

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: HB222

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: McNamara

3. Committee: General Laws

4. Title: Department of Human Resource Management; total compensation statement.

5. Summary: Requires the Department of Human Resource Management to develop a total compensation statement for each employee in the service of the Commonwealth to be distributed annually to the employee by hard copy. The bill requires the statement to provide the total value of all compensation provided by the Commonwealth to the employee, including medical benefits, health premium awards, life insurance, flexible spending accounts, bonuses, disability benefits, employee assistance programs, deferred compensation, and retirement benefits.

6. Budget Amendment Necessary: See Item 8.

7. Fiscal Impact Estimates: Preliminary; see Item 8.

8. Fiscal Implications: According to the Department of Human Resource Management (DHRM), salaried employees in the agency's database have had access to their Total Compensation Statements through its Employee Direct web portal with the option to print their statement since 2010. Instructions and guidelines for the development of annual total compensation statements are also provided to all independent, legislative, and judicial agencies, and institutions of higher education for their respective employees.

This bill would require the addition of two compensation and benefit factors to the current profile of available statements (bonuses and the Employee Assistance Program) and that each employee receive a hard copy of their annual statement. Incorporating additional compensation and benefit factors will require a configuration change in central government human resource technology systems and reporting requirements, and in those managed by independent, legislative, and judicial agencies, and institutions of higher education.

Fiscal Impact on DHRM:

The DHRM's Personnel Management Information System (PMIS) will be decommissioned and replaced by the new Cardinal HCM system in October 2021. Technology staff are currently dedicated to day-to-day operational systems maintenance and critical Cardinal transition tasks and labor-intensive system reconfigurations, including adding new data fields, have been discontinued. Therefore, the addition of information regarding bonuses and

the Employee Assistance Program to the existing total compensation statement profiles is not expected be capable of being added to the PMIS system or incorporated into future statements until after the new Cardinal HCM has replaced PMIS.

The PMIS system also does not have the ability to mass generate and print multiple statements. Statement generation and printing is expected to be a manual, resource-intensive process. Therefore, it is expected that agencies would be required to print statements for their own employees to meet his requirement the first year it would be effective under the bill, prior to PMIS' decommissioning.

Costs to distribute current Total Compensation Statements would be limited to the printing and annual distribution of statements to employees. Requiring agencies to manually print and distribute these to their employees is an option, but would be viewed as a hardship, particularly in large organizations. The administrative impact to agencies is currently unknown and is expected include the time to manually generate and print statements for each employee, time and/or postage costs to distribute of the statements to employees, and printing costs.

Fiscal Impact on Cardinal HCM:

Cardinal, as currently designed, will generate the employee Total Compensation statement as an online display. Each employee will have the ability to self-register in order to obtain a logon account that will grant them access to Cardinal Employee Self-Service. Access to the Employee Self-Service application is available to anyone with access to the internet. If the employee so desires, they can execute a screen print feature to print the Total Compensation Statement. Additional human resources staff at each agency will also have access to see and print a Total Compensation statement on the employee's behalf, if employees are unable to do so themselves.

As currently designed, the ability to print the Total Compensation statements must be done employee by employee (i.e., there is no ability to print multiple statements collectively). Like PMIS, the current design also does not include information regarding bonuses or the Employee Assistance Program.

In order to mass generate the statements, additional programming would be required. Without specific requirements, Cardinal currently assumes a new interface extract file would be needed in order to generate the statements in mass as formatted reports. Based on this general requirement, Cardinal estimates the project team costs would be approximately \$500,000 and assumes the following:

- There is no requirement to produce separate files (e.g., no separate files by agency, by organization).
- Statements would be printed on self-mailer forms by an entity other than Cardinal.
- Cardinal would need to work closely with the printing entity to develop designs and to test interface. Cardinal does not have equipment to print the forms.

It is currently unknown what, if any, cost is expected in order to add information regarding bonuses or the Employee Assistance Program to the statements as currently designed.

Annual costs to print, distribute/mail the statements would be in addition to this estimate.

Cardinal HCM operates as an internal service fund and is supported by revenue from charges assessed to other state agencies. Any additional costs to Cardinal HCM would be expected to be recovered through the charges assessed to other state agencies. The state impact is estimated to come approximately 50 percent from the general fund and 50 percent from nongeneral fund sources, based on the portion of agencies' salary expenditures paid from the general fund in fiscal year 2019, which was used to determine the fund split for agency Cardinal HCM charges funded in HB/SB30.

9. Specific Agency or Political Subdivisions Affected: Department of Human Resource Management, Department of Accounts, and all state agencies.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/23/2020