

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4579S.01I  
Bill No.: SB 997  
Subject: State Employees  
Type: Original  
Date: March 1, 2022

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Bill Summary: This proposal modifies the pay period for state employees.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
General Revenue Fund*	\$0 or (\$143,640)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (\$143,640)</b>	<b>\$0</b>	<b>\$0</b>

\*This amount reflects programming to include the change into the **current** SAM II accounting system. ITSD notes that there is a current effort underway to replace the SAM II system, with two week payrolls likely to be included in the new system. If the proposed changes can be delayed until the replacement system is implemented, there would be no fiscal impact for this fiscal note. Oversight notes this change from semimonthly installments to biweekly installments is "as designated by the Commissioner of Administration." Therefore, Oversight has ranged the fiscal impact from \$0 (such designation change is not implemented within the current SAM II system) to the estimated ITSD costs to make the change immediately.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- ☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

#### **Section 33.100 – Bi-weekly Pay Periods**

Officials from the **Office of Administration** state if the bill passed, it would be difficult to implement currently in SAM II-HR due to programming of the payroll system. However, implementing a bi-weekly pay schedule in the future ERP is more feasible. It is expected to be in place in 2024-2025. If the bill was to pass with “bi-weekly” as an added possibility for frequency for State employees to be paid there would not be a cost in terms of actual payroll. The salaries would be calculated by dividing by 26 pay periods versus 24 pay periods.

Officials from the **Office of Administration - Information Technology Services Division (ITSD)** assume the proposed legislation would require state employees to be paid every 14 days. Currently, employees are paid on the 15th of the month and the last day of the month, with adjustment for weekend and holidays. The change would require modifications to SAM II. This effort would be a major undertaking in the SAM II system requiring changes to many projects and systems. ITSD would likely see impacts to data and reports along with other errors occur after implementation until all the changes mature because of the complex program interaction and ability to test all possible scenarios that could occur.

ITSD estimates a cost of \$143,640 to the General Revenue Fund in FY 2023. The estimate assumes work for project management coding and testing the changes. The business staff would need to be heavily involved in the analysis and requirements gathering as well as the testing. ITSD has not accounted for Business staff hours in this estimate.

**Oversight** notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, ITSD assumes they will contract out project management coding and testing the changes needed for SAM II. ITSD estimated the project would take 1,512 hours at a contract rate of \$95 for a total cost of \$143,640. However, as the bill states, the choice between biweekly, semimonthly, or monthly installments is “as designated by the Commissioner of Administration.” Therefore, Oversight will range the cost from \$0 (OA Commissioner decides not to shift to biweekly pay installments) to a cost to include upgrading the current SAM II system.

**ITSD** notes that there is a current effort underway to replace the SAM II system, with two week payrolls likely to be included in the new system. If the proposed changes can be delayed until the replacement system is implemented, (estimated to be 3-5 years) there would be no fiscal impact for this fiscal note.

**SEQ CHAPTER 1** Officials from the **Attorney General’s Office**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the

**Department of Higher Education and Workforce Development, the Department of Corrections, the Department of Labor and Industrial Relations, the Department of Revenue, the Department of Public Safety (Office of the Director, Capitol Police, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, Missouri Highway Patrol, Missouri National Guard, State Emergency Management Agency and Veterans Commission), the Office of the Governor, the Joint Committee on Administrative Rules, the Joint Committee on Public Employee Retirement, the Missouri Lottery Commission, the Missouri Consolidated Health Care Plan, the Department of Agriculture, the Missouri Department of Conservation, the Missouri Ethics Commission, the Missouri House of Representatives, the Department of Transportation, the Office of Prosecution Services, the Office of Administration (Administrative Hearing Commission and Budget and Planning), the Office of the State Courts Administrator, the Office of the State Auditor, the Missouri Senate, the Office of the Secretary of State, the Office of the State Public Defender, the Office of the State Treasurer and the State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations for this proposal.

**Oversight** notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Officials from the **Department of Commerce and Insurance, the Department of Health and Senior Services, the Department of Mental Health, the Department of Natural Resources and the Department of Social Services** each defer to the Office of Administration for the potential fiscal impact of this proposal.

#### Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
<b>GENERAL REVENUE</b>			
Cost - OA – ITSD §105.008 (p. 3) Coding and Testing Changes	<u>\$0 or</u> <u>(\$143,640)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<u>\$0 or</u> <u>(\$143,640)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

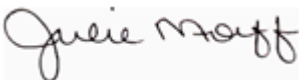
Current law requires the salaries of all elective and appointive officers and employees of the state shall be paid out of the state treasury, in semimonthly or monthly installments as designated by the commissioner of administration. This act allows salaries to additionally be paid out in biweekly installments.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

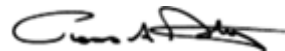
SOURCES OF INFORMATION

Attorney General's Office  
 Department of Commerce and Insurance  
 Department of Economic Development  
 Department of Elementary and Secondary Education  
 Department of Higher Education and Workforce Development  
 Department of Health and Senior Services  
 Department of Mental Health  
 Department of Natural Resources  
 Department of Corrections

Department of Labor and Industrial Relations  
Department of Revenue  
Department of Public Safety  
Department of Social Services  
Office of the Governor  
Joint Committee on Public Employee Retirement  
Joint Committee on Administrative Rules  
Missouri Lottery Commission  
Legislative Research  
Oversight Division  
Local Government Employees Retirement System  
Missouri Consolidated Health Care Plan  
Missouri Department of Agriculture  
Missouri Department of Conservation  
Missouri Ethics Commission  
Missouri House of Representatives  
Office of the Lieutenant Governor  
Missouri Department of Transportation  
Missouri State Employee's Retirement System  
MoDOT & Patrol Employees' Retirement System  
Missouri Office of Prosecution Services  
Office of Administration  
Facilities Management, Design and Construction  
Office of the State Courts Administrator  
Office of the State Auditor  
Missouri Senate  
Office of the Secretary of State  
Office of the State Public Defender  
Office of the State Treasurer  
Public Schools and Education Employee Retirement Systems  
State Tax Commission



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March 1, 2022



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