

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6143-03
Bill No.: HCS for HB 2353
Subject: State Employees
Type: Original
Date: April 12, 2018

Bill Summary: This proposal requires state employees to be paid every two weeks.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue Fund	(Greater than \$113,400)	\$0	\$0
Total Estimated Net Effect on General Revenue	(Greater than \$113,400)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Information Technology Services Division (ITSD)** assume the proposed legislation would require state employees to be paid every 14 days. Currently, employees are paid on the 15th of the month and the last day of the month, with adjustment for weekend and holidays. The change would require modifications to SAM II. This effort would be a major undertaking in the SAM II system requiring changes to many projects and systems. ITSD would likely see impacts to data and reports along with other errors occur after implementation until all the changes mature because of the complex program interaction and ability to test all possible scenarios that could occur.

ITSD estimates a cost of \$113,400 to the General Revenue Fund in FY 2019. The estimate assumes work for project management coding and testing the changes. The business staff would need to be heavily involved in the analysis and requirements gathering as well as the testing. ITSD has not accounted for Business staff hours in this estimate.

ITSD notes the Governor recommended the replacement of SAM II. If this remains in the budget, then the estimated fiscal impact would be \$0 as two week payrolls would likely be included during this replacement.

Officials from the **Office of Administration - Division of Accounting (OA)** state section 105.008 would cause the following additional cost items: check stock cost, central processing unit (CPU) time processing, postage/envelopes, and reconciliation hours. New system is probable. Costs are unknown/undeterminable at this time.

Officials from the **Office of Administration - Division of Personnel** assume the proposal will have no fiscal impact on their organization.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE			
<u>Cost - OA - ITSD</u> Coding and Testing Changes	(\$113,400)	\$0	\$0
<u>Cost - OA- Accounting</u> Administrative Cost	(Unknown)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	(Greater than <u>\$113,400</u>)	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill requires all state employees to be paid using 14-day pay periods. An employee may be paid earlier than the expiration of a pay period where a payday falls on a holiday.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Office of Administration
Information Technology Services Division
Division of Accounting
Division of Personnel

Ross Strobe

A handwritten signature in black ink, appearing to read "Ross Strobe", with a stylized flourish at the end.

Acting Director
April 12, 2018