

Colorado Legislative Council Staff Fiscal Note

**STATE
FISCAL IMPACT**

Drafting Number: LLS 15-1125	Date: May 1, 2015
Prime Sponsor(s): Rep. Young; Tate Sen. Newell	Bill Status: House Appropriations
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BILL TOPIC: PAYROLL SYS TO PAY STATE EMPLOYEES TWICE A MONTH

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures		
General Fund	Increase.	
FTE Position Change		
Appropriation Required: Yes.		

** This summary shows changes from current law under the bill for each fiscal year.*

This fiscal note is preliminary. It will be revised as new information becomes available.

Summary of Legislation

Currently, the majority of state employees who are paid through the state's payroll system are paid on a monthly basis and some state employees are paid based on a bi-weekly pay period. For pay periods that begin on or after July 1, 2017, the bill implements a pay system in which all state employees who are paid through the state's payroll system are paid twice a month.

The bill specifies that beginning on July 1, 2017, state employees will be paid as follows:

- For employees hired on or after July 1, 2017, for work performed from the first day of the month through the 15th day of the month, employees will be paid on the last day of the same month, and for work performed from the 16th day of the month through the last day of the month, employees will be paid on the 15th day of the next month.
- For employees hired prior to July 1, 2017, employees will be paid as specified above; except that, for work performed from the first day of June through the 15th day of June, employees will be paid on July 1.

The bill allows any state employee to apply to the department of personnel for a one-time loan to assist the employee in July 2017. The amount of the loan cannot be more than an amount equal to the employee's net pay for a half-month pay period. The bill specifies 2 repayment options for employees who choose to take advantage of the loan and allows an employee to repay the loan early with no prepayment penalty. If an employee separates from state employment prior to the full loan repayment, the balance of the loan will be deducted from the employee's last paycheck.

The bill also makes necessary conforming amendments to allow the state's payroll system to pay employees twice a month.

State Expenditures

The bill will likely increase costs in the Department of Personnel and Administration beginning in FY 2015-16 to make modifications to state payroll systems. This cost is not known at this time and will likely be addressed through the annual budget process. Beginning in FY 2017-18 the bill will shift the payments for personal services by two weeks. Also, in FY 2017-18, the Department of Personnel and Administration will have one-time costs and workload to operate the employee loan program created under the bill.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Personnel and Administration