

Senate Ways and Means Committee

March 11, 2016

Testimony in Regarding SB 494

Department of Administration

Sen. Masterson and members of the Committee:

The Department of Administration is here to offer neutral testimony regarding SB 494. As currently drafted, the language in the bill indicates the intent to require the consolidation of Regent agencies to a single payroll file. It is the understanding of Department of Administration, per clarification from the Revisor's office, that the intent of SB494 is to have Regent payroll processed in the State of Kansas payroll system so that a single file can be submitted to the Department of Administration for the processing of State Employee Health Deductions from payroll. Please note that for calculation of payroll, the appropriate Human Resources and Time Reporting data would be required to be consolidated into the Statewide Human Resources and Payroll system (SHARP) as well.

HISTORY:

During the implementation of the Statewide HR/Payroll system in 1995, a Memorandum of Agreement was established between each Regent agency and the Department of Administration.

Under the existing agreement, each Regent agency is required to be capable of and responsible for calculating pay for its respective group of employees and supplying the required human resources, payroll and accounting information via interface files to the Statewide Human Resources and Payroll system on an established schedule in order for the Department of Administration to issue payroll payments and complete payroll remittance and reporting obligations for the State of Kansas.

In addition, the Department of Administration provides notification of changes to Federal or State laws, policies, and programs that will affect the calculation of pay or reporting of payroll deductions or employer contributions so that the required changes can be implemented in the Regent HR/payroll systems. Regent institutions maintain the responsibility for any international employment tax requirements.

Under the existing agreement, each regent institution maintains authority over the procurement, implementation, customization, maintenance, and upgrade of the HR/payroll system implemented at their agency in order to meet their agency's unique employee and program needs.

Factors Impacting SB494:

The Department of Administration has, among many others, the statewide obligation to ensure accurate and timely payment of wages to all State of Kansas employees. To transition the seven Regent agency HR/payroll systems into the existing Statewide Human Resources and Payroll (SHARP) system would have initial and on-going cost impacts for the Department of Administration, as specified in the fiscal note. And it would require a full evaluation to assess the impacts and identify all business requirements in order to ensure the success of such a consolidation. It is anticipated that an evaluation of scope and impact would take approximately 2 months. If results of the evaluation support consolidation a project of approximately 2 years would be required to complete the seven system conversions.

As institutions of higher learning, Regent agencies have unique business requirements for payroll processing and reporting, such as contract pay and non-resident alien employees, that are related to their specific employee base and programs. Such agency requirements are unlike other existing State agencies currently processed within the Statewide Human Resources and Payroll system. The Department of Administration is in agreement that collaboration and implementation of more efficient processes must be on-going, top priorities but also recognizes the magnitude of the change proposed by SB494 and the need to complete a thorough evaluation in a reasonable timeline in order to minimize the risk of any negative impact to the calculation of payroll for the more than 33,000 Regent agency employees served Statewide during the academic year.

Potential areas of impact would include identification of unique business requirements, updating design/configuration of SHARP as needed, development of programs to complete clean-up/conversion of existing data, extensive testing, and completing cutover/training/new report development required to move HR/Payroll processing for each Regent agency into SHARP and to meet any unique regent reporting needs. Consolidation would also allow for the elimination of existing Regent custom programs and processes.

I am pleased to stand for questions from the committee.