

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 943** HLS 16RS 1578
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.:	Analyst: Alan M. Boxberger
Subject: Prohibits filling vacant positions and creating new positions	

FISCAL CONTROLS OR DECREASE GF EX See Note Page 1 of 1

Prohibits the filling of vacant employment positions and the creation of new employment positions in state government until after June 30, 2018

Proposed law prohibits any agency from filling a vacant employment position in the executive, legislative or judicial branch of state government from filling any vacant employment position or creating a new employment position until after June 30, 2018.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	\$0	\$0	\$0	\$0
Agy. Self-Gen.	DECREASE	DECREASE	\$0	\$0	\$0	\$0
Ded./Other	DECREASE	DECREASE	\$0	\$0	\$0	\$0
Federal Funds	DECREASE	DECREASE	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total			\$0	\$0	\$0	\$0

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will result in an indeterminable, but significant, decrease in SGF expenditures during FY 17 and FY 18. Proposed law requires that no vacant employment position in the executive, legislative or judicial branch of state government shall be filled, nor shall a new employment position be created within the three branches of government, through June 30, 2018.

The impacted branches will not possess unilateral control over the creation and management of vacant positions, except in the event of employee termination. Many positions will become vacant during the two-year window through resignations and retirement. Proposed law specifies that any vacated position can not be filled, which could create programmatic impacts within agencies to the extent that any individual unit or functional area of government may fall below a personnel threshold critical to accomplish each budget unit's mission. The potential unplanned or uncontrolled reduction of filled positions may create a negative impact on the critical delivery of certain services. The degree to which each budget unit in government would be capable of shifting other resources and staff to offset negative outcomes is unknown. Additionally, the loss of certain positions requiring specialized expertise may be impossible to cover through such a reallocation.

FOR ILLUSTRATIVE PURPOSES: Considering the state classified workforce only, the Department of State Civil Service reports that the number of vacant positions in the executive branch of government that are paid through the LaGov HCM Payroll System on 4/8/16, was 2,882. This does not include unclassified employees or higher education employees. Civil Service assumes a salary equivalent equal to the average mid-point of the annual rate of pay of the vacant positions, or \$44,952. Using this assumption, and including an assumption of 37.26% of employer costs added for related benefits, the LFO estimates the maximum potential personal services savings for existing vacant positions would total approximately \$177.8 M across all MOF to the degree that all of those vacant positions are currently fully funded. The LFO is not able to accurately estimate the savings by means of financing (MOF). However, for illustrative purposes assuming the ratio for the means of financing as depicted within the FY 16 Existing Operating Budget as of 12/1/15 is applicable, and assuming that this ratio would continue in subsequent fiscal years, the savings by MOF per fiscal year would be approximately: \$57.4 M SGF (32.3%), \$26 M SGR (14.62%), \$27.6 M statutory dedications (15.52%), \$66.8 M Federal (37.56%) for a total of \$177.8 M.

NOTE: The ILLUSTRATIVE EXAMPLE above merely reflects potential savings by MOF for classified positions vacant as of 4/8/16. Additional indeterminable savings would be generated from vacancies that materialize within the unclassified state workforce and vacancies in higher education in addition to any potential vacancies in the legislative and judicial branches of government. Additionally, existing vacancies upon enactment of proposed law would represent a starting point. Additional positions will become vacant during the impacted fiscal year.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}	<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}	<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	

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