

Multiple Agency Fiscal Note Summary

Bill Number: 6503 S SB AMH WAYS PRIN 211	Title: Closing state agencies
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Estimated Cash Receipts

Agency Name	2009-11		2011-13		2013-15	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of Financial Management	Non-zero but indeterminate cost. Please see discussion."					
Department of Personnel	0	12,480	0	0	0	0
Total \$	0	12,480	0	0	0	0

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

Estimated Expenditures

Agency Name	2009-11			2011-13			2013-15		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of the State Actuary	Fiscal note not available								
Office of Financial Management	.0	(50,127,000)	(86,129,000)	.0	0	0	.0	0	0
Office of Financial Management	.4	101,753	101,753	.0	0	0	.0	0	0
Department of Personnel	.0	0	12,480	.0	0	0	.0	0	0
Department of Retirement Systems	Non-zero but indeterminate cost and/or savings. Please see discussion.								
University of Washington	Fiscal note not available								
Washington State University	Fiscal note not available								
Central Washington University	Fiscal note not available								
Total	0.4	\$(50,025,247)	\$(86,014,767)	0.0	\$0	\$0	0.0	\$0	\$0

Local Gov. Courts *									
Local Gov. Other **									
Local Gov. Total									

* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID 26003

FNS029 Multi Agency rollup

Estimated Capital Budget Impact

Agency Name	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Department of Retirement Systems						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	\$0	\$0	\$0	\$0	\$0	\$0

Waiting for colleges notes. There are two OFM notes, one for impacts directly to OFM, the other estimating state wide impacts.

Prepared by: Cheri Keller, OFM	Phone: 360-902-0563	Date Published: Preliminary
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

Individual State Agency Fiscal Note

Bill Number: 6503 S SB AMH WAYS PRIN 211	Title: Closing state agencies	Agency: 105-Office of Financial Management
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
Account					
All Other Funds-State 000-1	(1,630,000)	(16,606,000)	(18,236,000)	0	0
All Other Funds-Federal 000-2	(53,000)	(544,000)	(597,000)	0	0
All Other Funds-Non-Appropriated 000-6	(879,000)	(9,499,000)	(10,378,000)	0	0
All Other Funds-Private/Local 000 -7	(6,000)	(57,000)	(63,000)	0	0
General Fund-State 001-1	(4,473,000)	(45,654,000)	(50,127,000)	0	0
General Fund-Federal 001-2	(530,000)	(5,317,000)	(5,847,000)	0	0
General Fund-Private/Local 001 -7	(80,000)	(801,000)	(881,000)	0	0
Total \$	(7,651,000)	(78,478,000)	(86,129,000)	0	0

Estimated Capital Budget Impact:

Total \$					

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/01/2010
Agency Preparation: Jane Sakson	Phone: 360-902-0549	Date: 02/04/2010
Agency Approval: Pam Davidson	Phone: 360-902-0550	Date: 02/04/2010
OFM Review: Cheri Keller	Phone: 360-902-0563	Date: 02/04/2010

Request # 056-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1 of the striking amendment directs agencies to achieve a reduction in government operating expenses approximately equal to \$50 million from General Fund - State and Education Legacy Trust Account expenditures, and additional proportional amounts from other funds and accounts during the 2009-11 Biennium, through the methods described in the amendment.

Executive branch agencies (other than higher education institutions) may submit to the Office of Financial Management a compensation reduction plan to achieve the cost savings that would result from 11 days of temporary layoff. Higher education institutions may submit similar compensation reduction plans, but the state board of technical and community colleges shall submit a single plan for all community and technical colleges. If agencies do not supply an approved plan, the agencies would be closed on one day in Fiscal Year 2010 and on ten specified days in Fiscal Year 2011. The closures are to result in the temporary layoff of employees, and employee compensation is to be reduced proportionately. The layoffs are not to affect vacation leave accrual, seniority, health insurance, or sick leave credits. The compensation reduction is deemed to be an integral part of "expenditure reduction efforts" under chapter 430, Laws of 2009, which means that the calculation of pension benefits is held harmless, in spite of an employee's reduced work hours. Certain activities are exempted from the closures. The provisions would take effect immediately, with the first closure occurring on Monday, June 14, 2010. This fiscal note estimates the impact of these closures and of the expenditure reductions included in Section 9. Based on the assumptions contained in the attachment, 11 days of closure would save \$39.97 million General Fund-State, and \$28.85 million in Other Funds.

Section 9 directs a reduction of compensation expenditures for Washington Management Service (WMS) and exempt management services. The reduction would be \$750,000 in FY 2010 and \$9.4 million in FY 2011, from the General Fund-State. Proportional reductions would be taken in other funds.

