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Joint Committee on Finance

Paper #220

Funding to Continue Pilot Add-ons (Budget Management and Compensation Reserves)

[LFB 2023-25 Budget Summary: Page 45, #5; Page 129, #3; Page 291, #3;
Page 417, #7; Page 552, #5; and Page 676, #4]

CURRENT LAW

The Division of Personnel Management (DPM) in the Department of Administration (DOA) is responsible for administering provisions of the state biennial compensation plan for classified employees, elected state officials, and certain unclassified employees, which is established under s. 230.12 of the statutes.

Funding is allocated to compensation reserves for cost increases related to state and University of Wisconsin (UW) System employee salaries and fringe benefits. Such costs typically include: (a) proposed pay increases, which would be finalized in the forthcoming compensation plan; and (b) inflationary cost increases for fringe benefits.

DISCUSSION POINTS

1. The Division of Personnel Management identifies add-on pay as "An hourly amount paid in addition to the base pay in recognition of factors or conditions not reflected in the basic pay range or pay rate of a position." The 2021-23 state compensation plan includes various specific add-on pay provisions. In addition, the administrator of DPM is authorized under Section A-4.39 of the compensation plan to "create pilot add-ons for specific classifications or locations when severe recruitment, retention, or other issues necessitate implementation of such an add-on before a meeting of the Joint Committee on Employment Relations (JCOER) can be convened." The plan specifies that a pilot add-on will be recommended to JCOER if it is determined that the add-on should be made permanent.

2. Under 2023 Assembly Bill 43/Senate Bill 70, funding would be provided to the following agencies to continue paying pilot add-ons (excluding add-ons for correctional security positions, for which funding would be provided to compensation reserves): Administration, Corrections, Health Services, Military Affairs, Safety and Professional Services, and Veterans Affairs.

3. This paper provides information pertaining to funding for each agency to continue pilot add-on pay, excluding add-ons for correctional security positions. A separate paper addresses funding for correctional security positions. Table 1 provides a summary of the funding that would be provided under the bill.

TABLE 1

Funding to Continue Payment of Pilot Add-ons by Agency and Fund Source, AB 43/SB 70

	<u>2023-24</u>	<u>2024-25</u>
Administration		
PR	\$368,300	\$354,700
Corrections		
GPR	\$1,858,400	\$1,789,700
PR	<u>69,400</u>	<u>66,900</u>
Subtotal	\$1,927,800	\$1,856,600
Health Services		
GPR	\$1,903,500	\$1,837,200
FED	2,347,000	2,020,100
PR	<u>7,307,200</u>	<u>7,024,600</u>
Subtotal	\$11,557,700	\$10,881,900
Military Affairs		
FED	\$418,200	\$402,800
Safety and Professional Services		
FED	\$22,400	\$21,600
PR	<u>291,500</u>	<u>280,800</u>
Subtotal	\$313,900	\$302,400
Veterans Affairs		
PR	\$3,425,900	\$3,299,000
Total		
GPR	\$3,761,900	\$3,626,900
FED	2,787,600	2,444,500
PR	<u>11,462,300</u>	<u>11,026,000</u>
Total	\$18,011,800	\$17,097,400

4. In May, 2023, the administrator of DPM extended each of the pilot add-ons until the date of implementation of the 2023-25 compensation plan. While the implementation date of the compensation plan is not yet known, in recent years, the proposed compensation plan has been submitted to JCOER sometime in the months following enactment of the biennial budget. As a point of reference, the 2021-23 compensation plan was effective January 2, 2022, and the 2019-21 compensation plan was effective December 22, 2019.

5. The supplemental pay provisions addressed by this paper include 10 pilot add-ons. Four of the pilot add-ons, for which Corrections, Health Services, or Veterans Affairs could qualify, relate to nursing and patient care occupations: (a) licensed practical nurse add-on of \$5 per hour; (b) nurse clinician 2 add-ons of \$5 per hour for all worked hours and \$3 per hour for weekend hours; (c) nurse clinician 3 and 4 add-ons of \$5 per hour for all worked hours and \$3 per hour for weekend hours; and (d) resident care technician and nursing assistant add-on of \$5 per hour. With regard to these add-ons, DPM indicates that the supplemental pay provisions were implemented to address high vacancy rates among nursing and nursing assistant positions causing severe difficulties in meeting required staffing levels in certain institutions. There is a general shortage of licensed practical nurses and registered nurses in the labor market and competition among employers to attract and retain nurses continues to be significant.

