

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

BILL NUMBER: House Bill 1373 (First Edition)

SHORT TITLE: State Supplemental Posttax Ins. Products.

SPONSOR(S): Representative Underhill

	FISCAL IMPACT				
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>
EXPENDITURES:					
Office of the State Controller – BEACON	\$0	\$200,000 to \$300,000	\$0	\$0	\$0
Office of State Controller – Payroll systems	Exact amount cannot be determined				
POSITIONS (cumulative):	0	0	0	0	0
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Office of the State Controller.					
EFFECTIVE DATE: Upon ratification.					

BILL SUMMARY: The bill enacts new G.S. 126-4.2 directing the State Personnel Commission to coordinate the establishment of a Centralized Supplemental Benefits Committee with a minimum of seven members, to offer posttax supplemental benefit options on a statewide basis to state agencies, departments, institutions, and the University of North Carolina

Source: Bill Digest H.B. 1373 (04/05/0200).

ASSUMPTIONS AND METHODOLOGY: The new BEACON Infrastructure for Human Resources and Payroll, to be implemented in 2008, will contain the business rules for all statewide benefits. Supplemental posttax insurance products were not configured in the system because they are not statewide offerings and they vary so much between plans and agencies. This bill would centralize these products within the Office of the State Controller and would therefore require

some additional functionality in BEACON. The Office of the State Controller estimates these costs to be between \$200,000 and \$300,000, depending upon the number and complexity of the options to be included.

SOURCES OF DATA: Office of the State Controller.

TECHNICAL CONSIDERATIONS: In the first year of implementation, the provisions of this legislation would require extensive manual reprogramming of payroll systems across all State agencies. It is assumed that some agencies would have difficulty in diverting resources away from other projects to implement the new requirements associated with this bill. In the second year, the Office of the State Controller reports the changes proposed in this legislation to the BEACON system cannot be added to the application until after HR/Payroll is successfully implemented in July 2008. Thus, the bill's intent could not be fulfilled until the 2008-09 fiscal year. For this reason, the costs associated with system reconfiguration do not appear until the 2008-2009 fiscal year.

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