

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

BILL NUMBER: Senate Bill 1164 (First Edition)

SHORT TITLE: Pay School Employees the Mandated Minimum.

SPONSOR(S): Senator Dorsett

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>
REVENUES	N/A	N/A	N/A	N/A	N/A
EXPENDITURES					
State General Fund	\$14,510,093	\$6,234,655	\$6,602,499	\$6,992,047	\$7,390,593
Federal Funds	\$2,325,987	\$1,341,504	\$1,420,653	\$1,504,472	\$1,590,227
Local Funds	<u>\$10,821,148</u>	<u>\$1,789,298</u>	<u>\$1,894,867</u>	<u>\$2,006,664</u>	<u>\$2,121,044</u>
Total Expenditures	\$27,657,228	\$9,365,457	\$9,918,019	\$10,503,182	\$11,101,863
POSITIONS (cumulative):	N/A	N/A	N/A	N/A	N/A
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: The Department of Public Instruction, State Board of Education and Local Education Agencies					
EFFECTIVE DATE: July 1, 2007					

BILL SUMMARY: Increases the salaries of all public school noncertified employees earning less than \$20,112, the fair minimum wage, to \$20,112 retroactively to July 1, 2005. Further increases the adjusted salaries by 5.5% retroactively to July 1, 2006.

ASSUMPTIONS AND METHODOLOGY: The General Assembly enacted a Fair Minimum Wage of \$20,112 for all permanent full-time employees subject to the State Personnel Act effective July 1, 2005. The Fair Minimum Wage was prorated for any permanent full-time employee working a schedule requiring less than 12-months service per year. The adjustment to the Fair Minimum Wage was calculated and awarded after the adjustment for the compensation increase also granted effective July 1, 2005.

Similarly, the General Assembly enacted a Fair Minimum Wage of \$20,112 for all permanent full-time noncertified public school employees whose salaries are supported from the State's General Fund effective July 1, 2006. Permanent full-time employees working on a schedule requiring less than 12-months service per year and permanent part-time employees were awarded the Fair Minimum Wage on a prorated basis. The adjustment to the Fair Minimum Wage was calculated and awarded after the adjustment for the compensation increase (5.5%) granted effective July 1, 2006.

Inasmuch as the Fair Minimum Wage was awarded to noncertified public school employees one year after it was awarded to permanent full-time employees subject to the State Personnel Act, noncertified public school employees, of course, did not receive the increased compensation for 12-months nor did they benefit from receiving the 5.5% compensation increase granted by the General Assembly last year on the \$20,112 minimum salary. Employees subject to the State Personnel Act whose salaries were increased in 2005 to the \$20,112 minimum salary are now receiving \$21,218 in salary due to the 5.5% compensation increase granted last year.

The cost as stated above for Fiscal Year 2007-08 is the difference between the salaries actually paid to noncertified public school employees for the fiscal year 2005-06 and what would have been paid had their salaries been increased to \$20,112 effective July 1, 2005 plus the difference between the salaries actually paid for the fiscal year 2006-07 and what would have been paid had the salaries been increased to \$21,218 effective July 1, 2006. The costs stated for subsequent fiscal years is the ongoing or recurring costs of raising the current salaries by 5.5% inflated based upon consumer price index projections provided by Moody's economy.com (Feb. 2007).

This Bill affects 8,382 noncertified full-time equivalent (FTE) positions of which 5,580 FTE's are funded from the State's General Fund, 1,201 FTE's are funded from Federal funds, and 1,601 FTE's are funded from local funds. Noncertified public school employees include teacher assistants, cafeteria workers, custodians, clerical assistants, bus drivers, etc.

SOURCES OF DATA: The Department of Public Instruction, and Moody's economy.com (Feb. 2007)

TECHNICAL CONSIDERATIONS: This Bill appears to provide retroactive salary adjustments to all affected noncertified public school employees regardless of whether they are currently employed by a Local Education Agency (LEA). It may, thus, be administratively burdensome to a LEA to attempt to locate a former employee in order to pay retroactive salary.

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: J. Marshall Barnes

APPROVED BY: Lynn Muchmore, Director
Fiscal Research Division

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