

Multiple Agency Fiscal Note Summary

| | |
|-----------------------------|-------------------------------------|
| Bill Number: 6547 SB | Title: WSP recruitment & pay |
|-----------------------------|-------------------------------------|

Estimated Cash Receipts

| Agency Name | 2015-17 | | 2017-19 | | 2019-21 | |
|-----------------------|--------------------|----------|---------------------|----------|---------------------|----------|
| | GF- State | Total | GF- State | Total | GF- State | Total |
| Department of Revenue | (6,000,000) | 0 | (12,000,000) | 0 | (12,000,000) | 0 |
| Total \$ | (6,000,000) | 0 | (12,000,000) | 0 | (12,000,000) | 0 |

Estimated Expenditures

| Agency Name | 2015-17 | | | 2017-19 | | | 2019-21 | | |
|---------------------------------------|--|------------------|--------------------|------------|--------------------|---------------------|------------|--------------------|---------------------|
| | FTEs | GF-State | Total | FTEs | GF-State | Total | FTEs | GF-State | Total |
| Department of Revenue | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Washington State Patrol | 7.5 | 500,000 | 3,570,000 | 7.5 | 0 | 3,078,000 | 7.5 | 0 | 3,078,000 |
| Department of Licensing | .0 | 0 | 55,735 | .0 | 0 | 0 | .0 | 0 | 0 |
| Department of Transportation | Non-zero but indeterminate cost and/or savings. Please see discussion. | | | | | | | | |
| Actuarial Fiscal Note - State Actuary | .0 | 100,000 | 1,500,000 | .0 | 400,000 | 5,600,000 | .0 | 1,900,000 | 26,500,000 |
| SWF Statewide Fiscal Note - OFM | .0 | 211,000 | 2,800,000 | .0 | 989,000 | 13,372,000 | .0 | 1,186,000 | 16,224,000 |
| Total | 7.5 | \$811,000 | \$7,925,735 | 7.5 | \$1,389,000 | \$22,050,000 | 7.5 | \$3,086,000 | \$45,802,000 |

Estimated Capital Budget Impact

NONE

The fiscal note from the Office of the State Actuary uses a salary increase assumption that is different from the one used by OFM Human Resources. In the interest of providing a full fiscal note package in advance of scheduled hearings, both fiscal notes are included, although the difference has not yet been resolved."

| | | |
|---------------------------------------|-------------------------------|---|
| Prepared by: Pam Davidson, OFM | Phone: 360-902-0550 | Date Published: Preliminary 2/ 1/2016 |
|---------------------------------------|-------------------------------|---|

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

** See local government fiscal note

FNPID: 43348

FNS029 Multi Agency rollout

Department of Revenue Fiscal Note

| | | |
|-----------------------------|-------------------------------------|--|
| Bill Number: 6547 SB | Title: WSP recruitment & pay | Agency: 140-Department of Revenue |
|-----------------------------|-------------------------------------|--|

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

| Account | FY 2016 | FY 2017 | 2015-17 | 2017-19 | 2019-21 |
|--|---------|-------------|-------------|--------------|--------------|
| GF-STATE-State 01 - Taxes 35 - Public Utilities Tax | | (6,000,000) | (6,000,000) | (12,000,000) | (12,000,000) |
| State Patrol Highway Account-State 01 - Taxes 35 - Public Utilities Tax | | 6,000,000 | 6,000,000 | 12,000,000 | 12,000,000 |
| Total \$ | | | | | |

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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: Kellee Keegan | Phone: 786-7429 | Date: 01/26/2016 |
| Agency Preparation: Marianne McIntosh | Phone: 360-535-1505 | Date: 01/28/2016 |
| Agency Approval: Don Gutmann | Phone: 360-534-1510 | Date: 01/28/2016 |
| OFM Review: Kathy Cody | Phone: (360) 902-9822 | Date: 01/28/2016 |

Request # 6547-2-2

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.

Note: This fiscal note reflects a revision to the revenue impacts, and supersedes fiscal note number 6547-1.

