

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 127

SHORT TITLE: Up State Employee Travel Rates

SPONSOR(S): Representative Gregg Thompson

FISCAL IMPACT

Yes (X) No () No Estimate Available ()

FY 1997-98 FY 1998-99 FY 1999-00 FY 2000-01 FY 2001-02

REVENUES

EXPENDITURES \$9,812,004 \$10,086,740 \$10,379,225 \$10,690,633 \$11,032,733

POSITIONS:

**PRINCIPAL DEPARTMENT(S) &
PROGRAM(S) AFFECTED:** All Departments

EFFECTIVE DATE: July 1, 1997

BILL SUMMARY: Revises GS 138-6(a)(1) to increase the mileage reimbursement rate from .25 cents per mile to .31 cents per mile, irrespective of the number of miles traveled, effective July 1, 1997. Revises GS 138-6(a)(2) to increase the in-state subsistence from \$71 to \$81 and the out-of-state subsistence from \$83 to \$93, effective July 1, 1997. Conforms the mileage reimbursement rate in GS 120-3.1(a)(2) to the rate set in GS 138-6(a)(1), commencing with the 1999 Regular Session of the General Assembly.

ASSUMPTIONS AND METHODOLOGY:

The General Assembly last adjusted the subsistence allowance in Senate Bill 1505 during the 1994 Extra Session. The bill increased the allowance from \$55 to \$71 per day for in-state travel, and from \$67 to \$87 per day for out-of-state travel.

Prior to the increase during the 1994 Extra Session, the subsistence allowance held at an in-state rate of \$55 per day and an out-of-state rate of \$71 per day for six years. In 1988, the General Assembly increased the in-state rate from \$52 to \$55 per day, and the out-of-state rate from \$64 to \$67 per day. In 1986, the General Assembly increased the in-state rate from \$47 to

\$52 per day, and the out-of-state rate from \$59 to \$64. The subsistence allowance experienced an overall increase of 51% in the in-state rate and a 40.6% increase in the out-of-state rate from 1985-86 to the present.

This legislation would only affect the mileage reimbursement rate and that portion of the subsistence allowance applied to in-state and out-of-state lodging expenses.

Assumption 1: The rate of travel is relatively constant from year to year for all types of travel (e.g. air, rail, and ground). The proposed increase in the mileage reimbursement rate from .25 cents to .31 cents per mile represents a 26% increase. The proposed increase in the in-state subsistence allowance rate from \$71 to \$81 per day represents a 14% increase. The proposed increase in the out-of-state subsistence allowance rate from \$83 to \$93 per day represents an increase of 12%.

Assumption 2: The percentage increase in the sum of all travel accounts from January 31, 1996 to June 30, 1996 can be used to estimate the increase in the sum of all travel accounts from January 31, 1997 to June 30, 1997.

An appropriation adequate to cover these increases depends upon reliable estimates of the in-state and out-of-state ground transportation travel expense accounts and the in-state and out-of-state lodging expense travel accounts for the 1996-97 Certified Budget as of June 30, 1997. Given the assumption of constant annual travel, the travel accounts as of June 30, 1997 can be estimated using 1995-96 figures.

The percentage increase between January 31 and June 30, 1996 is used to estimate the June 30, 1997 Certified Budget in the travel accounts. This calculation is possible because the January 31, 1997 Certified Budget is available and complete in the North Carolina Accounting System, maintained by the Office of the State Controller. The same percentage increase in the travel accounts from the January 31, 1996 to June 30, 1996 is applied to the January 31, 1997 travel accounts to estimate the June 30, 1997 travel accounts in the 1996-97 Certified Budget.

The travel accounts experienced a two percent increase from the \$87,813,086 in January 31, 1996 to the \$89,584,000 in June 30, 1996. The \$85,340,182 in the travel accounts as of January 31, 1997 leads to an estimate of \$87,046,986 (two percent increase) for June 30, 1997.

Assumption 3: The same ratios between the in-state and out-of-state ground transportation accounts and total travel for January 31, 1997 can be used to estimate the in-state and out-of-state ground transportation figures for June 30, 1997. Correspondingly, the same ratios between the in-state and out-of-state lodging accounts and total travel for January 31, 1997 can be used to estimate the in-state and out-of-state lodging figures for June 30, 1997. The percentage increases in the mileage reimbursement rates and lodging subsistence which this legislation proposes would be applied to these June 30, 1997 estimated figures.

Estimates (for June 30, 1997) as Percent of 1996-97 Projected Total

1.) In-state ground transportation for June 30, 1997 is estimated at \$31,323,962. This represents 36% of the \$87,046,986 total projected for travel as of June 30, 1997.

2.) Out-of-state ground transportation for June 30, 1997 is estimated at \$2,691,264. This represents 3% of the \$87,046,986 total projected for travel as of June 30, 1997.

3.) In-state lodging for June 30, 1997 is estimated at \$4,195,617. This represents 4.8% of the \$87,046,986 total projected for travel as of June 30, 1997.

4.) Out-of-state lodging for June 30, 1997 is estimated at \$850,080. This represents approximately one percent of the \$87,046,986 total projected for travel as of June 30, 1997.

Total Requirements and Requirements as Percentage Increases to Estimates

The total requirements to increase the mileage reimbursement rates for in-state and out-of-state travel, and to increase the in-state and out-of-state portion of the subsistence allowance sum to \$9,533,475. Inflation is projected at 2.9% for FY 1997-98, the year in which the proposed increases would take effect. The FY 1997-98 requirement, therefore, would be \$9,812,004. The cost estimates reflect projected inflation rates for out years as follows:

FY 1997-98 - 2.9%; FY 1998-99 - 2.8%; FY 1999-00 - 2.9%; FY 2000-01 - 3.0%;
FY 2001-02 - 3.2%

A 26% increase (.25 cents to .31 cents) in the \$31,323,962 for in-state ground transportation requires \$8,144,230. A 26% increase (.25 cents to .31 cents) in the \$2,691,264 for out-of-state ground transportation requires \$699,729. A 14% increase (\$71 to \$81) in the \$4,195,617 for in-state lodging requires \$587,386. A 12% increase (from \$83 to \$93) in the \$851,080 for out-of-state lodging requires \$102,130.

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION

733-4910

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