

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

Legislative Fiscal Note

BILL NUMBER: House Bill 394 (First Edition)

SHORT TITLE: Flex. Work Option for All State Employees.-AB

SPONSOR(S): Representative Hurley

	FISCAL IMPACT				
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>
REVENUES:	n/a	n/a	n/a	n/a	n/a
EXPENDITURES:					
General Fund	Up to (\$11,418,678) per each 1% participation - See Assumptions and Methodology				
Highway Fund	Up to (\$ 1,185,372) per each 1% participation - See Assumptions and Methodology				
POSITIONS (cumulative):	n/a	n/a	n/a	n/a	n/a
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: State agencies, departments and institutions including the University of North Carolina.					
EFFECTIVE DATE: When it becomes law.					

BILL SUMMARY: Section 1 authorizes State agencies, departments and institutions including the University of North Carolina to offer permanent State employees voluntary flexible work schedules including but not limited to thirty-hour workweeks during the 2011-2013 fiscal biennium. State employees who volunteer to work flexible or reduced schedules will receive pay reduced pro rata based upon the number of hours worked. The budgeted salary for the employee's position will not be reduced; however, salary savings realized due to the reduced hours may not be expended for any purpose and will revert to the funding source of the position. Section 2 directs the State Personnel Commission to provide technical assistance in the development and implementation of voluntary flexible work schedules.

ASSUMPTIONS AND METHODOLOGY: The number of State employees electing to volunteer for flexible or reduced work schedules is indeterminable; thus, the actual General Fund and Highway Fund savings attributable to voluntarily reduced work schedules are indeterminable. The General Fund and Highway Fund estimated savings noted above are based upon current position data obtained from the Fiscal Research Division's annual position and salary survey. The estimated savings represent the maximum savings attributable to each one percent (1%) of the

permanent State employee workforce electing to voluntarily reduce their 40 hour per week schedules to 30 hours per week. The Fiscal Research Division’s annual position and salary survey reports 46,510 permanent full-time equivalent positions in the State agencies and departments with an average budgeted annual salary of \$43,209; reports 35,444 permanent full-time equivalent positions in the University of North Carolina System with an average budgeted annual salary of \$64,478; and reports 9,973 permanent full-time equivalent positions are supported by Highway Fund appropriations with an average budgeted annual salary of \$44,707. The maximum savings per each 1% participation were determined as reflected in the chart below:

	State agency and department employees	UNC employees	Highway Fund supported employees
Total permanent workforce	46,510	35,444	9,973
Average Salary: 40 hour workweek	\$ 43,209	\$ 64,478	\$ 44,707
Average Salary: 30 hour workweek	\$ 32,407	\$ 48,358	\$ 33,530
Savings per position	\$ 10,802	\$ 16,119	\$ 11,177
Participation Rate	1.0%	1.0%	1.0%
Estimated # Participants	465	354	100
Total Estimated Savings including employer benefit costs savings	\$ 5,936,551	\$ 6,750,869	\$ 1,317,080
Risk adjustment @ 10% to account for vacant positions	\$ 5,342,896	\$ 6,075,782	\$ 1,185,372
Maximum General Fund Savings per each 1% participation	\$ 11,418,678		
Maximum Highway Fund Savings per each 1% participation	\$ 1,185,372		

Employer benefits costs are 18.16% of payroll and include employer contributions of 4.93% for retirement benefits, 0.52% for disability benefits, 0.16% for death benefits, 4.90% for retiree hospital/medical coverage, and 7.65% for Social Security. Since these estimates are based upon budget position data and not actual employee data, a risk adjustment factor of 10% has been applied to account for position vacancies.

SOURCES OF DATA: The Fiscal Research Division, NCGA.

TECHNICAL CONSIDERATIONS: None

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