This bill relates to improving and enhancing Washington state patrol officer recruitment and compensation.

Section 2 requires that monthly salary and benefits paid to state patrol officers must be competitive with comparable law enforcement agencies in Washington.

It requires a 7.5 percent salary adjustment agency-wide to existing state patrol salary levels over a three year period. Moneys deposited into the state patrol highway account from the multimodal transportation account under RCW 82.16.0496(14)(b) and RCW 82.04.4496(13)(b) must be solely used for state patrol salaries and benefits (see Sections 4 and 5 of this bill). If these available funds are not sufficient to meet the needs for training and hiring of at least ten new officers annually, the amount necessary to do so must be transferred from the connecting Washington account project funds appropriated for fish culverts (PIN L1100066) into the state patrol highway account. This transfer may not be exceed more than the appropriated amount for that project in that fiscal biennium.

Section 3 require that all proceeds from vehicle license fees and renewal license fees must be deposited into the state patrol highway account for the sole use of the Washington State Patrol.

Section 4 requires on the last day of the calendar quarter each year the state treasurer, based upon information provided by the Department of Revenue, must transfer a sum equal to the dollar amount of the credit provided under this section from the multimodal transportation account to the state patrol highway account for the purpose described in Section 2 of this bill.

Section 5 requires on the last day of the calendar quarter each year the state treasurer, based upon information provided by the Department of Revenue, must transfer a sum equal to the dollar amount of the credit provided under this section from the multimodal transportation account to the state patrol highway account for the purpose described in Section 2 of this bill.

This bill has an effective date of 90 days after the final adjournment of the current legislative session.

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 legislation results in no revenue impact to taxes administered by the Department of Revenue.

The bill changes the designated account for the funds transferred from the multimodal account. The designated account changes from the general fund to the state patrol high way account.

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 of Revenue will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose
NONE

Part IV: Capital Budget Impact

None.

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 rule-making required.

Individual State Agency Fiscal Note

Revised

| | | |
|-----------------------------|-------------------------------------|--|
| Bill Number: 6547 SB | Title: WSP recruitment & pay | Agency: 225-Washington State Patrol |
|-----------------------------|-------------------------------------|--|

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

| | FY 2016 | FY 2017 | 2015-17 | 2017-19 | 2019-21 |
|--|-----------|-----------|-----------|-----------|-----------|
| FTE Staff Years | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 |
| Account | | | | | |
| General Fund-State 001-1 | 0 | 500,000 | 500,000 | 0 | 0 |
| State Patrol Highway Account-State 081-1 | 1,531,000 | 1,539,000 | 3,070,000 | 3,078,000 | 3,078,000 |
| Total \$ | 1,531,000 | 2,039,000 | 3,570,000 | 3,078,000 | 3,078,000 |

Estimated Capital Budget Impact:

NONE

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: Kellee Keegan | Phone: 786-7429 | Date: 01/26/2016 |
| Agency Preparation: Kathy Longbotham | Phone: 360-596-4067 | Date: 01/28/2016 |
| Agency Approval: Mary Thygesen | Phone: 360 596-4046 | Date: 01/28/2016 |
| OFM Review: Kathy Cody | Phone: (360) 902-9822 | Date: 01/28/2016 |

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.

Senate Bill 6547 provides changes to the RCW regarding Washington State Patrol officer compensation. First, it adds a new section requiring the Washington State Patrol (WSP) to develop a comprehensive outreach and marketing strategic plan to increase interest in employment with the WSP. It provides some specific points to be covered in the plan.

The bill request also requires the WSP's salaries be competitive with comparable law enforcement agencies within Washington state. It further provides for a 7.5 percent increase over a three-year period with funds to be transferred from the multimodal transportation account. If the WSP still does not have the funding to train and hire at least ten (10) new troopers per year, the state must transfer additional funding from the Connecting Washington Account Project funds appropriated for fish culverts to the State Patrol Highway Account, not to exceed the appropriated funding for the biennium.

