

STATEMENT OF PURPOSE

RS28106 / S1004

This proposal would create a 27th Payroll Fund. Idaho pays state employees on a bi-weekly basis. In most years, this leads to 26 payroll periods, but every eleven years it means the state will incur a 27th payroll period. When this occurs, the state sees a significant increase in salary and variable benefit costs for the fiscal year. This will next occur in FY 2028.

In the past Idaho did not prepare for the 27th payroll and instead covered it in full in the 11th year. The last time this occurred, the state was able to cover it out of the General Fund in full, but this was in a year of 8.3% General Fund revenue growth. It is not possible to predict if this will be feasible in FY 2028 at this point in time.

Rather than wait for the 11th year to address the 27th payroll, Idaho could set aside excess money each year, subject to legislative appropriation. Creating a Fund for this purpose can help with preparation for the inevitable.

FISCAL NOTE

Creation of the Fund itself has no fiscal impact to the state. The 27th payroll in FY 2028 is projected to cost approximately \$28 million. The legislature could, at its discretion, set aside any incremental amount as part of the appropriations process to prepare for this known future cost.

Contact:

Alex Adams, Administrator
Division of Financial Management
(208) 854-3053

DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).