

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING CHANGES TO THE STATE'S PAYROLL SYSTEM TO ALLOW ALL STATE EMPLOYEES TO BE PAID TWICE A MONTH.

Prime Sponsors: Reps. Young and Tate
Senator Newell

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Fiscal Impact of Bill as Amended to Date

At the time of publication, a Legislative Council Staff fiscal note was not available.

	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The bill converts the payroll system for state employees paid monthly to payment twice monthly beginning in June 2017.

In order to avoid the cost to the State of eliminating the payday shift which currently pays state employees on the first day of July rather than the last day of June, the bill delays the first 15-day period of pay to the last day of the month. For employees hired prior to July 1, 2017, work performed from June 1 through June 15 will be paid on July 1 and work performed from June 16 through June 30 will be paid on July 15.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
None.	

Current Appropriations Clause in Bill

The bill does not contain an appropriation clause for FY 2015-16. At this time it is unknown whether the bill requires an appropriation clause for FY 2015-16.

Points to Consider

Future Fiscal Impact

JBC staff anticipates that this bill will require a substantial appropriation as early as FY 2015-16 for the Department of Personnel to address payroll system changes to accommodate this bill. While no

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fiscal impact has been identified at the time of publication, JBC staff anticipates that the Department of Personnel would likely submit a supplemental request in the 2016 session for this purpose.

The bill delays payment to state employees for a 15-day period beginning in FY 2017-18. The bill provides a loan process from the Department of Personnel to enable state employees to bridge the initial 15-day lag in pay from the current system. The Department of Personnel will require an appropriation of General Fund for this loan process. The amount of that need is unknown at this time.

However, a JBC staff proposal to eliminate the payday shift in a December 2013 compensation common policies briefing document, estimated the cost to eliminate the payday shift for state employees paid monthly at \$94.0 million General Fund for FY 2014-15; this estimate did not include the cost to cash fund sources. A 15-day pay period would cut the elimination of the payday shift in half, however growth in base salary for the State will have increased that estimate by FY 2017-18. Nevertheless, this amount might be considered as an estimate of the cost to state employees for implementing this policy change.