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AB 217 SECTION 24 EXPLANATION

This amendment allows for the repayment of any compensation overpayment through the cash-out of annual leave. The primary reason for the requested revision is to provide another option for employees to repay what is called the "anticipated week". The term "anticipated week" comes from a procedure that was used in the Legacy Payroll System. The Legacy System used two primary time periods for each payroll cycle. The time periods are described as follows:

- **Report Period** – A two-week period ending **two weeks** prior to payday. This is the time period for which employees reported their actual time worked on a Bi-Weekly Time Sheet.
- **Pay Period** – A two-week period ending **one week** prior to payday. This is the time period for which the system calculated and paid the employee.

The Legacy System procedure paid employees for a week of time that was not yet reported on their timesheets. The system anticipated the number of hours that an employee would work for this week. This practice placed the State at a high risk for over and underpayments to employees. It was also confusing to employees and difficult to understand. A legislative committee studying the State Personnel System recommended that the anticipated week be eliminated. It was determined that the most viable solution for eliminating the anticipated week was with the implementation of the new IFS-HR payroll system, which occurred on March 06, 1999. This option was chosen because it ensured no cash flow impact on employees or the State.

If you were employed with the State during this conversion your last paycheck from the Legacy System would have paid you for the period of February 27, 1999 through March 12, 1999. Your first paycheck from the new system covered the period of March 6, 1999 through March 21, 1999. These two periods overlapped each other by one week from March 6, 1999, through March 12, 1999. In effect, employees were paid twice for the same week; although, this only occurred on paper. Employees actually received the same pay they would have if the conversion never occurred. The amount of the overlapped week was calculated and is noted on each employees paycheck stub. When an employee terminates this amount will be deducted from their final paycheck. This is where the paper trail becomes apparent. If an employee were to terminate employment at the end of a given reporting period in the Legacy System they would have received one weeks pay. Under the new system the employee will be owed two weeks of pay; although, the anticipated week will be deducted and they will receive approximately one weeks pay. It is important to note that any employee hired after March 12, 1999, is unaffected by the anticipated week.

The revision contained in this bill simply allows employees the option of cashing out annual leave to pay off their anticipated week prior to termination.

REPORT AND PAY PERIOD DEMONSTRATION
CONVERSION OF PAYROLL SYSTEM FROM LEGACY TO IFS ADVANTAGE

Legacy Report Period # 19
02/20/99 - 03/05/99

Legacy Pay [redacted]
02/27/99 [redacted]

Payday # 19
03/19/99

LEGACY PAYROLL SYSTEM TERMINATED - IFS ADVANTAGE SYSTEM INITIATED AS OF 03/06/99

[redacted]eriod # 20
[redacted] 03/21/99

Payday # 20
04/02/99

= Anticipated Week of 03/06/99 – 03/12/99

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EXHIBIT L Senate Committee on Gov't Affairs

Date: 4/23/03 Page 1 of 1