

Description of Legislation

1. Summary of Legislation

Appears to pay the difference between the amount of a state agency employee's State-supported salary and his or her active military duty pay when called to active military service because of the Persian Gulf War, provided the employee's salary with the State agency is greater than the active duty military pay. Public school unit employees are also covered by the bill.

The maximum salary continuation would be \$225 monthly.

2. Effective Date - August 1, 1990 through December 31, 1991

3. Fund or Tax Affected - General Fund, Highway Fund, Agency Receipts

4. Principal Department/Program Affected - All State Departments, Agencies and Institutions; Community College Institutions, Public School Administrative Units.

Cost or Revenue Impact on State

	<u>FY</u> 90-91	<u>FY</u> 91-92	<u>FY</u>
1. Non-Recurring Costs/Revenues Total Reqts.	\$293,730	\$234,983	
Less Receipts	44,561	35,648	
Highway Fund	\$ 44,423	\$ 35,538	
General Fund	\$204,746	\$163,797	

2. Recurring Costs/Revenues - None

3. Fiscal/Revenue Assumptions

A survey of all State departments, agencies, institutions, boards, and commissions has revealed that some 370 of their employees were called to active military service since August 1, 1990, and were on leave without pay for such service. Some 20 employees of Community College institutions and some 110 employees of Public School administrative units were similarly called to active military duty. In total, the 500 employees were earning an annualized State-supported salary of some \$12,700,000 before their call to active military duty. A list of individual State agency employees on leave without pay for military reasons and their respective salaries was furnished to the North Carolina National Guard which compared their State salaries with their active duty National Guard rates of pay. This data provided by the National Guard indicated definite trends on the employees whose State-supported salaries were greater than their active military duty pay and covered by House Bill 70: only 7% of employees earning less than \$20,000 annually, 35% of employees earning \$20,000 to \$30,000 annually, 60% of employees earning \$40,000 to \$50,000 annually, and 100% of employees earning at least \$50,000 annually. National Guard data further indicated that less than 30% of the total number of employees called to active military service would be affected by House Bill 70. However, for those employees affected by House Bill 70, the average amount of salary continuation provided under the bill would be about 15% of their State-supported salary for an average duration of 7.5 months for 1990-91 if the employees remain on active military duty through the end of the year. For employees whose State-supported salary was less than \$50,000 annually, the average salary continuation provided by the

Proposed Committee Substitute for House Bill 70 would be some 10%; for employees whose State-supported salary was \$50,000 or more annually, the average salary continuation under the bill would be about 5%.

Using the date provided by the North Carolina National Guard and other information provided by other State agencies, the trends developed from the data were applied to all of the 500 employees called to active military service since August 1, 1990, as reported in State agency surveys. Such an application was used to develop the cost estimates provided in this Fiscal Note:

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Annual State Salary Annual Continuation State Salaries Under HB-70	% of Employees with State Salary Exceeding Military Salary	Average % of State Salary Continuation Under HB-70	No. of Employees Affected by HB-70	Annual State Salary Base
\$10,000-\$19,999	10%	10%	20	\$ 337,965
\$ 33,797				
20,000- 29,999	35	10	70	1,867,720
186,772				
30,000- 49,999	60	10	60	2,210,734
162,000				
50,000+	100	5	20	1,281,320
54,000				
Total			170	\$5,697,739
\$436,569				
Plus: Employer FICA Continuation				
33,398				
Total Annual Cost				
\$469,967				

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Cost/Revenue Impact on County or Local Government

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1. Non-Recurring Costs/Revenues - Local community college institutions and public school units may feel compelled to pay the same salary continuations are required by House Bill 70 for local salary supplements paid to their employees paid on a State-supported salary plan.
2. Recurring Costs/Revenues
3. Fiscal/Revenue Assumptions

Sources of Data for Fiscal Note

Office of State Personnel Listing of State Agency Employees on Leave Without Pay for Military Reasons, North Carolina National Guard Salary Data, Salary Data from Universities, Community Colleges, and Public Schools on Employees Called to Active Military Service, Military Pay Rate Schedules.

Technical Considerations/Comments

The Proposed Committee Substitute for House Bill 70 appears to have resolved the unanswered technical questions and problems found in the original version of House Bill 70.

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