The bill also provides that 100 percent of the proceeds from vehicle license fees and renewal vehicle license fees be deposited to the State Patrol Highway Account (SPHA). Specific dollar amounts of the fee proceeds are currently deposited to the SPHA and the Puget Sound Ferry Operations account with any remainder being deposited to the motor vehicle fund. Another funding provision requires an amount equal to the credits allowed for alternative fueled vehicles be transferred into the multi-modal account to keep the contribution to the SPHA at the intended level.

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 bill will not provide any direct cash receipts to the WSP. Cash will be received by the Department of Licensing and deposited to the State Patrol Highway Account for use by the WSP. Any estimate of cash receipts will be the responsibility of the Department of Licensing.

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 have a substantial impact on the WSP. The cost to hire and train one trooper is approximately \$153,100 in fiscal year 2016; it rises to \$153,900 in fiscal year 2017 due to an increase in trooper pay effective July 1, 2016. Costs of training a trooper include cadet salaries and benefits; salaries and benefits for instructors and field training officers; classroom, dormitory and meal costs at the Academy; training vehicle costs; and equipping costs. Please see the cost assumptions below. These costs do not include the salary and benefits of the trooper once commissioned as these costs are already funded for the WSP. OFM will be calculating salary impacts for commissioned officers.

The new section requiring the WSP to develop a comprehensive outreach and marketing strategic plan will also have a financial impact on our Human Resources Division (HRD). The HRD has worked diligently over the last two years to increase marketing in an attempt to draw in additional trooper candidates. The cost of that effort was outside of the HRD's budget and was subsidized heavily (80 percent) by the Field Operations Bureau (FOB) out of salary and benefits variances due to increased vacancies. The WSP does not have the dedicated resources

to pay for the approximately \$500,000 it would cost to accomplish this directive which will involve the use of an industry professional to develop, monitor, and evaluate the effectiveness of the marketing campaigns. We would need an additional appropriation of \$500,000.

Assumptions for the expenditures above include the following.

- 1) We will be training ten (10) additional trooper cadets for nine (9) months or three-quarters (3/4) of a year. The FTE total of 7.5 equals the ten trooper cadets times three-quarters (3/4) of a year.
- 2) The cost of \$153,100 per trooper cadet (\$153,900 in FY17) is incurred over the nine (9) months resulting in a total of ten (10) times the cost per biennium.
- 3) The study will be initiated during FY16 but will be completed in FY17. We are assuming the cost of the study will be paid at the conclusion.
- 4) Trooper cadet pay will remain constant.
- 5) Trooper pay (for Field Training Officers and Instructors) has been adjusted for the additional pay increase expected July 1, 2017 but does not include any further pay increases.
- 6) All benefits costs remain the same.
- 7) Cost per pursuit vehicle remains constant.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

| | FY 2016 | FY 2017 | 2015-17 | 2017-19 | 2019-21 |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| FTE Staff Years | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 |
| A-Salaries and Wages | 436,000 | 440,000 | 876,000 | 880,000 | 880,000 |
| B-Employee Benefits | 168,000 | 172,000 | 340,000 | 344,000 | 344,000 |
| C-Professional Service Contracts | | 500,000 | 500,000 | | |
| E-Goods and Other Services | 187,000 | 187,000 | 374,000 | 374,000 | 374,000 |
| G-Travel | 70,000 | 70,000 | 140,000 | 140,000 | 140,000 |
| J-Capital Outlays | 670,000 | 670,000 | 1,340,000 | 1,340,000 | 1,340,000 |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | | | | |
| 9- | | | | | |
| Total: | \$1,531,000 | \$2,039,000 | \$3,570,000 | \$3,078,000 | \$3,078,000 |

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 2016 | FY 2017 | 2015-17 | 2017-19 | 2019-21 |
|--------------------|--------|---------|---------|---------|---------|---------|
| Trooper Cadet | 46,320 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 |
| Total FTE's | 46,320 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 |

Part IV: Capital Budget Impact

This bill will not impact the WSP capital budget.

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.

