

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Committee on Governmental Oversight and Accountability

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BILL: SB 478

INTRODUCER: Senator Joyner

SUBJECT: State Employee Salaries

DATE: January 25, 2016

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	McVaney	McVaney	GO	<b>Pre-meeting</b>
2.			AGG	
3.			AP	

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**I. Summary:**

SB 478 authorizes, effective July 1, 2016, a three percent increase on each state employee's base rate of pay as of June 30, 2016.

To be eligible for the pay increase, the "state employee" must:

- Hold a salaried position and work at least 30 hours per week; or
- Be paid from regular salary appropriations for 8 months' employment.

State officers, including the Governor and Cabinet, judges, and various other positions whose annual salaries are fixed by law, are not eligible for the pay increase. Employees paid from the other-personal-services appropriations category (typically referred to as OPS employees) are not eligible for the pay increase.

The bill directs the Legislature to appropriate funds necessary to implement the pay increase.

The fiscal impact of this pay increase is estimated to be, on an annual basis, roughly \$172 million from the General Revenue Fund and \$91 million from various trust funds.

**II. Present Situation:**

As of June 30, 2014, the state workforce had approximately 159,300 positions. These positions participate in various pay plans. The table below shows the pay plans, the established positions, and the reported average salaries.<sup>1</sup> For the most part, these employees are paid from the salaries and benefits appropriation categories in the General Appropriations Act.

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<sup>1</sup> Fiscal Year 2013-14 Annual Workforce Report, pp.15 and 18. <http://www.dms.myflorida.com/content/download/113500/629140/file/FY%202013-14%20Annual%20Workforce%20Report.pdf> (last visited on January 20, 2016).

<b>Pay Plan</b>	<b>Positions</b>	<b>Average Salary</b>
Career Service	80,564	\$35,564
Selected Exempt Service	17,007	\$55,098
Senior Management Service	582	\$110,853
Lottery	421	
Justice Administration System	10,245	
State Courts System	3,209	
Legislative Staff	1,543	
Executive Office of the Governor	286	
Florida School for the Deaf and Blind	231	
Florida National Guard	47	
State Universities	44,126	
<b>TOTAL</b>	<b>159,360</b>	

“Base rate of pay” is an employee’s salary excluding any approved pay additive, incentive pay, discretionary or non-discretionary bonus payment, and other legislatively approved agency specific pay additive.<sup>2</sup>

Employees paid from the “other personal services” appropriation categories are referred to as OPS employees. These employees typically are temporary employees. These employees are paid on an hourly basis and participate in Medicare and a FICA Alternative Plan in lieu of social security.<sup>3</sup> During the 2013-14 fiscal year, there were approximately 8,900 individuals employed as OPS each month by state agencies<sup>4</sup> (not including the judicial and legislative branches, the universities, the Department of Lottery and Executive Office of the Governor, the Justice Administration Commission, the Florida School for the Deaf and Blind, and the Florida National Guard).

### III. Effect of Proposed Changes:

This bill authorizes, effective July 1, 2016, a three percent increase on each state employee’s base rate of pay as of June 30, 2016.

The term “state employee” is defined to mean an employee of any branch of state government who holds a salaried position and who is expected to work at least 30 hours per week. This definition does not appear to include state officers, including the Governor and Cabinet, judges, and various other positions whose annual salaries are fixed by law.

“State employee” also includes employees paid from regular salary appropriations for 8 months’ employment. This cohort of employees are not required to work 30 hours per week to be eligible for the pay increase.

<sup>2</sup> Ch. 60L-32.0001(1), F.A.C.

<sup>3</sup> Fiscal Year 2013-14 Annual Workforce Report, p 17. <http://www.dms.myflorida.com/content/download/113500/629140/file/FY%202013-14%20Annual%20Workforce%20Report.pdf> (last visited on January 20, 2016).

<sup>4</sup> Id.

The term “state employees” does not include employees paid from the other-personal-services appropriations category.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

The mandate restrictions do not apply because the bill does not require counties and municipalities to spend funds, reduce counties’ or municipalities’ ability to raise revenue, or reduce the percentage of a state tax shares with counties and municipalities.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The annual costs associated with a three percent increase for employees within the various pay plans are noted in the table below. These costs include both the increase to the employees’ salaries as well as the other employer-paid contributions associated with federal employment taxes, FRS contributions, and contributions for disability insurance. These amounts noted in the table below may overstate the fiscal impact of the legislation because the amounts include pay adjustments for vacant positions as well as positions filled by employees working less than 30 hours per week

<b>Pay Plans</b>	<b>General Revenue</b>	<b>Trust Funds</b>	<b>Total</b>
Career Service	\$54,552,011	\$60,661,462	\$115,213,473
Selected Exempt Service	9,953,522	23,416,331	33,369,853
Senior Management Service	877,927	1,637,118	2,515,045
Lottery	0	629,194	629,194
Justice Administration System	15,381,558	2,990,051	18,371,609
State Courts System	4,092,836	1,401,554	5,494,390
Legislative Staff	3,010,872	0	3,010,872
Executive Office of the Governor	301,468	158,007	459,475

Florida School for the Deaf and Blind	403,439	22,399	425,838
Florida National Guard	44,279	37,838	82,117
State Universities	82,968,933	91,369	83,060,302
<b>TOTAL</b>	<b>\$171,586,845</b>	<b>\$91,045,323</b>	<b>\$262,632,168</b>

**VI. Technical Deficiencies:**

There are two definitions for state employee. The first definition requires the employee to hold a salaried position in state government and work (or be expected to work) at least 30 hours per week to be eligible. This definition covers those employees in state agencies, the universities and the Florida School for the Deaf and Blind who work at least 30 hours per week.

The second definition only requires the employee to be paid from “regular salary appropriations for 8 months’ employment.” Eligibility under this definition is not limited to salaried position or by a threshold work requirement. It is unclear what cohort of employees this definition is intended to make eligible for the pay increase.

If this definition is intended to expand the pool of eligible employees to include those who do not work at least 30 hours per work but are paid from “regular salary appropriations”, part-time employees (working less than 30 hours of work) could be eligible. If this is the intent, a modification to the first definition to remove or reduce the threshold work requirement of 30 hours per week may be appropriate to clarify the eligibility of part-time employees.

If this definition is intended to expand the pool of eligible employees to include certain university personnel who work under 8 month contracts, this definition needs to be revised because the funding for universities in the General Appropriations Act is typically not made from “regular salary appropriations” but rather from an “Aid to Local Governments –Grants and Aids – Education and General Activities” category.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill creates an undesignated section of Florida law.

**IX. Additional Information:**

A. **Committee Substitute – Statement of Changes:**  
 (Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. **Amendments:**

None.