



**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**

Fiscal Note On: **HB 236** HLS 23RS 37  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 16, 2023	1:03 PM	<b>Author:</b> CREWS
<b>Dept./Agy.:</b> Office of State Uniform Payroll		<b>Analyst:</b> Garrett Ordner
<b>Subject:</b> Payroll Frequency		

STATE EMPLOYEES OR INCREASE GF EX See Note Page 1 of 2  
 Provides relative to the frequency of disbursement of salary to state employees and officials

Proposed law provides that each state agency that pays officials or employees a salary from state funds shall disburse the appropriate portion of such salary to its officials or employees on a monthly or semimonthly basis and are prohibited from disbursing any such salary more frequently than semimonthly.

EXPENDITURES	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Annual Total</b>				<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
REVENUES	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

Proposed law will result in significant costs to make programmatic changes to payroll software and processes in multiple areas of state government. This includes an estimated \$25 M for the Office of Technology Services (OTS) and the Office of State Uniform Payroll (OSUP), \$111,400 for the Louisiana State University (LSU) system, \$42,500 for the Southern University (SU) system, and indeterminable costs for the University of Louisiana (UL) system and the legislature.

Note: The state realizes costs associated with a 27th pay period every ten to twelve years. The most recent fiscal year with a 27th pay period is FY 23, and the next fiscal year with a 27th pay period is FY 34. For informational purposes, the executive budget adjustment for the 27th pay period in FY 23 was \$114.1 M (\$45.6 M general fund, \$12.3 M interagency transfers, \$14.4 M self-generated revenues, \$25.7 M statutory dedications, and \$16 M federal funds).

The Division of Administration (DOA) estimates that the proposed law will result in increased costs of \$25 M (\$10 M in FY 25 and \$15 M in FY 26) to OTS and OSUP to perform a re-implementation of the existing Human Capital Management (HCM) system. This amount consists of an estimated \$21.6 M according to the state's HCM vendor, which reported a need for 72,000 hours of labor at \$300 per hour, plus a contingency of approximately 15% to account for any additional consultants that may be needed. The high cost is attributable to the fact that the state's Enterprise Resource Planning (ERP) system, LaGov, will require changes to its financial and logistics modules. In addition, DOA reports that implementing the change will also require work from state agencies' human resources departments, though any cost associated with this work is indeterminable.

DOA reports that the change will require extensive training to agency payroll staff as well as all state employees. It will also require changes to payroll system interfaces with vendor partners. Employees with loans from financial institutions whose terms require automatic deduction from their paycheck over 26 pay periods per year will need to arrange changes to their loan payment schedules with their respective financial institutions.

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate      Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Evan Brasseaux*  
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**Evan Brasseaux**  
 Interim Deputy Fiscal Officer



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**CONTINUED EXPLANATION from page one:**

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### EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Other branches of government as well as the public university systems do not utilize the state's Uniform Payroll System (UPS) and will therefore need to make separate adjustments to their own payroll schedules. The Senate reports that it will incur an indeterminable cost to reprogram its payroll and timekeeping systems to accommodate changes including calculation of overtime, paid leave, and payroll reports. Similarly, the House of Representatives reports that it will incur an indeterminable cost to reprogram its accounting software and possibly its human resources software as well. The Louisiana Supreme Court reports that its payroll schedule already complies with the proposed law, so it will not experience a fiscal impact.

The LSU system estimates it will incur costs totaling \$111,400 in FY 24 to make programmatic and process changes in order to convert its biweekly payroll to semimonthly. This includes \$86,000 in information technology and accounting personnel as well as \$25,000 in consulting costs. The UL system reports that while it cannot estimate the fiscal impact, changing its payroll schedule would impose a significant workload. The SU system reports that it will require \$17,500 in personal services and \$25,000 in professional services costs in FY 24 to make the required change to its payroll schedule.

Note: For simplicity, the expenditure table on page one lists costs in the state general fund row; however, because OTS and OSUP are funded as ancillary agencies, multiple means of finance will be utilized to implement the proposed law.

Senate      Dual Referral Rules

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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