



**Colorado
Legislative
Council
Staff**

SB16-215

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-1283
Prime Sponsor(s): Sen. Tate
Rep. Young

Date: May 6, 2016
Bill Status: Senate Finance
Fiscal Analyst: Kori Donaldson (303-866-4976)

BILL TOPIC: TWICE MONTHLY PAYROLL SYSTEM FOR STATE EMPLOYEES

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue General Fund		See State Revenue section.
State Expenditures General Fund		See State Expenditures section.
Appropriation Required: None.		
Future Year Impact: Potential one-time shift of revenue and expenditures to a future fiscal year.		

Summary of Legislation

The bill modifies the implementation of the state's twice monthly payroll system authorized through House Bill 15-1392. The bill allows the State Personnel Director within the Department of Personnel and Administration (DPA) to determine when to begin paying salaries twice a month, if it is determined that it is necessary to delay until after July 1, 2017, due to the implementation of the Human Resources Information System (HRIS). Additionally, the bill eliminates one of the options an employee may use to repay a one-time loan authorized through HB 15-1392.

Background

House Bill 15-1392. The majority of state employees who are paid through the state's payroll system are paid on a monthly basis. For pay periods that begin on or after July 1, 2017, HB 15-1392 authorized the implementation of a pay system in which all state employees who are paid through the state's payroll system are paid twice a month. HB 15-1392 allows any state employee to apply to the DPA 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 two 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.

Human Resource Information System. The DPA received funding in FY 2014-15 to develop a new system to manage the critical business functions of human resources. The HRIS combines the state's personnel administration, performance management, and statewide leave and time tracking functions for all executive branch agencies, with the exception of the Colorado Department of Transportation, which will not participate in the performance management components of the system. The new system will provide a unified human resource management system that will process employee time and leave, verify payroll activity, track employee development and compensation, facilitate benefit enrollment, assist in workforce and succession planning, and create reports in a real-time, user-friendly, and consistent environment hosted by the vendor.

State Revenue

HB 15-1392 projected an increase in General Fund revenue of about \$10.1 million per year over a three-year period from FY 2017-18 to FY 2019-20 from the repayment of employee loans during the transition to the twice-monthly pay system. If the State Personnel Director determines that it is necessary to delay the implementation of the twice-monthly pay system, the General Fund revenue impact identified in HB 15-1392 may shift to later fiscal years. No new revenue impact is anticipated under this bill.

State Expenditures

HB 15-1392 estimated one-time costs in FY 2017-18 of approximately \$30.0 million to fund employee loans in FY 2017-18. Employee loans will be repaid with interest over a three-year period. If the State Personnel Director determines that it is necessary to delay the implementation of the twice-monthly pay system, the General Fund expenditure impact identified in HB 15-1392 may shift to a later fiscal year. No new expenditure impact is anticipated under this bill.

Effective Date

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

State and Local Government Contacts

All Departments