This bill will not require rule changes.

Individual State Agency Fiscal Note

| | | |
|-----------------------------|-------------------------------------|--|
| Bill Number: 6547 SB | Title: WSP recruitment & pay | Agency: 240-Department of Licensing |
|-----------------------------|-------------------------------------|--|

Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

| ACCOUNT | FY 2016 | FY 2017 | 2015-17 | 2017-19 | 2019-21 |
|---|---------|--------------|--------------|--------------|---------------|
| State Patrol Highway Account-State 081-1 | | 52,855,060 | 52,855,060 | 108,906,720 | 112,568,930 |
| Motor Vehicle Account-State 108-1 | | (47,313,760) | (47,313,760) | (97,489,020) | (100,767,290) |
| Puget Sound Ferry Operations Account-State 109-1 | | (5,541,300) | (5,541,300) | (11,417,700) | (11,801,640) |
| Total \$ | | | | | |

Estimated Expenditures from:

| | FY 2016 | FY 2017 | 2015-17 | 2017-19 | 2019-21 |
|--------------------------------------|---------|---------|---------|---------|---------|
| Account | | | | | |
| Motor Vehicle Account-State 108-1 | 0 | 55,735 | 55,735 | 0 | 0 |
| Total \$ | 0 | 55,735 | 55,735 | 0 | 0 |

Estimated Capital Budget Impact:

NONE

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: Kellee Keegan | Phone: 786-7429 | Date: 01/26/2016 |
| Agency Preparation: Rene Davis | Phone: 360-902-3751 | Date: 01/29/2016 |
| Agency Approval: Dan Weeks | Phone: (360) 902-0147 | Date: 01/29/2016 |
| OFM Review: Veronica Jarvis | Phone: (360) 902-0649 | Date: 01/29/2016 |

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.

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.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

| | FY 2016 | FY 2017 | 2015-17 | 2017-19 | 2019-21 |
|----------------------------|---------|----------|----------|---------|---------|
| FTE Staff Years | | | | | |
| E-Goods and Other Services | | 55,735 | 55,735 | | |
| Total: | \$0 | \$55,735 | \$55,735 | \$0 | \$0 |

III. C - Expenditures By Program (optional)

| Program | FY 2016 | FY 2017 | 2015-17 | 2017-19 | 2019-21 |
|----------------------------|---------|---------|---------|---------|---------|
| Information Services (200) | | 55,735 | 55,735 | | |
| Total \$ | | 55,735 | 55,735 | | |

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: SB 6547 | Title: WSP recruitment & pay | Agency: 240 Department of Licensing |
|--------------------------------|--|--|

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

| Fund | FY 16 | FY 17 | 15-17 Total | 17-19 Total | 19-21 Total |
|------------------------------|-------|--------------|--------------|--------------|---------------|
| Motor Vehicle Fund | | (47,313,760) | (47,313,760) | (97,489,020) | (100,767,290) |
| Puget Sound Ferry Operations | | (5,541,300) | (5,541,300) | (11,417,700) | (11,801,640) |
| State Patrol Highway Account | | 52,855,060 | 52,855,060 | 108,906,720 | 112,568,930 |
| | | | | | |
| | | | | | |
| | | | | | |
| Total | | 0 | 0 | 0 | 0 |

Estimated Expenditures from:

| | FY 16 | FY 17 | 15-17 Total | 17-19 Total | 19-21 Total |
|------------------------|-------|--------|-------------|-------------|-------------|
| FTE Staff Years | | | | | |
| Fund | | | | | |
| Motor Vehicle Fund | | 55,735 | 55,735 | | |
| Other | | | | | |
| Other | | | | | |
| Other | | | | | |
| Total | 0 | 55,735 | 55,735 | 0 | 0 |

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

| | | |
|---|---------------------|---------------|
| Legislative Request: | Phone: | Date: |
| Agency Preparation: Rene Davis | Phone: 360-902-3751 | Date: 1/29/16 |
| Agency Approval: Diamatris Winston/Tami Dohrman | Phone: 360-902-3644 | Date: 1/29/16 |

Request #: 1

Bill: SB 6547

Part II: Explanation

This bill modifies the distribution of vehicle license fees and renewal vehicle license fees and deposits them solely into the state patrol highway account in the motor vehicle fund.

