

**BILL SUMMARY**  
1<sup>st</sup> Session of the 56<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 1851</b>
<b>Version:</b>	<b>FULLPCS1</b>
<b>Request Number:</b>	<b>6939</b>
<b>Author:</b>	<b>Representative Osborn</b>
<b>Date:</b>	<b>2/17/2017</b>
<b>Impact:</b>	<b>FY-18: \$3,000,000 for Minimum Pay Band Increases; \$27M to \$31.6M for \$750 State Employee Pay Raise</b>

**Research Analysis**

The proposed committee substitute provides a \$750 pay increase to certain full-time employees of the executive branch state agencies who received a *meets* or *exceeds* standards on their most current performance evaluation conducted.

Prepared By: Kyle Meade

**Fiscal Analysis**

The measure appropriates \$3,000,000 to the Office of Management and Enterprise Services (OMES) for the purpose of funding the Office's proposed 10 percent increase of minimum pay band schedules effective July 1, 2017. Further, the measure provides a \$750 pay raise to all full-time employees of executive branch state agencies who meet certain criteria. OMES's initial estimate for the cost of the \$750 pay raise totals \$27,000,000, but it is unclear if this estimate included associated payroll costs such as FICA (payroll taxes), the employers' shares of retirement, and MQFE (Medicare tax). An independent review of potential cost of the raise shows that as of December, 2016, appropriated executive branch agencies employed 33,963.4 full time employees. At \$750 each, the cost of the cost of the pay raise would total \$25,472,550. At 6.2 percent for FICA, 16.5 percent for retirement costs, and 1.45 percent for MQFE, these costs would total \$6,151,621, for a total of \$31,624,171. Non-appropriated executive branch agencies employed 2,835.7 individuals as of December, 2016; to provide these employees the same pay raise would cost non-appropriated entities \$2,126,775 for the raise alone and \$513,616 for FICA/retirement/MQFE, for a total of \$2,640,391.

Prepared By: Nicole McPhetridge

**Other Considerations**

None.