6. The remaining six pilot add-ons each apply to only one state agency, as follows: (a) for DOA, a police officer add-on of \$5 per hour; (b) for Health Services, a Disability Determination Bureau add-on of \$4 or \$2 per hour (depending on the position classification), an income maintenance specialist add-on of \$1 per hour, and a respiratory therapist add-on of \$2.50 per hour; (c) for Military Affairs, a military security officer add-on of \$3 per hour; and (d) for Safety and Professional Services, a license/permit program associate add-on of \$3 per hour.

7. The following sections provide information relating to each of the agencies that employ positions currently receiving pilot add-on pay as an emergency measure to address critical vacancy issues.

Administration

8. Under Assembly Bill 43/Senate Bill 70 (AB 43/SB 70), \$368,300 PR in 2023-24 and \$354,700 PR in 2024-25 would be provided to the facility operations and maintenance, police and protection functions appropriation to support the continuation of a \$5 per hour pilot add-on for DCP police officers and detectives. The funding amounts were calculated assuming add-ons for the 28.0 authorized positions currently classified as police officer or detective (25 police officers and three police detectives).

9. The Division of Capitol Police (DCP) is responsible for providing law enforcement and security services for the Governor, the Governor's Office, the executive residence, and at the site of state-owned or state-leased properties. Capitol police detectives are responsible for conducting criminal investigations and law enforcement activities, including interviewing victims, witnesses, and suspects relating to alleged criminal acts or violations of agency rules, collecting and preserving physical evidence, and directing the efforts of trained evidence technicians at the scenes of crimes and accidents. The Division has statewide jurisdiction and investigates criminal, domestic, and traffic-related incidents throughout the state.

10. The Division is divided into two main sections: patrol operations and specialized services. Patrol operations, the uniformed section with sectors in Madison and Milwaukee, is the largest section in the Division. It is responsible for the detection and preliminary investigation of crimes, traffic accidents, traffic violations, and the protection of lives and facilities on Department of Administration-managed properties. The Wisconsin State Capitol Police officers wear traditional police uniforms and are assigned to specific post assignments, as well as beats that are patrolled on foot or in marked police vehicles. Officers in the patrol section are also assigned to monitor large crowd gathering at state facilities for specially-sanctioned events, such as the Taste of Madison, Concerts on the Square, the Farmer's Market, Art Fair on the Square, Cows on the Concourse, and the Winter Holiday Parade. Additionally, the patrol section monitors and maintains order during other events (political demonstrations, rallies, and marches) that occur on state property.

11. The specialized services section consists of: (a) the 24/7 communications unit, from which the Division's dispatchers operate; (b) the criminal investigations unit, which conducts complex criminal investigations and acts as the court services liaison for the Division; (c) the executive residence detail, a specialized team responsible for the security at the Wisconsin executive residence, including the Governor and their family, staff, visitors to the residence, and the property itself; and (d) the infrastructure security unit, which protects state-owned, -operated, and -leased facilities. Additionally, the Division is a member of the Wisconsin Drone Network (Wisconsin Emergency Management Air Coordination Group), which coordinates information between any agency who requests emergency air support from an unmanned aircraft (drone) and a network of public safety agencies who are willing to fulfill those requests with remote pilots, crew, and aircraft. The Division contributes to the Network with its unmanned aircraft unit under the infrastructure security unit.

12. According to DOA, DCP has experienced high turnover and increased vacancy rates. In 2021-22, turnover for DCP police officers and detectives was 21% and 33%, respectively. As of May 1, 2023, the vacancy rate for police officers and detectives was 21%. As a result, Capitol police officers have been required to work longer hours to cover operational needs, contributing to low morale and increased overtime costs for DCP. Additionally, police detectives have had to cover police officers' assignments, which has impacted operations at DCP's criminal investigations unit. Starting in January, 2022, DOA has provided Capitol police officers and detectives with a \$5 per hour pilot add-on with the intention of improving recruitment and retention. While DOA indicates that the add-on helped to stabilize the positions at DCP, a review of recent position data shows that several additional police officer positions have become vacant in recent weeks. As of June 9, 2023, 7.0 police officer positions were vacant (28%).

Corrections

13. Under AB 43/SB 70, the Department of Corrections would be provided \$1,858,400 GPR and \$69,400 PR in 2023-24 and \$1,789,700 GPR and \$66,900 PR in 2024-25 to continue pilot add-ons for non-security positions implemented in the 2021-23 biennium. Specifically, the funding is intended to allow the Department to extend: (a) a \$5 per hour add-on for nurse clinicians 2, nurse clinicians 2-weekend, licensed practical nurses, and nursing assistants 3 at certain institutions; and (b) a \$3 per hour add-on for nurse clinicians working weekend shifts at certain institutions.