II. A – Brief Description of What the Measure Does that Has Fiscal Impact

Section 3 amends RCW 46.68.030 to direct proceeds from vehicle license fees and renewal vehicle license fees to be deposited in the State Patrol Highway Account.

This bill contains no effective date and is therefore effective 90 days sine die.

Note: There are additional risks and higher costs with attempting to implement this sine die. DOL recommends an implementation date of July 1, 2017 to reduce risk and costs. The department recommends two alternative effective dates:

1. Effective July 1, 2017 after the new Driver and Vehicle System (DRIVES) information system is implemented and system stabilization is complete.
2. Variable to align with the initial release of DRIVES which is currently anticipated to be December 12, 2016. Due to potential risk associated with configuring new requirements for the initial release, DOL prefers an effective date of July 1, 2017.

If the effective date remains June 8, 2016, changes will be programmed in the current information system and can be completed by December 1, 2016 – this will result in duplicative programming involving legacy systems and DRIVES prior to the initial December, 2016 DRIVES rollout.

II. B – Cash Receipt Impact

Section 3 changes the revenue distribution of the registration fees under RCW 46.68.030 to be distributed in total to the State Patrol Highway Account (081).

The vehicle registration and fee revenue forecast as adopted by the Transportation Revenue Forecast Council in November 2015 is used to estimate the revenue distribution impact of the bill. The following table illustrates the projected current law revenue, proposed law revenue, and the change in revenue distribution between funds. Although the distribution changes, the net impact on cash receipts is zero.

| Cash Receipts Distribution Impacts | FY 17 | 15-17 Total | 17-19 Total | 19-21 Total |
|--|--------------|--------------|--------------|---------------|
| Current Fee Distribution | | | | |
| State Patrol Highway Account (081-253) | 111,461,140 | 111,461,140 | 229,663,580 | 237,386,270 |
| Motor Vehicle Account (108-253) | 47,313,760 | 47,313,760 | 97,489,020 | 100,767,290 |
| Puget Sound Ferry Account (109-253) | 5,541,300 | 5,541,300 | 11,417,700 | 11,801,640 |
| TOTAL | 164,316,200 | 164,316,200 | 338,570,300 | 349,955,200 |
| Proposed Fee Distribution | | | | |
| State Patrol Highway Account (081-253) | 164,316,200 | 164,316,200 | 338,570,300 | 349,955,200 |
| Motor Vehicle Account (108-253) | - | - | - | - |
| Puget Sound Ferry Account (109-253) | - | - | - | - |
| TOTAL | 164,316,200 | 164,316,200 | 338,570,300 | 349,955,200 |
| Distribution Impact | | | | |
| State Patrol Highway Account (081-253) | 52,855,060 | 52,855,060 | 108,906,720 | 112,568,930 |
| Motor Vehicle Account (108-253) | (47,313,760) | (47,313,760) | (97,489,020) | (100,767,290) |
| Puget Sound Ferry Account (109-253) | (5,541,300) | (5,541,300) | (11,417,700) | (11,801,640) |
| TOTAL | 0 | 0 | 0 | 0 |

II. C – Expenditures

There are additional risks and higher costs with attempting to implement this sine die. DOL recommends an implementation date of July 1, 2017 to reduce costs.

Due to the sine die deadline, IS work related to implementing this bill will have to be done in both legacy DOL applications as well as DRIVES for release #1, therefore the cost will be higher and places the DRIVES release at a higher risk of delay. If the deadline can be extended, DOL can assume that the costs will be lower. (Similar to HB 6331).

The agency will use appropriated funds to hire contract programmers to accomplish this work or to support current staff implementing this legislation within the required timeline. Appropriated funds may also be used to hire temporary/project staff to support permanent staff assigned to this legislative effort.

