



DEPARTMENT OF LAW

*FY 2023-24 Figure Setting Comeback Request
March 13, 2023*

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Title:	BA#2 Staff to Administer Negotiated Payroll Changes
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Budget Line Item		FY 2023-24 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Administration: Personal Services and Operating Expenses	Total	\$325,863	\$247,458	\$308,333	\$60,875
	FTE	3.0	2.7	3.0	0.3
	GF				
	CF				
	RF	\$325,863	\$247,458	\$308,333	\$60,875
	FF				

Summary of Initial Request:

The Department of Law (DOL or the Department) requested a FY 2023-24 budget amendment of \$325,863 reappropriated funds and 3.0 FTE for additional accounting and human resources staff to deliver new payroll provisions included in the COWINs Partnership Agreement (the agreement) executed in November 2022. The agreement includes a provision that requires current agency employees paid on a monthly pay cycle to have the choice to be paid on a biweekly pay cycle, starting in July 2023. The provision further requires that any requests for pay cycle changes must be made in sufficient time for the agency to make the change for the upcoming payroll cycle.

The Department has approximately 583 employees that are eligible to select a biweekly payroll in accordance with agreement provisions. The DOL currently dedicates 1.2 FTE to payroll and Kronos administration; 1.0 FTE within the financial services section and 0.2 FTE in human resources staff that provide Kronos administration support. Historically, these resources have been sufficient, primarily because any changes to the Department’s timekeeping system is limited to adjustments from new or separating employees each month. The state enterprise is currently required to place new employees on biweekly payroll; however, the Department is operating under a temporary State Controller waiver from this requirement because of the lack of appropriate resources and this waiver remains in place only until the Department has sufficient resources to meet the administrative demands of biweekly pay.

The implementation of biweekly payroll significantly increases workload in two primary ways. First, managing a monthly payroll and biweekly payroll will increase the number of pay cycles from one per month to a minimum of 3 pay cycles per month (1 monthly and 2 biweekly). Secondly, biweekly pay is positive pay which means that employee pay is contingent on employee and supervisor Kronos approvals. Monthly pay

currently pays an employee on the last working day of the month. This means that leave used in the last week of the pay month, overtime that may have been earned in that week, or other pay impacts, may not be captured in the current month's pay and is reconciled in the following month's pay cycle. With the requested resources, the payroll unit will have a staffing ratio of approximately one payroll staff to every 162 Department employees. This staff ratio is similarly aligned with other departments of similar size and complexity.

The DOL conducted an internal survey, and 45% of the responses indicated they would select the biweekly pay option starting in July 2023. The DOL will need to take steps to implement the new pay cycle selection for existing employees not later than May 2023 in order to deliver biweekly payroll in July 2023. The DOL plans to employ the requested 3.0 FTE for the full length of the fiscal year, and without the full resources to support these staff the DOL will need to prioritize these efforts over other DOL initiatives to accommodate appropriate funding to support payroll staff costs.

Committee Action:

The JBC approved this request during figure setting with the following two adjustments:

- 1) The amount and FTE were adjusted to assume a hire date of August 1, 2023. This had the effect of approving 0.9 FTE per position for a total of 2.7 FTE instead of 3.0 FTE; and
- 2) The recommendation did not include centralized costs for health, life, dental, short-term disability, AED, or SAED to pay for statewide benefits.

Department of Law Comeback:

To implement a biweekly pay selection effective in July 2023, the Department will need to hire and onboard these staff as soon as practicable and when the FY 2023-24 Long Bill passes. Based on current planning efforts, the DOL is preparing to hire the requested positions by late-April and offer employees the opportunity to select the biweekly pay option in May. This will allow the DOL sufficient time to implement accounting system selections that will reflect the pay selection accordingly and meet agreement provisions that stipulate the biweekly pay selection for existing employees must be effective in July 2023. In addition, the DOL's Administration section budget is lean and already managed conservatively so there is very little room to accommodate the difference in funding between what was requested and what was approved during figure setting. The DOL's Administration's personal services and operating long bill line items have historically low reversion rates. During FY 2021-22, the DOL had personal services and operating reversions totaling \$50,381 which represents 1.1% of its total budget. Furthermore, the request is supported by reappropriated funds from Department indirect cost recoveries and will not have a General Fund impact. The requested FTE are anticipated to be employed by the Department for the totality of FY 2023-24 and resources to cover all personal services costs, including benefits, will be essential to successfully implementing a biweekly pay option at the DOL as required by the agreement.