

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 903 amends the Nebraska Wage Payment and Collection Act Sections 48-1230 and 48-1231.

Section 48-1230 is amended to strike language referring to a requirement that employers furnish an employee, following a written request by that employee, an itemized statement listing wages earned and deductions made for each pay period that earnings and deductions were made. The statement could be in either print or electronic format.

LB 903 inserts new language in Section 48-1230 requiring an employer to deliver to each employee, by mail, electronically, or in person at the worksite a detailed wage statement. This requirement does not pertain to exempt employees under the federal Fair Labor Standards Act of 1938 regarding number of hours worked, unless the employer pays these employees overtime payments.

Section 48-1231 is amended to harmonize language with the changes made to Section 48-1230.

As to fiscal impact to the state, much of the possible impact hinges on the interpretation of “delivery” and what that means, especially in terms of electronic delivery. For example, legislative employees obtain their wage statements by going into the EnterpriseOne system, accessing the wage statement and, if they so choose, printing a hardcopy. The University of Nebraska has indicated in their fiscal note that they make the employees wage statement available to all employees electronically via Firefly, the University’s benefit portal. They have interpreted the bill’s use of the word “delivery” to mean the wage statement must be “sent” to all employees and not just made “available.” As such, if the University’s benefits portal is not in compliance with the provisions of LB 903, they have estimated an expenditure of \$774,000 for FY14-15 and FY15-16 to meet the bill’s requirements.

The Department of Administrative Services has made a similar assumption regarding the meaning of “deliver.” If the current method of making a wage statement available electronically does not meet the requirements of LB 903, then configuration changes would be necessary to the EnterpriseOne system. The Department estimates an expenditure of \$36,000 in FY14-15 to make the necessary changes.

If the University’s interpretation of the requirements of “delivery” is correct and their solution appropriate, we believe the fiscal impact to the Department of Administrative Services would be similar and the cost to implement LB 903 would be approximately \$1,500,000 in FY14-15 and FY15-16.

If the Department of Administrative Services interpretation of the requirements of “delivery” is correct and their solution appropriate, we believe the fiscal impact to the University would be similar and the cost to implement LB 903 would be approximately \$80,000 in FY14-15.

However, if making the wage statement readily available electronically to employees as is done by the University and the State at this time meets the requirements of “delivery,” there is no fiscal impact to the state as a result of LB 903.

The Department of Labor indicated no fiscal impact to the Department as a result of the provisions of LB 903.

We agree with the Department of Labor’s estimate of fiscal impact.

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2014

LB⁽¹⁾ 903

**FISCAL
NOTE**

State Agency OR Political Subdivision Name: ⁽²⁾ Administrative Services / State Accounting

Prepared by: ⁽³⁾ Hari Kadavath Date Prepared: ⁽⁴⁾ 1/24/2014 Phone: ⁽⁵⁾ 402-471-0600

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2014-15		FY 2015-16	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB903 establishes a requirement within the State Accounting payroll section to deliver to each employee, by mail or electronically, a wage statement showing various details as specified in section(2) of LB 903.

Currently the State makes paystubs “available” for each employee in the EnterpriseOne accounting system.

Assuming that the intent of this bill is that the State should “deliver” a paystub to each employee by mail or electronically, configuration changes will need to be made in the EnterpriseOne system. At the end of the payroll process code would need to be written to build logic to send an email to those individuals receiving a paycheck. The email will contain a URL link for the user to log into the EnterpriseOne system with their credentials to view their paystub.

Cost Estimates for LB903 for State Accounting:

Development (160 hours x consultant cost \$150/hr.)	\$24,000
Configuration, Testing, Documentation, etc. (80 hours x hourly rate \$150)	\$12,000
Total cost of LB309 implementation for State Accounting	\$36,000

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS	2014-15	2015-16
		<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____
Operating	_____	_____	_____
Operating – Development	_____	36,000	_____
Travel.....	_____	_____	_____
Capital outlay.....	_____	_____	_____
Aid.....	_____	_____	_____
Capital improvements.....	_____	_____	_____
TOTAL.....	_____	36,000	_____

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2014

LB⁽¹⁾ 903

**FISCAL
NOTE**

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Labor

Prepared by: ⁽³⁾ Debbie Kay Ward Date Prepared: ⁽⁴⁾ 01/22/2014 Phone: ⁽⁵⁾ 402-471-2492

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate: LB 903 requires employers to provide better payroll information to their employees that will then be available to NDOL Labor Law Specialists when investigating minimum wage and nonpayment of wage claims. This bill will have no fiscal impact on the Nebraska Department of Labor.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

2014

LB⁽¹⁾ 903

**FISCAL
NOTE**

State Agency OR Political Subdivision Name: ⁽²⁾ University of Nebraska

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ January 21, 2014 Phone: ⁽⁵⁾ 402-472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>774,000</u>	<u> </u>	<u>774,000</u>	<u> </u>
CASH FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u><u>774,000</u></u>	<u><u> </u></u>	<u><u>774,000</u></u>	<u><u> </u></u>

Explanation of Estimate:

The University currently makes its wage and payment statement available to all employees electronically via Firefly, the University's benefits portal. The site is password protected and is available 24 hours a day, 7 days a week.

As written, we interpret the bill to indicate that a paystub must be "sent" to an employee by mail or email each payday or alternatively provided onsite. Whether the onsite includes electronically or if it must be in paper form is unclear. The University has been paperless for several years now and it would be a step backwards if paper was required to be provided to employees.

If the University's portal is NOT in compliance with the intent of the bill, the University would likely opt to provide the paystub to employees via email. Since the paystubs could contain confidential information. This would require encrypted emails and a new protocol and process for pushing information out to our employees.

The University expects an encrypted email solution to cost about \$750,000 per year.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Developer/Programmer	<u>.1</u>	<u>.1</u>	<u>12,000</u>	<u>12,000</u>
Helpdesk	<u>.2</u>	<u>.2</u>	<u>12,000</u>	<u>12,000</u>
Benefits.....			<u> </u>	<u> </u>
Operating.....			<u>750,000</u>	<u>750,000</u>
Travel.....			<u> </u>	<u> </u>
Capital outlay.....			<u> </u>	<u> </u>
Aid.....			<u> </u>	<u> </u>
Capital improvements.....			<u> </u>	<u> </u>
TOTAL.....			<u><u>774,000</u></u>	<u><u>774,000</u></u>