14. The Department of Corrections operates 36 adult correctional facilities, including 20

prisons and 16 correctional centers, and two juvenile correctional schools. As of May 1, 2023, the vacancy rates overall (irrespective of institution) for DOC positions in classifications affected by nursing and patient care pilot add-ons were: licensed practical nurse, 34%; nurse clinician-2/weekend, 28%; nurse clinician 3/weekend and nurse clinician 4, 27%; and nursing assistant 3, 33%. However, the vacancy rates at specific sites vary. For example, the nurse clinician 3/weekend and nurse clinician 4 group of positions has a vacancy rate of 30% at Dodge Correctional Institution, 30% at Oakhill Correctional Institution, and 38% at Taycheedah Correctional Institution.

15. According to Corrections, the add-ons have had a positive impact for staff who have received them. However, Corrections is still having difficulty recruiting candidates to fill permanent classified positions because the base pay rate is not competitive with the private sector. In addition, because the current add-ons are not permanent, staff cannot depend on them as ongoing, permanent pay. Due to staff shortages, Corrections has needed to utilize contracted staff to assist with duties performed by registered nurses, licensed practical nurses, and nursing assistants. Because contract staff positions were also unable to be filled at advertised pay rates, in March, 2023, Corrections posted certain medical positions at a pay rate 33% to 100% higher than the previous posted rate. The Department indicates that nursing and patient care position vacancies have resulted in a backlog of patients waiting to be seen, and have contributed to staff burnout. To the extent that compensation provisions can improve recruitment and retention of state employees, service provision could be improved in a more cost effective manner, given that contract staffing rates include not only salary costs, but also company overhead.

Health Services

16. Assembly Bill 43/Senate Bill 70 would provide \$11,557,700 (\$1,903,500 GPR, \$2,347,000 FED, and \$7,307,200 PR) in 2023-24 and \$10,881,900 (\$1,837,200 GPR, \$2,020,100 FED, and \$7,024,600 PR) in 2024-25 to support the continuation of pilot add-ons for certain positions in the Department of Health Services' (DHS) care and treatment facilities and in the Department's Division of Medicaid Services. The pilot add-ons provided for these positions provide supplemental pay for nurse clinicians 2, nursing assistants, residential care technicians, respiratory therapists, disability determination associates, and income maintenance specialists.

17. In addition, prior to May 21, 2023, licensed practical nurses received add-on pay at facilities with a licensed practical nurse vacancy rate of 25% or more. While bill funding was calculated based on the assumption that licensed practical nurses at certain facilities would be provided the add-on, the applicability of the add-on was modified such that the vacancy rate is determined at the agency level, and the rate for DHS as an agency is not 25% or more at this time.

18. The pilot add-ons provide \$5 hourly supplemental pay for nurse clinicians 2 and resident care technicians at agencies experiencing vacancy rates in excess of 25% in the affected classifications, which currently applies to DHS. Generally, vacancy rates have been higher at Central Wisconsin Center and the Southern Wisconsin Center, and at the Mendota Mental Health Institute, the Winnebago Mental Health Institute, and at the Sand Ridge Secure Treatment Center. A \$2.50 hourly add-on is also in effect for respiratory therapists at Central Wisconsin Center.

19. The vacancy rate among nurse clinician positions is currently highest at Winnebago, at

42%, and at Sand Ridge, at 37%. Among resident care technicians, the vacancy rate is 33% at Central Wisconsin Center and 45% at Southern Wisconsin Center. Among respiratory therapists, the vacancy rate is 45% at Central Wisconsin Center.

20. The DHS facilities are staffed on a 24-hour/seven-day basis, and must maintain a minimum staffing ratio to provide adequate care and maintain facility accreditation. When position vacancies are at a high level among direct care staff, the facilities must use overtime hours, contract staff, or some combination to cover for vacant shifts. Both overtime and contract staffing are more costly than standard hours worked by state staff. As an example of contract staff costs, DHS pays between \$140 to \$160 per hour to a contract staff agency for registered nurse positions, while the hourly salary and fringe benefit cost for nurse clinician position is generally between \$55 and \$70 per hour.