Legacy system will need updates to revenue collection for fee distribution and eligibility to modify fee description. DRIVES will need an update to revenue collection for fee distribution. This fiscal note does not contain costs related to DRIVES because required programming will be incorporated into release #1. DRIVES IS effort also includes system testing.

| Breakdown of Contracted IS Startup Costs: | | | | | |
|---|--|--------------|--------------|----------|----------|
| Cost Category | Description | FY 16 Months | FY 17 Months | Rate | Cost |
| Developer/Tester | Modify programming and coding to all major systems; test to verify individual components meet requirements; ensure that other business transactions have not been impacted. | - | 1.5 | \$18,444 | \$27,666 |
| Analyst | Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc. | - | 0.2 | \$26,448 | \$5,290 |
| Project Manager | Manage schedule and contracts | - | 0.2 | \$27,492 | \$5,498 |
| QA Oversight* | Plan and carry out activities to assure project deliverables; e.g. preventative defect activities, align quality measures and business objectives. | - | 0.3 | \$31,668 | \$9,500 |
| Architect | Create the conceptual model that defines the structure, behavior and framework of a computerized system including a breakdown of the system into components, the component interactions and interfaces (including with the environment, especially the user), and the technologies and resources to be used in the design. | - | 0.1 | \$27,144 | \$2,714 |
| ITS | Information Services' Technical Services Infrastructure. | - | - | \$18,444 | \$0 |
| Project Contingency | OCIO designated rate of 10% | | | | \$5,067 |
| | | - | 2.3 | | \$55,735 |

* DOL includes QA oversight costs estimates for fiscal note evaluations per the requirement of OCIO Policy 132. DOL has requested an exemption to this requirement for legislative requests and will adjust cost estimates as appropriate following a determination from the OCIO.

Part III: Expenditure Detail

III. A – Expenditures by Object or Purpose

| | FY 16 | FY 17 | 15-17 Total | 17-19 Total | 19-21 Total |
|----------------------------|-------|---------------|---------------|-------------|-------------|
| FTE Staff Years | | | | | |
| Salaries and Wages | | | | | |
| Employee Benefits | | | | | |
| Personal Service Contracts | | | | | |
| Goods and Services | | 55,735 | 55,735 | | |
| Travel | | | | | |
| Equipment | | | | | |
| Other | | | | | |
| Other | | | | | |
| TOTAL | | 55,735 | 55,735 | | |

III. A (1) – Detail of Expenditures by Sub-Object for Goods & Services

| Object E Breakdown: | <u>FY 16</u> | <u>FY 17</u> | <u>15-17 Total</u> | <u>17-19 Total</u> | <u>19-21 Total</u> |
|------------------------------------|--------------|---------------|--------------------|--------------------|--------------------|
| EA Plates & Tabs | | | | | |
| EA Office Supplies | | | | | |
| EB Postage | | | | | |
| EB Phone/Install/Usage | | | | | |
| ED Facility/Lease Costs | | | | | |
| EE IT Hardware Maintenance | | | | | |
| EF Printing | | | | | |
| EG Training | | | | | |
| EH Rentals, Leases (incl. IT EQ le | | | | | |
| EL Interagency DP Svcs | | | | | |
| EM Attorney Gen Svcs/Costs | | | | | |
| EN Personnel Services | | | | | |
| ER Exam Costs | | | | | |
| ER Application Programmers | | 55,735 | 55,735 | | |
| EV Admin Hrgs Svcs | | | | | |
| EY Software Maintenance | | | | | |
| EZ Other Goods & Svcs | | | | | |
| Total Goods & Svcs | | 55,735 | 55,735 | | |

Additional information about assumptions and impacts is available directly from the Department of Licensing at 902-3644.