These estimates are based on the most recently enacted budget. Additional reductions that have been proposed in the Governor's 2010 Supplemental Budget, or that may be enacted by the Legislature, would affect the savings that could be achieved by closing state agencies. If significant budget reductions are made in the 2010 Supplemental Budget, the cost savings from temporary layoffs would be less than estimated in this fiscal note.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

This striking amendment exempts the major state revenue-collection functions at Department of Revenue, Liquor Control Board, State Lottery, and Child Support collections at the Department of Social and Health Services from closure. However, there are many other revenue collection functions at various agencies that could be affected by the closure, but the estimated revenue loss cannot be calculated.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Please see attachment for expenditure assumptions.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years					
A-Salaries and Wages	(6,661,000)	(68,323,000)	(74,984,000)		
B-Employee Benefits	(990,000)	(10,155,000)	(11,145,000)		
C-Personal Service Contracts					
E-Goods and Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$(7,651,000)	\$(78,478,000)	\$(86,129,000)	\$0	\$0

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

ATTACHMENT—Expenditure Detail

Description of Estimate

These estimates are based on the following assumptions:

1. In Section 2 (2) of the bill, we have interpreted “compensation” to mean salary and wages, along with related employer pension and social security and Medicare contributions, assuming no effect on insurance or other benefits not specified in this sub-section;
2. The estimate assumes that the temporary layoffs are possible under collective bargaining agreements;
3. The estimate does not include any administrative or other implementation costs;
4. Any potential revenue lost is indeterminate at this time;
5. It is assumed that no employees would be eligible for unemployment benefits as a result of the layoffs;
6. We have also made a number of assumptions and interpretations about the definitions of activities that are exempted from closure, which are noted in the details below.

Exemptions

The exemptions specified in Section 2 (4) of the bill were estimated as follows:

Sec.2(4)	Exemption	Notes
a	Direct custody, supervision and patient care in:	
a(i)	corrections;	Prisons and Community Corrections exempted.
a(ii)	juvenile rehabilitation;	DSHS Juvenile Rehabilitation program exempted.
a(iii)	institutional care of veterans, or individuals with mental illness, and individuals with developmental disabilities;	Institutional program of Veterans Affairs, DSHS Mental Health program and DSHS Developmental Disabilities program exempted.
a(iv)	state hospitals, the university of Washington medical center and harborview medical center;	DSHS Mental Health program and UW funds exempted.
a(v)	the special commitment center, and	DSHS Special Commitment Center program exempted.
a(vi)	the school for the blind;	This agency exempted.
a(vii)	the state center for childhood deafness and hearing loss; and	This agency exempted.
a(viii)	the Washington youth academy.	Military Department exempted.
b	Direct protective services to children and other vulnerable populations [in DSHS];	DSHS Children and Family Services program and DSHS Long Term Care program exempted.
b	Child support enforcement [in DSHS] ;	Based on information from DSHS.
b	Disability determination services [in DSHS];	Based on information from DSHS.
c	WSP, except for management and administrative functions not directly related to public safety response;	Certain job classes in WSP.
d	Hazardous materials response or emergency response and cleanup;	At Department of Ecology, 8% of staff that charge to 173 State Toxics Account, are exempted.
e	Emergency public health and patient safety response and the public health laboratory;	At Department of Health, 7.8% of the General Fund-State staff are exempt.
f	Military operations and emergency management within the military department;	Military Department is exempted.
g	Firefighting;	No dedicated positions – it is assumed that staff will be absent but recalled if needed and paid for after-the-fact.
h	Enforcement officers in the department of fish and wildlife, the liquor control board, the gambling commission, the department of financial institutions, and the department	Identified by job class codes, and employees covered by the Public Safety Employees' Retirement System within DNR.