21. The Department indicates that there are signs that the pilot add-ons have at least stabilized employee turnover and vacancies, although recruitment continues to be challenging. The Department indicates that the temporary nature of the pilot add-ons may limit the impact that the add-ons have on recruitment and retention. Regardless of whether the add-ons are made permanent, it is likely that the facilities will continue to rely on overtime and contract staff to maintain adequate staffing levels.

22. The operations of the Department's facilities are funded with a combination of state general fund revenue and program revenue collected from several sources, including charges levied on counties for the costs of their residents' care and reimbursement payments under the Medical Assistance program. Although the add-ons increase the facilities costs for staffing, so does the reliance on overtime and contract staffing.

Military Affairs

23. Under the Department of Military Affairs (DMA), military security officers (MSO) provide armed security for the following locations: three DMA airbases, including Volk Field (Camp Douglas, WI); General Mitchell Air National Guard Base (Milwaukee); and Truax Air National Guard Base (Madison); Camp Williams, the army National Guard base housed at Volk Field; and at the Department's Joint Force Headquarters (Madison). These positions: (a) protect property and persons from sabotage, fire, espionage, theft, vandalism, and other hazards; (b) control entry and exit of all personnel, vehicles, and other equipment at entry points; (c) assist and direct visitors; (d) enforce parking regulations; (e) ensure compliance with all applicable federal, state, and local regulations, as well as rules and laws for access and force protection; (f) prepare and maintain records and documents; (g) monitor base alarm systems; and (h) attend training and safety classes. Some military security officers are also responsible for completing background checks for employees, creating and managing a base visitor program/process for anyone needing base access, and managing DMA's base defense identification system. These positions provide staffing on a 24 hour per day, seven day per week basis.

24. There are currently 69 MSO positions. Funding to support MSO positions is provided through cooperative agreements with the US Department of Defense National Guard Bureau and fully federally-reimbursed.

25. In recent years, DMA has experienced difficulty recruiting and retaining MSOs. Starting on July 3, 2022, DMA provided a \$3-per-hour add on for MSO positions. The add-on was intended to aid with recruitment and to address DMA's significant vacancy rates that had begun to occur. In May, 2023, there were 55 filled MSO positions and 14 vacant positions, resulting in a vacancy rate of 20.3%.

26. Under the bill, \$418,200 FED in 2023-24 and \$402,800 FED in 2024-25 would be provided to support the continuation of pilot add-on pay for military security officers. This funding amount was determined by calculating add-on pay for 53 military security officers (the number of filled MSO FTEs as of January, 2023). All 69 of the current filled and vacant positions would, however, be eligible for the \$3-per-hour add-on. The Department indicates that if the add-on is not continued, it may face ongoing recruitment and retention issues for military security officer positions.

Safety and Professional Services

27. Assembly Bill 43/Senate Bill 70 would provide \$313,900 in 2023-24 (\$291,500 PR and \$22,400 FED) and \$302,400 in 2024-25 (\$280,800 PR and \$21,600 FED) to support salary and fringe costs for pilot add-on pay provided to permanent and project positions in the license/permit program associate and office operations associate groups in the Department of Safety and Professional Services (DSPS). The supplemental add-on pay of \$3 per hour affects an estimated 42.0 positions.

28. The Department reports that staff retention has in some cases decreased due to the lower pay, impermanence (in the case of project positions), and lack of benefits (in the case of limited-term employees) offered to certain designated position groups, including license/permit program associates (LPPAs) and office operations associates (OOAs). Further, DSPS indicates that LPPAs and OOAs are responsible for understanding the processes and procedures for at least 12 license types assigned to them. Staff in these positions require training and knowledge extending beyond basic customer service positions. In addition, DSPS reports that these positions have experienced turnover due in part to wages that are not reflective of the level of the work required. The Department contends such turnover tends to: (a) reduce a level of expertise that would otherwise be accumulated by long-term incumbents with the program; and (b) decrease productivity of more tenured or supervisory staff who must regularly retrain new staff. As a result, DSPS contends this affects quality and consistency of service delivery. Furthermore, DSPS reports these occurrences have had implications for licensing of certain complex applications common to various therapist, counseling, and social work credentials. [These topics are addressed further in Paper #685 under "Safety and Professional Services -- Regulation of Professions."]

29. Most PR funding (\$207,400 in 2023-24 and \$199,800 in 2024-25) would be provided to DSPS appropriations for regulation and credentialing of health and business professions. These appropriations are funded primarily by credentialing fees that are adjusted each biennium commensurate with the cost of regulating the occupation. Additional amounts of \$84,100 in 2023-24 and \$81,000 in 2024-25 would be budgeted under the DSPS appropriation for regulation of buildings and construction trades. Fee revenues for various credentialing activities and building plan reviews are established by administrative code.

