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FISCAL IMPACT REPORT

BILL NUMBER: House Memorial 7

SHORT TITLE: Study State Gov't Work Without Benefits

SPONSOR: Royal Caballero

LAST UPDATE: _____ **ORIGINAL DATE:** 1/29/2026 **ANALYST:** Simon

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		No fiscal impact				

Parentheses indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

State Personnel Office

Public Employees Labor Relations Board

SUMMARY

Synopsis of House Memorial 7

House Memorial 7 (HM7) requests the Legislative Council Service (LCS) contract for a study and report on instances where state agencies employ personnel for long-term work without providing access to fringe benefits and civil service protections offered to other state employees. The memorial requests LCS coordinate the study with the State Personnel Office (SPO), Department of Finance and Administration (DFA), and General Services Department (GSD).

The memorial requests the study include a count of workers by category and the estimated costs of extending employee benefits to additional employees, as well as an analysis of possible costs savings from improved retention. The memorial requests the study examine how gaps in current reporting systems allow repeated non-regular employment as well as an equity impact section. The memorial requests the study be completed and reported to the appropriate interim legislative committee no later than November 1, 2026.

FISCAL IMPLICATIONS

Memorials do not contain appropriations and are not enforceable as state law. The memorial

specifically requests the legislative council service “contract for a study” which could involve additional costs that are outside of the normal operations of LCS. However, it may be possible for LCS to conduct a similar study within normal operations without significant additional costs.

SIGNIFICANT ISSUES

In April 2023, the state personnel director sent a memo to the heads of state agencies and agency human resources staff noting state agency practices regarding temporary employees may be inconsistent. The memo notes that under rules promulgated by the Personnel Board, agencies may not employ a person in a temporary position for longer than one year and that an agency may not reclassify temporary positions. Further, the memo notes a potential mismatch between the rules of the Personnel Board and rules of the Public Employees Retirement Association (PERA). PERA defines temporary employment as no more than nine consecutive months, and temporary state employees must complete an application from PERA membership beginning in the 10th month. Some agencies have received audit findings for failure to follow PERA’s rules related to membership.

There is currently a matter pending before the Public Employees Labor Relations Board involving the issues raised by the memorial.

Analysis from SPO notes that the agency does not have jurisdiction over all temporary positions that are exempt from the Personnel Act. This includes employees of the legislative and judicial branches as well as positions exempted from the Personnel Act because they are “of a professional or scientific nature that are temporary in nature.” SPO notes that temporary employees within the classified service have access to annual and sick leave benefits and, for those working more than 20 hours per week, access to health insurance benefits following a waiting period. Temporary employees are not eligible for other benefits offered to state employees, including flex schedules, paid parental leave, wellness and fitness programs, or legislatively appropriated salary increases.

OTHER SUBSTANTIVE ISSUES

As of January 1, information from the state’s human resources management system showed a total of 24,080 employees, with 496 temporary employees (including 85 in the legislative branch, higher than most times of the year due to preparations for the 2026 legislative session). However, this count relies on agencies to accurately enter data into the state’s human resources system.

JWS/sgs/dw/sgs