

LEGISLATIVE FISCAL ESTIMATE
[First Reprint]
SENATE, No. 19
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: JULY 31, 2020

SUMMARY

- Synopsis:** Designates, as State and public holiday, third Friday in June as Juneteenth Day.
- Type of Impact:** Annual expenditure increases to the State General Fund and local government entities
- Agencies Affected:** Department of the Treasury, Department of Corrections, Department of Human Services, Department of Military and Veterans’ Affairs, the Juvenile Justice Commission, local government entities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost*	\$3,000,000	\$3,060,000	\$3,121,000
Local Cost	Indeterminate		

*Assumes 2 percent cost-of-living adjustments.

- The Office of Legislative Services (OLS) concludes that the addition of a new State holiday will result in annual State expenditure increases of approximately \$3 million for overtime costs. This estimate is based on the fiscal estimate provided by the Executive regarding the elimination of the former Lincoln and Washington holidays and combining them into one holiday pursuant to P.L.2008, c.89. No information regarding local cost increases for overtime is available. Increased overtime costs of federally funded employees would be paid by the federal government.
- The OLS notes that these costs may be higher as of FY 2020 due to differences in contracts negotiated since 2009, including changes in salary, cost of living adjustments, and overtime pay rates. This estimate also assumes similar staffing levels and overtime policies as in 2009.
- The Office of Management and Budget (OMB) previously stated that any savings from the reduction in State employee holidays would result from reduced overtime costs in the Department of Corrections, Department of Human Services, Department of Military Veterans’ Affairs, and the Juvenile Justice Commission. Conversely, the OLS assumes that the addition of a State employee holiday will result in increased overtime costs in those same departments.

BILL DESCRIPTION

This bill designates, as a State and public holiday, third Friday in June as Juneteenth Day.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the addition of a new State holiday will result in annual State expenditure increases of approximately \$3 million for overtime costs. This estimate is based on the fiscal estimate provided by the Executive regarding the elimination of the former Lincoln and Washington holidays and combining them into one holiday pursuant to P.L.2008, c.89. The OLS notes that these costs may be higher as of FY 2020 due to differences in contracts negotiated since 2009, including changes in salary and overtime pay rates. This estimate also assumes similar staffing levels and overtime policies as in 2009. No information regarding local costs for overtime is available. Increased overtime costs of federally funded employees would be paid by the federal government.

In 2009, OMB estimated that the savings to the State from the elimination of one holiday would result in approximately \$3 million in overtime savings per year over the long run, as adjusted. OMB further indicated that any savings from the reduction in State employee holidays would result from reduced overtime costs in the Department of Corrections, Department of Human Services, Department of Military and Veterans' Affairs, and the Juvenile Justice Commission. Except for the Department of Military and Veterans' Affairs for which no cost information was available, the OMB found in 2008 that, on average, the cost of overtime from the other abovementioned departments and agencies for each holiday was approximately \$2.44 million. Using this figure as a benchmark, and noting that this figure will increase to reflect cost of living adjustments, the OMB estimated that the total savings in each fiscal year pursuant to the elimination of two State holidays under the bill would be approximately \$3 million per year per holiday. The OLS estimates that the addition of one State holiday will increase State costs by at least the same amount.

<i>Section:</i>	<i>State Government</i>
<i>Analyst:</i>	<i>Kimberly M. Clemmensen</i> <i>Lead Fiscal Analyst</i>
<i>Approved:</i>	<i>Frank W. Haines III</i> <i>Legislative Budget and Finance Officer</i>

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).