Veterans Affairs

30. The bill would provide \$3,425,900 PR in 2023-24 and \$3,299,000 PR in 2024-25 to continue a \$5 per hour pilot add-on for nurse clinicians, licensed practical nurses, and nursing assistant positions at the King and Union Grove state veterans homes.

31. Unlike for King and Union Grove, the Department of Veterans Affairs contracts for the operation of the state veterans home at Chippewa Falls. Although the contractor that operates the Chippewa Falls home may face some of the same staffing difficulties that prompted the creation of pilot add-ons, as a matter of state personnel policy the budget issue is applicable only to the King and Union Grove homes.

32. The Department has historically had difficulty filling direct care positions at the state veterans homes. These challenges predate the COVID-19 pandemic, but have been particularly challenging during the past three years, and is an issue affecting the nursing home industry nationwide.

33. At the King and Union Grove homes, approximately 55% of nurse clinician positions and about two-thirds of licensed practical nurse positions and nursing assistant positions are currently unfilled. However, this high vacancy rate is in part due to high bed vacancy, so is not necessarily an indication of understaffing. Both homes have fewer than half of their beds filled, compared to the number of beds for which each home has authorized positions. Nevertheless, both King and Union Grove do not currently have sufficient filled positions to staff the number of filled beds.

34. The Department has a long-standing practice of using contract staff at King and Union Grove to supplement state positions for nurse clinician and nurse aide positions. Staffing agencies can offer higher wages than state staff (although typically with less generous benefits) and, unlike for state positions, staffing agencies can reimburse employees for routine travel expenses, allowing them to recruit staff from a wider area.

35. Using contract staff is more costly on a per-employee basis than state employee staff. As an example, the average hourly cost for salary and fringe benefits for a filled certified nursing assistant (CNA) is approximately \$31, whereas the Department pays the contract staffing agency \$55 per hour for a CNA. These rates are not strictly comparable, in part because the homes only pay the contract staff agency for worked hours (not for paid time off hours). However, even accounting for this difference, the use of contract staff adds to total costs of operating the homes.

36. The Department indicates that hiring for the targeted positions continues to be a challenge, and it is likely that the homes will need to continue using contract staff to fill in for position vacancies. Nevertheless, the Department believes that if the pilot add-ons expire, retaining workers will become more difficult, as this would increase the pay differential between contract staff and state employees. Consequently, the additional costs associated with utilizing more contract staff may be as high or higher than the savings from the expiration of the add-ons.

37. The operations of the state veterans homes are funded with program revenue collected from several sources, including reimbursement payments under the Medical Assistance program and

payments from the U.S. Department of Veterans Affairs for veterans whose need for nursing care services is as the result of a service-connected disability. Both of these payment sources are generally based on prevailing costs for nursing care services. Consequently, to the extent that the increased costs associated with the add-ons are reflective of nursing care costs more generally, reimbursement payments will eventually increase to account for those costs. The state veterans homes also set a private pay rate at each home for residents who must pay directly for their care, a rate that is based on the home's costs. However, since most residents are generally eligible for medical assistance or service-connected disability, payments by residents is the principal source of revenue for only about 6% of all residents.

Compensation Reserves and Pay Plan Supplements

38. As noted previously, in May, 2023, the administrator of DPM extended each of the pilot add-ons until the date of implementation of the 2023-25 compensation plan. The Administration indicates that, if funding is provided to continue the pilot add-ons, it is anticipated that pay provisions relating to the affected positions would be included in the proposed 2023-25 compensation plan. However, it has not yet been determined how the pay provisions would be structured. The Administration also indicates that if funding is not provided to continue the add-ons, it has not yet been determined whether or how long the add-ons would be continued. Given that DPM has determined that pilot add-ons should continue in the near-term, at minimum, and that the proposed 2023-25 compensation plan will likely include pay provisions relating to the affected classifications and agencies, the Committee could provide funding to agencies in the amounts identified in Table 1, totaling \$18,011,800 in 2023-24 (\$3,761,900 GPR, \$2,787,600 FED, and \$11,462,300 PR) and \$17,097,400 in 2024-25 (\$3,626,900 GPR, \$2,444,500 FED, and \$11,026,000 PR). [Alternative 1]

