

Description of Legislation

1. Summary of Legislation

15% reduction in compensation for legislators, and for State agency officers and employees and employees of local public school administrative units supported by State funds receiving \$58,825 or more annually in compensation. Employees and officers of State agencies and employees of local public school administrative units supported by State funds receiving compensation between \$50,000 and \$58,825 annually would have their compensation reduced to \$50,000.

2. Effective Date - July 1, 1991

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

4. Principal Department/Program Affected - All State Departments, Agencies, Institutions, Boards and Commissions.

Cost or Revenue Impact on State

	<u>FY</u>	<u>FY</u>	<u>FY</u>
	<u>91-92</u>	<u>92-93</u>	
1. Non-Recurring Costs/Revenues	None		
2. Recurring Costs/Revenues			
<u>Total Budget Decrease</u>	\$77,610,724	\$77,682,414	
State Agency Receipts	\$28,826,000	\$28,826,000	
Highway Fund	\$ 3,104,796	\$ 3,104,796	
General Fund	\$45,679,928	\$45,751,618	

3. Fiscal/Revenue Assumptions

Some 6,840 currently-employed employees and officers of State agencies, departments, institutions, boards and commissions, excluding the Governor, the Council of State, Justices and Judges, would be affected by House Bill 639 for the 1991-93 biennium. An additional 640 employees of Public School local administrative units would be affected by the bill. All 170 State legislators would be affected by the bill. It appears that House Bill 639 does not cover institutional employees of the State's Community College System under Chapter 115D of the North Carolina General Statutes and are not included in the fiscal estimates of this Note. If these institutional employees were to be covered by the bill, the foregoing budget reductions would be increased by \$2,263,926 for each fiscal year of the 1991-93 biennium in both the General Fund and Total Budget Decrease categories. The Governor and Council of State would be affected by House Bill 639 whenever the offices are filled anew in January, 1993. Of course, the budget reductions included in this Note would be reduced by the amount of 1991-93 Continuation Budget reductions adopted by the General Assembly that would eliminate jobs that are currently filled.

Cost/Revenue Impact on County or Local Government

	<u>FY</u>	<u>FY</u>	<u>FY</u>
	<u>91-92</u>	<u>92-93</u>	
1. Non-Recurring Costs/Revenues			

2. Recurring Costs/Revenues

Local public school administrative units may wish to make similar salary reductions in local salary supplements paid to their employees paid on a State-supported salary plan.

3. Fiscal/Revenue Assumptions

Sources of Data for Fiscal Note

Office of State Personnel Salary Data, Salary Data from Universities, Community Colleges, and Public Schools.

Technical Considerations/Comments

Consideration might be given to applying the same salary reductions to institutional community college employees as contained in House Bill 639. In addition, since employees retired in the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System and Fund have received increases in their retirement allowances comparable to the salary increases provided to salaried employees in recent years, consideration might be given to reducing the retirement allowances of retirees receiving \$25,000 or more per year by amounts comparable to those contained in House Bill 639, provided such allowances are not reduced below a level provided by a retiree's own contributions nor below his or her initial benefit entitlement.



Signed Copy Located in the NCGA Principal Clerk's Offices