III. B – FTE Detail

III. B – Expenditures by Program (optional)

| Program | FY 16 | FY 17 | 15-17 Total | 17-19 Total | 19-21 Total |
|-------------------------------|--------------|--------------|--------------------|--------------------|--------------------|
| 100 - Mgmt & Support Services | | | | | |
| 200 - Information Services | | 55,735 | 55,735 | | |
| 300 - Customer Relations | | | | | |
| 600 - Programs & Services | | | | | |
| 700 - Business & Professions | | | | | |
| Total | - | 55,735 | 55,735 | - | - |

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.

Individual State Agency Fiscal Note

| | | |
|-----------------------------|-------------------------------------|---|
| Bill Number: 6547 SB | Title: WSP recruitment & pay | Agency: 405-Department of Transportation |
|-----------------------------|-------------------------------------|---|

Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

Estimated Capital Budget Impact:

NONE

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: | Kellee Keegan | Phone: 786-7429 | Date: 01/26/2016 |
| Agency Preparation: | Megan Atkinson | Phone: 360-705-7543 | Date: 01/27/2016 |
| Agency Approval: | Doug Vaughn | Phone: 306-705-7500 | Date: 01/27/2016 |
| OFM Review: | Erik Hansen | Phone: 360-902-0423 | Date: 01/27/2016 |

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 2 of the bill requires that salaries for Washington State troopers be raised by 7.5 percent over a three-year period and directs the Washington State Patrol (WSP) to hire and train an additional 10 officers per year. These impacts are funded by a transfer of revenue from the Multimodal Transportation Account and redirection of other fees and credits. However, Section 2 (3) provides that if the transfers from the Multimodal Transportation Account are insufficient to fund the new officer hiring and training then funds are to be transferred from the Connecting Washington Account appropriation for fish culverts (PIN L1100066). The Connecting Washington Account was established by Second Engrossed Substitute Senate Bill 5987 (Chapter 44, Laws of 2015), the uses of the fund are limited to projects or improvements identified as Connecting Washington projects or improvements in a transportation appropriations act.

Section 3 changes the distribution of the \$30 basic vehicle license fee so that the entire fee is directed to the State Patrol Highway Account. Currently the basic license fee proceeds are distributed to the State Patrol Highway Account, the Puget Sound Ferry Operations Account and the Motor Vehicle Account.

Sections 4 and 5 require the money that currently is to be transferred from the Multimodal Transportation Account to the General Fund to pay for the fuel efficient commercial trucks' public utility and gross business tax credits be instead transferred to the State Patrol Highway Account for WSP trooper salary increases.

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.

The cash receipts impact of this bill do not impact revenues collected by the Washington State Department of Transportation (WSDOT) and therefore are assumed to be shown on fiscal notes prepared by the Department of Licensing and Department of Revenue.

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 Section 2 provision permitting transfers from the Connecting Washington Account could potentially have an impact on funding currently provided for the fish culverts project (PIN L1100066). According to LEAP Transportation Document 2015 NL-1, as developed June 28, 2015, this project is funded at \$17.5 million in the 2015-17 biennium, increasing to \$37.5 million in subsequent biennia. WSDOT cannot determine the amount, if any, that may need to be transferred from this project; therefore, the impact of this section is indeterminate.

In Section 3, the change in distribution of the \$30 basic vehicle license fee would result in less vehicle license fee revenue available to the Motor Vehicle Account and the Puget Sound Ferry Operations Account. Currently appropriations from the Puget Sound Ferry Operations account are supported by transfers from the Motor Vehicle Account, Multimodal Transportation Account, and Highway Safety Account. It is not known whether the Legislature would enact additional transfers or expenditure reductions to manage the loss of the license fee revenue. Thus, the impact is indeterminate.

