

SF4745 - 0 - Payroll Reporting Portal and Database Established

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 Committee: **State and Local Government**
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 Agency: **Administration Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	1,194	1,193	1,193	1,193
Total	-	-	1,194	1,193	1,193	1,193
Biennial Total			1,194			2,386

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	2	2	2
Total	-	-	2	2	2

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029	
General Fund	-	-	1,194	1,193	1,193	
Total	-	-	1,194	1,193	1,193	
Biennial Total			1,194			2,386
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	1,194	1,193	1,193	
Total	-	-	1,194	1,193	1,193	
Biennial Total			1,194			2,386
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-			-

Bill Description

This bill requires the creation of a centralized certified payroll reporting portal and database for all projects covered by prevailing wage requirements.

Assumptions

This fiscal note is based on implementing a Software-as-a-Service (SaaS) product to meet the requirements as defined by statute, and having Office of State Procurement personnel to implement and maintain it as part of the procurement process.

- (1) MNIT FTE (Information Technology Specialist 5) and (1) Admin FTE (Management Analyst 2).
- Department of Administration's (Admin) role is limited to providing training, technical assistance, maintaining related documentation, verifying that required fields are reported and doing associated follow-up, and verifying that submitted information is ready for website posting.
- One time implementation costs include consultant time which is priced at \$165/hr for 20 hours a week over 36 months or approximately \$171,000 per year. The remaining system procurement costs are included in the one-time implementation costs.
- 6-12 months are needed to gather requirements and complete the procurement
- 18-24 months are needed for the implementation of the system
- Assumes a SaaS product that include needed configurations and interfaces with some common large payroll systems at \$425K a year.
- Assumes a SaaS products that includes electronic-signature capability
- There are known SaaS products that likely meet the requirements as currently defined
- Ongoing Annual Storage, Reporting, Management, and Operations costs are estimated by using a common ratio of 1/3 of implementation costs; taking Application / Hosting and MNIT central staffing costs into account
- There is no data conversion required or budgeted within this implementation
- The system requires no custom payroll interfaces or custom Application Program Interface (API) and that is not budgeted within the implementation. Add \$500K one-time cost and \$165K annual cost if customization needed for payroll interfaced or API.
- Contractors that do not utilize the common large payroll systems included with the SaaS application will need to

manually enter their data via a web site provided by the SaaS application

Expenditure and/or Revenue Formula

	FY 27	FY 28	Fy 29
One-Time Implementation Costs	424,087	424,087	424,087
IT Ongoing	425,000	425,000	425,000
Management Analyst 2 salary and fringe	122,624	122,624	122,624
Information Technology Specialist 5 salary and fringe	195,822	195,822	195,822
FTE support costs (IT, supplies, space, indirects)	26,307	25,906	25,906
	1,193,840	1,193,439	1,193,439

Long-Term Fiscal Considerations

Once the system is implemented the costs will primarily be 2 FTEs and maintenance and hosting costs. Maintenance and hosting could become more expensive over time as more records become part of the system.

Local Fiscal Impact

Local governments with projects subject to prevailing wage requirements will need to update their documents to include reporting requirements. They likely need to do training on compliance with the requirement for their authorized representatives. Costs could range from \$1000 to \$10,000 based on the size of the entity and the amount of projects they do that are subject to prevailing wage.

References/Sources

Costs for the system are based on current costs for B2Gnow, a system that likely can meet the requirements for this payroll database.

<https://b2gnow.com/what-is-certified-payroll-reporting-a-beginners-guide/>

<https://b2gnow.com/solutions/prevailing-wage-labor-compliance/labor-compliance-certified-payroll-davis-bacon-and-prevailing-wage/>

The FTE costs are based on experiences with similar functions and systems.

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