Sec.2(4)	Exemption	Notes
	of natural resources;	
l	State parks operated by the parks and recreation commission;	This agency exempted.
j	In institutions of higher education, classroom instruction,	Using the share of the Instruction activity reflected in each institution's activity report, that share of General Fund-State is exempted
	operations not funded from state funds or tuition,	Staff coded as being paid from the higher education local accounts (except the Tuition account)
	campus police and security, and	Identified by bargaining units.
	student health care;	Assumed to reside in higher education local account, which was exempted
k	Operations of liquor control board business enterprises and games conducted by the state lottery;	These agencies exempted.
l	Agricultural commodity commissions and boards, and agricultural inspection programs operated by the department of agriculture;	Commodity commissions are non-budgeted. The inspection programs were excluded by job class codes.
m	The unemployment insurance program and reemployment services of the employment security department;	Employees coded to 119-2 Unemployment Compensation Account-Federal, General Fund-Federal, and General Fund-Private/Local, and 134-1 Employment Service Administration Account are exempted.
n	The workers' compensation program and workplace safety and health compliance activities of the department of labor and industries;	Employees coded to 608 Accident Account, 609 Medical Aid Account, 03B Asbestos Account, 163-1 Worker and Community Right-to-Know Account are exempted.
o	The operation, maintenance, and construction of state ferries and state highways;	Staff coded as part of Marine Division collective bargaining units and staff coded to any program related to highway construction, maintenance, or operations are exempted.
p	The department of revenue, except for management and administrative functions not directly related to revenue generation;	Administrative and managerial job classes.
q	The office of the attorney general, except for management and administrative functions not directly related to civil, criminal, or administrative actions;	Administrative and managerial job classes, other than legal professions.
r	The board of industrial insurance appeals;	Agency removed from savings list.
s	Licensing service offices in the department of licensing that are open no more than two days per week, and no licensing service office closures may occur as a result of the section on Saturdays;	Fiscal impact too small to affect total.
t	The labor relations office of the office of financial management through November 1, 2010;	Exempts this program in OFM by 5 of the 7 days that OFM is required to take. The savings in their dedicated account was prorated to reflect this exemption.
u	The governor, lieutenant governor, legislative agencies and the office of financial management during sessions of the legislature . . . and the twenty day veto period . . . ;	Agency staff in specified agencies, excluding elected officials, exempted only during four days of temporary layoff in the second fiscal year. Estimate does not include any special sessions of the Legislature.
v	The minimal use of state employees on the specified closure days as necessary to protect public assets, information technology systems, and maintain public safety.	Employees coded as holding positions requiring backfill when the employee is absent.

Individual State Agency Fiscal Note

Bill Number: 6503 S SB AMH WAYS PRIN 211	Title: Closing state agencies	Agency: 105-Office of Financial Management
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT					
Total \$					

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.8	0.0	0.4	0.0	0.0
Account					
General Fund-State 001-1	101,753	0	101,753	0	0
Total \$	101,753	0	101,753	0	0

Estimated Capital Budget Impact:

Total \$					

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/01/2010
Agency Preparation: Stephanie Lidren	Phone: 360-902-3056	Date: 02/02/2010
Agency Approval: Aaron Butcher	Phone: 360-902-0406	Date: 02/02/2010
OFM Review: Cheri Keller	Phone: 360-902-0563	Date: 02/03/2010

Request # 056-2

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

The Labor Relations Office (LRO) of the Office of Financial Management is currently in the process of planning for and commencing negotiations for the 2011-13 biennium. Any negotiations resulting from the implementation of this legislation will impact the workload significantly of LRO. SSB 6503 AMH WAYS PRIN 211 is unclear on the definition of "each local unit" {Section 3(1)(a)}. If LRO were to interpret this to mean each bargaining unit, that would be approximately 150 separate negotiations that would need to be conducted for general government. If "each local unit" is interpreted to mean each location within each bargaining unit, the 150 negotiations would increase exponentially. The workload for higher education could be up to 27 separate impact bargaining agreements for 23 community colleges, Central Washington University, Eastern Washington University, Western Washington University, and The Evergreen State College.

LRO needs to be able to manage the workload associated with the impact bargaining associated with temporary layoffs while continuing the regular work associated with the implementation of the 2009-11 agreements and the bargaining for the 2011-13 agreements.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

It is unlikely that the LRO would be able to recruit the necessary positions in order to accomplish the increased workload, however we assume for costing purposes that the LRO is able to obtain qualified candidates. We anticipate negotiations related to this bill would commence on March 1, 2010.

Other Assumptions:

- **150 general government impact bargaining agreements resulting from our interpretation that "each local unit" to mean bargaining unit;
- **Could be as many as 27 impact bargaining agreements for higher education;
- **LRO will not negotiate any agreements for the University of Washington, Washington State University, or Yakima Valley Community College;
- **3 FTE Labor Negotiators, \$92,000/yr, 3/1/10 - 5/31/10

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.8		0.4		
A-Salaries and Wages	69,003		69,003		
B-Employee Benefits	16,250		16,250		
C-Personal Service Contracts					
E-Goods and Services	6,000		6,000		
G-Travel	3,000		3,000		
J-Capital Outlays	7,500		7,500		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$101,753	\$0	\$101,753	\$0	\$0

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2010	FY 2011	2009-11	2011-13	2013-15
Negotiator	92,000	0.8		0.4		
Total FTE's	92,000	0.8		0.4		0.0

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 6503 S SB AMH WAYS PRIN 211	Title: Closing state agencies	Agency: 111-Department of Personnel
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2010	FY 2011	2009-11	2011-13	2013-15
Data Processing Revolving Account-Non-Appropriated 419-6	12,480		12,480		
Total \$	12,480		12,480		

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
Account					
Data Processing Revolving Account-Non-Appropriated 419-6	12,480	0	12,480	0	0
Total \$	12,480	0	12,480	0	0

