



NORTH CAROLINA GENERAL ASSEMBLY

Session 2021

Legislative Fiscal Note

Short Title: Community College System Salary Increases.
Bill Number: Senate Bill 121 (First Edition)
Sponsor(s): Senators Burgin, Crawford, and Corbin

SUMMARY TABLE

	FISCAL IMPACT OF S.B. 121, V.1 (\$ in millions)				
	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>
State Impact					
General Fund Revenue	-	-	-	-	-
Less Expenditures	84.0	87.2	91.8	96.2	100.4
General Fund Impact	(84.0)	(87.2)	(91.8)	(96.2)	(100.4)
NET STATE IMPACT	(\$84.0)	(\$87.2)	(\$91.8)	(\$96.2)	(\$100.4)

Local Impact

Local Revenue	-	-	-	-	-
Less Local Expenditures	See Fiscal Analysis section.				

NET LOCAL IMPACT

See Fiscal Analysis section.

Note: Figures adjusted for inflation using NIPA-Compensation Index – Moody's Analytics – December 2020

FISCAL IMPACT SUMMARY

S121 provides a 7% salary increase for local community college personnel, effective July 1, 2021. This analysis finds that the net General Fund cost to provide the increase to the identified employee group is just over \$84 million, which essentially mirrors the appropriation contained in the bill.

The bill could also create local government budgetary pressure, assuming the respective local governments choose to also give their locally funded community college employees a similar pay increase. However, the bill does not require the locally funded employees to receive an increase, so this analysis does not present a local impact resulting from the bill.

FISCAL ANALYSIS

Based on the latest information obtained from the NC Community College System Office, the total State-funded salary base of local community college positions is approximately \$928 million.

Increasing this salary base by 7% yields a salary cost of approximately \$65 million, to which the Teachers and State Employees Retirement System employer contribution (21.68%) and the Federal Insurance Contributions Act (FICA) tax (7.65%) applies. The sum of these costs totals just over \$84 million in net General Fund appropriation requirements. The appropriation contained in the bill essentially mirrors the estimated cost of providing the increase in this analysis.

The pay increases in the bill could have a fiscal impact on local governments as well. Local governments generally attempt to provide pay adjustments to their locally funded community college employees whenever the State provides a pay increase to the State-funded community college employees. While precise aggregate salary base data for locally funded community college employees does not exist at the State level, this analysis examined budget data by funding source for community colleges and assumes the local and institutional funded salary base for community college employees is approximately \$300 million. Applying the same methodology for the State-funded salary base, this analysis finds that if local governments choose to match the pay increase for State-funded employees, the local fiscal impact would be approximately \$21 million.

DATA SOURCES

NC Community College System Office

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

ESTIMATE PREPARED BY

Timothy Dale

ESTIMATE APPROVED BY

Mark Trogon, Director of Fiscal Research
Fiscal Research Division
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