**Beginning in July (FM01), DES will invoice an adjusted amount for SAFS Payroll services.**

**Why are amounts being adjusted?**

The underlying allocations currently used by the 21-23 CSM for SAFS payroll services are improper and will be corrected in the Supplemental 22 budget process. In attempt to minimize the financial impacts to individual agencies until this correction is enacted, DES will invoice amounts that differ from the amounts indicated in the current 21-23 CSM.

**How much will I be invoiced?**

The attached documents have the amounts that will be invoiced to each agency, before and after the correction is enacted.

**What method was chosen to decide how much I will be invoiced now vs. later?**

For agencies that indicated in the CSM fund splits that SAFS related costs are paid from **any appropriated fund source** (an App type “1”), DES will:

* Before the correction – DES will invoice for the ***smaller*** amount (in monthly installments) of either the ‘corrected’ amount the agency should receive in FY22, or the current amount they were allocated in the CSM.  This would allow DES to collect the funding currently in appropriated budgets, but not at any amounts greater than currently in agencies’ appropriations.
* After the correction – After the Supp 22 budget is enacted:
	+ For agencies where their appropriations would increase due to the correction - **DES will invoice (as one-time invoice) for the increased amount.**
	+ For agencies where their appropriations would decrease due to the correction – DES already is billing the smaller amount so no action is required.  ***NOTE:****as appropriation funding would likely decrease for these agencies, we would certainly suggest they place funding aside in “reserve” in anticipation of the appropriation decreases.  Those estimated ‘reserve’ amounts are included in the attached documents.*

For agencies with Non-appropriated funding in the CSM (any non “1” EA type), DES will:

* Invoice for the ‘corrected’ amounts (in monthly installments).   This would allow these agencies to incur the costs immediately and make adjustments to their funding strategies as necessary.  If any of these agencies instead want to be billed an increased amount after the Supplemental 22 budget, DES would work individually with the agency to allow that.

Agencies with a blended funding (both appropriated and non-appropriated) would receive an appropriate blended approach to these methods.

**Why are the current allocations improper in the CSM for SAFS-Payroll and what will the correction fix?**

In the enacted 21-23 budget, the cost to provide the Human Resource Management System (HRMS) data entry services was moved from the Small Agency Human Resources (SAHR) allocation to the Small Agency Financial Services-Payroll allocation. HR data entry is necessary to provide Payroll service, but as not all SAFS payroll customers are also SAHR customers, several agencies were not being properly distributed their share of these specific costs. The funding and allocations used in the CSM for SAFS were adjusted for these Payroll-but-not-HR customers.

However, there remain two agencies, State Lottery Commission (LOT) and Office of Administrative Hearings (OAH), which receive payroll services but maintain their own HRMS data entry. Additionally, there is one agency, Traffic Safety Commission (TSC), which receives HRMS data entry but maintains their own payroll. The current allocations erroneously included these agencies when adjusting that HRMS data entry component.

Costs for HRMS data entry and payroll services are distributed only to the agencies that receive this specific service. Costs associated with providing these services are allocated to customers based on their proportionate share each agency contributes to the total FTEs served.

The technical correction to the CSM for Small Agency Financial Services will adjust the allocations so that:

* LOT and OAH are removed from the HRMS data entry cost allocation.
* TSC is removed from the payroll services costs allocation.

**What about other SAFS or SAHR costs?**

This impacts SAFS-Payroll invoices only. Other SAFS and SAHR costs being invoiced are not affected.

**Questions?**

Please contact Keith Thunstedt, keith.thunstedt@des.wa.gov, at DES Budget.