

**STATE  
FISCAL IMPACT**

**Drafting Number:** LLS 10-0898

**Date:** April 20, 2010

**Prime Sponsor(s):** Rep. Rice  
Sen. Steadman

**Bill Status:** House Business Affairs and Labor  
**Fiscal Analyst:** Kerry White (303-866-3469)

**TITLE:** CONCERNING A REQUIREMENT THAT THE STATE TREASURER TRANSMIT MONEYS APPROPRIATED TO DEPARTMENTS OF STATE GOVERNMENT THAT ARE UNEXPENDED AND UNENCUMBERED AT THE END OF A FISCAL YEAR TO THE STATE EMPLOYEE PAYDAY SHIFT FUND SO THAT THE MONEYS MAY BE USED TO PAY SALARIES IN JUNE FOR WORK PERFORMED BY STATE EMPLOYEES DURING THE MONTH OF JUNE.

<b>Fiscal Impact Summary</b>	<b>FY 2010-2011</b>	<b>FY 2011-2012</b>	<b>FY 2012-2013</b>
<b>State Revenue</b>			
<b>State Transfers</b> Transfer from the General Fund to the State Employee Payday Shift Fund	(\$5.2 million)	(\$5.2 million)	(\$5.2 million)
<b>State Expenditures</b> Cash Funds State Employee Payday Shift Fund		\$5.2 million	\$5.2 million
<b>FTE Position Change</b>			
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.			
<b>Appropriation Summary for FY 2010-2011:</b> None required.			
<b>Local Government Impact:</b> None.			

**Note:** All agencies were canvassed for purposes of this fiscal note, but not all agencies were able to respond with complete information. Therefore this fiscal note should be considered preliminary. It will be revised if further information becomes available.

**Summary of Legislation**

Currently, state employees whose salaries are funded by General Fund are paid on the first working day in July of each year for work performed during the month of June. Employees whose pay is funded by cash or federal funds are paid on the last working day of June.

This bill requires the state treasurer to transfer monies that would otherwise revert to the General Fund at the end of each fiscal year to a new cash fund. All monies and any income or interest earned are to remain in the cash fund. As of FY 2011-12, monies in the cash fund are to be appropriated to first pay the General Fund salaries of employees who are paid on a bi-weekly basis, with any remaining monies used to pay the General Fund salaries of employees who are paid monthly. Payroll obligations will be fulfilled in this manner until all employees whose salaries are

paid with General Fund receive pay for June on the last working day of the month. The bill clarifies that until sufficient funding levels are achieved, remaining payroll obligations will continue to be paid on July 1. Unless a state department, office or agency pays all of its payroll with a source other than General Fund, it is required to satisfy payroll obligations at the same time as payroll made with General Fund.

**State Transfers**

The bill requires all money that would otherwise revert to the General Fund to be transferred to the State Employee Payday Shift Fund beginning in FY 2010-11. Based on actual reversions from the past 4 fiscal years, the fiscal note assumes that an average of **\$5.2 million** would be transferred annually under the bill, but it should be noted that reversions vary greatly from year to year, as shown in Table 1. The first transfer would occur on June 30, 2011.

<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>
\$4,042,000	\$13,998,546	(\$13,934,308)	\$16,652,668

**State Expenditures**

Beginning in FY 2011-12, the bill changes the timing of and funding source for certain payroll obligations, as described below. It does not change overall state payroll expenditures.

***Paydate shift - \$5.2 million.*** The bill shifts the timing of an estimated \$5.2 million in General Fund payroll obligations from one fiscal year to another, reversing the paydate shift enacted in 2003. State employees paid biweekly would be addressed first, followed by employees paid monthly. The actual amount available to shift the payroll of state employees will vary depending on the amount to be reverted in any given year and could be affected by supplemental and other appropriations, as well as the encumbrance of moneys by state agencies. This will reduce the amount of General Fund moneys available for appropriation or to be held in reserve by an estimated \$5.2 million per year, although the actual amount will likely vary from this estimate. Table 2 shows state payroll by funding source. Total payroll includes insurance and supplemental retirement contributions, but excludes payroll for agencies that are exempt from the bill.

<b>Funding Source</b>	<b>Bi-Weekly Employees</b>	<b>Monthly Employees</b>	<b>Total Payroll</b>
General Fund	\$1,480,889	\$88,142,470	\$89,623,359
Non-General Fund	4,496,880	42,176,094	46,672,974
<b>TOTAL</b>	<b>\$5,977,769</b>	<b>\$130,318,564</b>	<b>\$136,296,333</b>

\* Note that the Departments of Labor and Employment, State, and Transportation receive no General Fund and are therefore exempt from this bill. Their total payroll is estimated to be \$24,674,000.

The fiscal note assumes that enough General Fund reversions will occur in FY 2010-11 to fund the \$1.5 million of General Fund needed to fully shift employees that are paid on a bi-weekly basis to a June payroll date as of FY 2011-12. The remaining \$3.7 million will be available to appropriate to state agencies to satisfy their General Fund payroll obligations, which total an additional \$88,142,470 per year. At the time of this writing, the amount of this total that is attributable to each agency was not available. Estimated ongoing June payroll by department is shown in Table 3.

<b>Table 3. Estimated June Payroll Obligations**</b>				
<b>Note the total General Fund portion of Monthly Employees is \$88,142,470, however the funding split by department was not available at the time of this writing</b>				
<b>State Agency</b>	<b>Bi-Weekly FTE</b>	<b>Bi-Weekly GF Portion</b>	<b>Monthly FTE</b>	<b>Total Payroll</b>
Agriculture	\$105,114	\$19,582	\$1,399,147	\$1,504,261
Corrections	41,393	40,964	32,012,419	32,053,812
Education	164,223	139,250	2,884,537	3,048,760
Governor's Office	3,193	2,067	2,546,834	2,550,027
Health Care Policy and Financing	20,549	8,880	1,665,693	1,686,242
Higher Education***	8,262	0	1,312,226	1,320,488
Human Services	2,933,163	713,050	23,201,148	26,134,311
Judicial	7,552	7,032	22,123,575	22,131,127
Law	11,093	3,577	2,618,687	2,629,780
Legislature	47,410	47,142	1,687,831	1,735,241
Local Affairs	13,254	430	1,047,930	1,061,184
Military and Veterans Affairs	127,291	42,441	546,903	674,194
Natural Resources	1,760,039	356,002	8,790,567	10,550,606
Personnel and Administration	4,792	0	2,007,496	2,012,288
Public Health and Environment	71,724	3,918	7,724,418	7,796,142
Public Safety	527,265	50,663	8,139,704	8,666,969
Regulatory Agencies	17,333	0	3,312,889	3,330,222
Revenue	114,119	45,891	7,137,125	7,251,244
Treasury	0	0	159,436	159,436
<b>TOTAL</b>	<b>\$5,977,769</b>	<b>\$1,480,889</b>	<b>\$130,318,564</b>	<b>\$136,296,333</b>

\*\* Note that the Departments of Labor and Employment, State, and Transportation receive no General Fund and are therefore exempt from this bill.

\*\*\* This includes the Department of Higher Education only, institutions are not included.

***Technical Issues.*** The bill states that if a state department, office, or agency pays a portion of its payroll with funds other than the General Fund, these obligations are to be paid at the same time that General Fund obligations are satisfied. However, if the payroll is fully funded by a source that is not General Fund, the bill's payroll provisions do not apply. The majority of state entities that receive General Fund also receive other funding sources. The fiscal note assumes that the bill will not require payroll that is currently paid in June be shifted to July 1.

**Departments Contacted**

All Departments