

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2207 - B

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office

***Only Impacts on Original or Engrossed
Versions are Considered Official***

Prepared by: Matt Stayner
Reviewed by: Paul Siebert, Daron Hill
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Measure Description:

Requires payment of state payroll and itemized statement of payroll deductions to be provided to recipient electronically unless recipient requests to receive payment by check or to receive paper statement of itemized deductions.

Government Unit(s) Affected:

Department of Administrative Services (DAS), Statewide

Summary of Expenditure Impact:

Please see analysis

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The bill requires those agencies using the state payroll system to make payroll deposits to employees through the use of direct electronic deposit unless an agency determines that it is more cost effective and efficient to issue paper checks or an employee requests to receive a paper check specifically. The fiscal impact of the measure is an indeterminate amount of savings, primarily potentially realized by large, distributed agencies, associated with the postage and distribution of paychecks and/or paystubs. The potential savings in postage for those agencies that mail paychecks and/or paystubs are hard cost savings, while savings in the handling and distribution of paychecks and/or paystubs would be gains in operational efficiencies.

The rate charged to agencies for the processing the paychecks and paystubs by the Department of Administration (DAS), Oregon Statewide Payroll Services (OSPS) would remain unchanged by the bill. Of the total costs to process the roughly 1.2 million paychecks each biennium, the cost of printing and distribution accounts for \$0.04 of the \$2.89 per item assessment charged to agencies. DAS assumes that under the bill, the \$0.04 will shift from printing and distribution to supporting the IT infrastructure related to electronic pay stubs.