(\$14,554,221)	(\$14,554,221)	(\$14,554,221)
Other	(\$111,402)	(\$412,463)	(\$728,058)	(\$728,058)	(\$728,058)


2/2/23

2-2-23

Sponsor's Initials                      Date                      Budget Director's Initials                      Date