

BILL SUMMARY
1st Session of the 52nd Legislature

Bill No.:	HB 1032
Version	Floor Substitute (7266)
Author:	Representative Murphy
Date:	March 6, 2009
Impact:	OSF Onetime Savings - \$1 Million Potential Savings From Efficiencies Agency IT Start-up Costs

Bill Summary

Research Analyst: Jonathan S. Small II

The amendment contains the following provisions:

- requires the Department of Central Services to compile a list of all purchase card expenditures monthly, to submit the list monthly to the Oklahoma Office of State Finance (OSF), and to require the OSF to post the list in a searchable format on the Open Books website,
- requires each state agency, board, commission or other entity within the executive department of state government to use the Trip Optimizer system of the Department of Central Services in computing the optimum method and cost for travel by state employees using a motor vehicle (exceptions are provided for employees who use personal vehicles for work),
- requires that as of July 1, 2010, each state agency, board, commission or other entity within the executive department of state government, responsible for licensing or permitting, to utilize the portal system (operated by OSF) to allow for the web-based application and renewal application for any license or permit issued by that entity, (exceptions are made for permit applications that OSF deems not feasible for online filing) and
- requires that as of July 1, 2010, the OSF would have available for all state entities the ability to produce payroll through a web based format. Part of these provisions include completely transferring the state payroll process to a bi-weekly payroll by January 1, 2012.

Fiscal Summary

Fiscal Analyst: Terry McKenna

The Floor Substitute for HB 1032 provides that the Office of State Finance (OSF) shall convert all state employee payroll to a biweekly system that will be implemented in increments until the system becomes mandatory for all state employees not later than January 1, 2012. Also, the measure requires the Director of Central Purchasing, within the Department of Central Services (DCS), to transmit on a monthly basis a complete listing in electronic format of all transactions occurring with the aid of a state purchase card to OSF. Furthermore, as of July 1, 2010, each state agency, board, or commission that is responsible for licensing or permitting shall utilize the state portal system to allow for the web-based application and renewal application for any license or permit issued by that entity. On the same date the same entities are required to utilize a

centralized web-based system to be made accessible by OSF to all state employees for the purposes of work documentation and payroll calculation.

Fiscal Analysis

The Office of State Finance estimates potential annual statewide savings realized by transitioning to a bi-weekly payroll system of \$2.5 million, and a one-time cost avoidance to OSF of \$1 million. The one-time cost avoidance is related to the modifications of the Core Business System associated with the monthly payroll method. The OSF estimate regarding annual savings is based on four components: the reduction of check reversals, the reduction of overpayments/underpayments, the elimination of supplemental payrolls and the elimination of manual overtime calculations. The methodology employed by OSF to arrive at the \$2.5 million figure is to translate time savings into dollar savings.

House Fiscal Staff advises that the soundness of the OSF assumptions and methodology rests on the reduction in the relevant FTE - or the productive reassignment of FTE - that ultimately approximate the OSF estimate in statewide annual savings directly attributable to the introduction of a mandatory bi-weekly payroll system.

The Office of Personnel Management does not have the data to quantify any potential additional cost associated with the biweekly payroll provisions of the bill, but advises that maintaining two different payroll systems during the transition period would increase agency workload.

Section 5 of the bill requires usage of the portal system for the web-based application and renewal application for any license or permit issued by a state entity. A sampling of agencies affected by this section (the Motor Vehicle Commission, the Used Motor Vehicle and Parts Commission, the Board of Medical Licensure and Supervision) shows IT start-up costs that range from minimal to significant. Whether mandatory usage of the portal system would produce savings from efficiencies sufficient to offset those costs could only be determined after a certain period of time under the provisions of Section 5. However, the benefits to an increasingly computer-literate customer base seem immediately apparent.

DCS advises that the fiscal impact associated with the provisions of Section 3 of the measure would be minimal, provided the state purchase card information is not considered confidential. If that is the case, then it is possible that extensive modifications would have to be made to the data, such as deleting confidential columns.

Long Term Fiscal Considerations

As Stated Above

Fiscal Analysis Reviewed By:

Janice Buchanan

House Fiscal Director