Estimated Capital Budget Impact:

Total \$					

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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- ☒ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/01/2010
Agency Preparation: Kelly Moore	Phone: 360-664-6314	Date: 02/01/2010
Agency Approval: Kelly Moore	Phone: 360-664-6314	Date: 02/01/2010
OFM Review: Ryan Black	Phone: 360-902-0417	Date: 02/01/2010

Request # 15-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill requires the closure of state offices one day per month on eleven dates specified by the bill effective June 2010 through June 2011. The office closure shall result in temporary layoff of the employees of the agency. The bill exempts employees engaged in activities that are specified in the bill. The temporary lay off reduces payment of the employee proportionate to the duration of the layoff but does not impact vacation or sick leave accrual or seniority. If the employee is not scheduled to work on a designated office closure date, the agency must designate an alternative day during the month on which the employee is scheduled to work that the employee is temporarily laid off.

If the office closure prevents the performance of any action, the action shall be considered timely if performed the next business day.

Amendment AMH Ways PRIN 211 – Section 9 – Adds Washington Management Services and Exempt Management Services additional cuts totaling \$10 million GF-S and other funds proportionately.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Since DOP's costs are incurred in the Data Processing Revolving Account (Fund 419), they must be recovered through increased billings to agencies or from a single source outside DOP.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

This bill will impact the Human Resource Management System (HRMS) under the responsibility of the Department of Personnel (DOP) based on the following assumptions:

DOP/Information Services Division (ISD) would need to create a new Absence/Leave Type for the temporary layoff.

A new wage type would need to be created and configured according to the specifications in the bill, to capture the monetary value of the leave and to reflect the unpaid leave on the employee's earning statement.

DOP is assuming no HRMS automation. Agencies would use existing functionality to enter the absence type each month for affected employees.

Based on a conversation with the Office of Financial Management, DOP is assuming that any office closure dates specified in this bill would not affect state pay dates that fall on the same date (i.e. April 9, 2010 and June 10, 2011 are pay dates).

DOP is assuming that there is no impact on retirement credits.

DOP is assuming that there is no impact on holiday pay calculations for part time employees.

DOP assumes any WMS or EMS employees furloughed additional days as a result of implementing Section 9 would use the same new Absence/Leave Type and Wage type. Therefore, DOP assumes the amendment results in no change to DOP's fiscal impact.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$0	\$0	\$0	\$0

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 6503 S SB AMH WAYS PRIN 211	Title: Closing state agencies	Agency: 124-Department of Retirement Systems
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT					
Total \$					

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

Estimated Capital Budget Impact:

	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	\$0	\$0	\$0	\$0	\$0	\$0

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☒ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/01/2010
Agency Preparation: Cathy Cale	Phone: 360-664-7305	Date: 02/04/2010
Agency Approval: Marcie Frost	Phone: 360-664-7224	Date: 02/04/2010
OFM Review: Ryan Black	Phone: 360-902-0417	Date: 02/04/2010

Request # 10-043-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill requires state agencies and higher education employers to achieve a reduction in employee compensation for the 2009-11 Biennium. Agencies may do this one of two ways: 1) present a compensation reduction plan to the Office of Financial Management no later than May 15, 2010; or 2) adhere to the proposed closure dates outlined in the bill.

Current law requires the Department of Retirement Systems (DRS) to modify the definition of Average Final Compensation (AFC) for the Public Employees' Retirement System (PERS) to include the salary forgone by members due to taking time off without pay during the 2009-11 Biennium. This modification only applies to time off taken as an integral part of an employer's effort to reduce expenditures. Section 2(5) of this bill states that these measures qualify as an integral part of an employer's expenditure reduction efforts, and retirement benefits will not be lost due to these measures.

Sections 5 through 8 of the proposed striking amendment modify the definition of AFC in the same manner for four other retirement systems: the Law Enforcement Officers' and Fire Fighters' (LEOFF) Retirement System, the Teachers' Retirement System (TRS), the Public Safety Employees' Retirement System (PSERS) and the Washington State Patrol Retirement System (WSPRS).

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

No impact.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The Department has identified that an additional 30 minutes per retirement calculation is required for any retiree with furlough days in their AFC. This additional 30 minutes is needed to contact the employer to determine the amount and timing of missing salary due to the employee furlough, and to adjust the retirement benefit accordingly. Approximately 5,000 PERS members retire each year, but it is unclear how many will have been furloughed during their AFC period, however, we don't anticipate the additional effort required to calculate the benefits will exceed \$50,000 per year. Although the striking amendment brings four other retirement systems into this process, since many of the members are exempted in Section 2(4) and since K-12 is not included in the reductions, the impact on operations is not sufficient to change our estimate of indeterminate but less than \$50,000 per year.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

No impact.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

No impact.