39. The bill would provide funding directly to agency appropriations to continue the pilot add-ons. However, there are several reasons the Committee could instead consider providing funding to compensation reserves for this purpose. First, pilot add-ons are by definition temporary pay measures used to address severe recruitment, retention, or other issues for specific classifications or locations when the implementation of such an add-on is needed before a meeting of JCOER can be convened. Although the add-ons have been extended and could potentially be expected to continue until the implementation date of the 2023-25 compensation plan, if market conditions should change or compensation initiatives begin to take effect, causing vacancies and turnover to be reduced, the supplemental pay measures could be terminated by the DPM administrator if it is determined the add-ons are no longer necessary, or could be modified to better reflect changing circumstances. Other factors that could decrease or increase costs, in ways that could vary by agency, would include fluctuations in vacancy rates or changes to eligibility criteria with respect to add-ons. As an example, eligibility for the nursing and patient care pilot add-ons was modified in May, 2023, on the basis of agency-wide vacancy rates for position groups, rather than vacancy rates at specific facilities or institutions. In addition, given that the pilot add-ons apply in cases of severe recruitment and retention issues, some portion of the cost may be able to be supported from available funding in agency budgets associated with salaries and fringe benefits of vacant positions.

40. Given that costs for the affected agencies and appropriations from which add-on pay would be funded could vary from the estimated amounts upon which the bill is based, the Committee

could choose to provide funding to compensation reserves for potential release to agencies based on demonstrated need through the pay plan supplementation process. Agency requests for pay plan supplements from compensation reserves are submitted to DOA in the latter part of each fiscal year and the amounts determined to be justified based on demonstrated need are recommended, subject to approval by the Committee under passive review.

41. As discussed previously in Paper #215 (Compensation Reserves Overview and Fringe Benefit Costs), the schedule of compensation reserves indicates reserve funding for each funding source from which state employees' salaries and benefits may be funded. The respective designations of GPR, FED, PR, and SEG funding amounts are included to provide an indication of the all-funds impact of anticipated cost increases to agencies under the Administration's plans for compensation. However, the actual fiscal impact of "releasing" funds from these indicated reserves is different between GPR funds and any non-GPR funding sources. The reason for this is that the GPR funding comes from a single central source, the general fund, which consists primarily of general tax revenues, and other funding sources are not centrally pooled in a single account. As a consequence of this difference, when GPR that is set aside in compensation reserves is released to state agencies under the pay plan supplementation process, it is transferred from one central GPR appropriation to individual agency GPR appropriations for expenditure. In contrast, when FED, PR, or SEG monies are "released" to state agencies under the pay plan supplementation process, these monies are transferred from the individual revenue balance of the particular account or fund for expenditure from the relevant appropriations associated with the account or fund. Thus, GPR reserves are the focus of discussions regarding reserving funding for potential compensation increases.

42. Also as noted in Paper #215, under AB 43/SB 70, funding in compensation reserves was calculated as the sum of estimated cost increases for fringe benefits and estimated costs of proposed pay provisions, less a reduction of 5% of the total estimated costs associated with a higher than usual level of position vacancies. Applying the 5% reduction, as was done for other provisions in compensation reserves, net funding for pilot add-ons would be \$3,573,800 GPR in 2023-24 (\$17,823,700 all funds) and \$3,445,500 GPR in 2024-25 (\$16,916,000 all funds). [Alternative 2]

43. As noted above, if the Committee does not provide funding to continue add-on pay, the Administration has indicated that it has not yet been determined whether or how long the add-ons would be continued. [Alternative 3]

ALTERNATIVES

1. Provide funding to agencies in the amounts included in AB 43/SB 70 to continue supplemental pilot add-on pay to address severe recruitment and retention issues, totaling \$18,011,800 in 2023-24 (\$3,761,900 GPR, \$2,787,600 FED, and \$11,462,300 PR) and \$17,097,400 in 2024-25 (\$3,626,900 GPR, \$2,444,500 FED, and \$11,026,000 PR).

ALT 1	Change to Base
GPR	\$7,388,800
FED	5,232,100
PR	<u>22,488,300</u>
Total	\$35,109,200

2. Provide funding to compensation reserves in the amounts included in AB 43/SB 70, less a 5% reduction associated with a higher than usual level of position vacancies, to continue supplemental pilot add-on pay to address severe recruitment and retention issues, totaling \$3,573,800 GPR in 2023-24 and \$3,445,500 GPR in 2024-25.

ALT 2	Change to Base
GPR	\$7,019,300

3. Take no action.

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