Part III: Expenditure Detail

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: 6547 SB | Title: WSP recruitment & pay | Agency: AFN-Actuarial Fiscal Note - State A |
|-----------------------------|-------------------------------------|---|

Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

| | FY 2016 | FY 2017 | 2015-17 | 2017-19 | 2019-21 |
|-----------------------------|---------|-----------|-----------|-----------|------------|
| Account | | | | | |
| All Other Funds-State 000-1 | 0 | 1,400,000 | 1,400,000 | 5,200,000 | 24,600,000 |
| General Fund-State 001-1 | 0 | 100,000 | 100,000 | 400,000 | 1,900,000 |
| Total \$ | 0 | 1,500,000 | 1,500,000 | 5,600,000 | 26,500,000 |

Estimated Capital Budget Impact:

NONE

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: Kellee Keegan | Phone: 786-7429 | Date: 01/26/2016 |
| Agency Preparation: Lauren Rafanelli | Phone: 360-786-6145 | Date: 02/01/2016 |
| Agency Approval: Lisa Won | Phone: 360-786-6150 | Date: 02/01/2016 |
| OFM Review: Pam Davidson | Phone: 360-902-0550 | Date: 02/01/2016 |

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.

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.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

| | FY 2016 | FY 2017 | 2015-17 | 2017-19 | 2019-21 |
|--------------------------------------|---------|-------------|-------------|-------------|--------------|
| FTE Staff Years | | | | | |
| A-Salaries and Wages | | | | | |
| B-Employee Benefits | | 1,500,000 | 1,500,000 | 5,600,000 | 26,500,000 |
| C-Professional Service Contracts | | | | | |
| E-Goods and Other 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 | \$1,500,000 | \$1,500,000 | \$5,600,000 | \$26,500,000 |

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.

SUMMARY OF RESULTS

BRIEF SUMMARY OF BILL: This bill requires that salaries and benefits for commissioned troopers of the Washington State Patrol be competitive with comparable law enforcement agencies in Washington. This bill also provides for an agency-wide 7.5 percent salary increase over a three-year period.

COST SUMMARY

| Impact on Contribution Rates (Effective 09/01/2016) | |
|--|-------|
| Fiscal Year 2017 State Budget | WSPRS |
| Employee | 0.00% |
| Total Employer | 0.00% |

No supplemental contribution rate is required for the 2017 Fiscal Year. However, there is a budget impact in the 2017 Fiscal Year due to the current adopted contribution rates being applied to higher salaries resulting from this bill.

| Budget Impacts | | | |
|-----------------------|-----------|-----------|---------|
| (Dollars in Millions) | 2016-2017 | 2017-2019 | 25-Year |
| General Fund-State | \$0.1 | \$0.4 | \$21.0 |
| Total Employer | \$1.5 | \$5.6 | \$300.7 |
| Employee | \$1.3 | \$3.0 | \$70.5 |

Note: We use long-term assumptions to produce our short-term budget impacts. Therefore, our short-term budget impacts will likely vary from estimates produced from other short-term budget models.

HIGHLIGHTS OF ACTUARIAL ANALYSIS

- ❖ This bill creates a new compensation policy not anticipated in our current assumptions that results in larger than expected pensionable compensation. Increasing pensionable compensation for active members will increase the benefits they receive during retirement, thus increasing required contributions to the trust fund.

| Impact on Pension Liability | | | |
|-----------------------------|---------|----------|---------|
| (Dollars in Millions) | Current | Increase | Total |
| WSPRS 1/2 | \$1,184 | \$97.7 | \$1,282 |

- ❖ We assumed a one-time 19 percent salary increase for WSPRS members based on our assumption for the definition of competitive salaries. We relied on valuation data to help build our assumption.

HOW THE RESULTS CHANGE WHEN THE ASSUMPTIONS CHANGE

- ❖ We analyzed the impact of assuming a 7.5 percent salary increase adjustment over a three year period as well as a 33 percent one-time salary increase. The resulting total employer budget impact will range from approximately \$150 million to \$470 million over a 25 year period. However, the actual cost of this bill may fall outside of this range.

See the remainder of this fiscal note for additional details on the summary and highlights presented here.

WHAT IS THE PROPOSED CHANGE?

Summary Of Change

This bill impacts the following systems:

- ❖ Public Employees' Retirement System (PERS).
- ❖ Public Safety Employees' Retirement System (PSERS).
- ❖ Washington State Patrol Retirement System (WSPRS).

This bill requires that salaries and benefits for commissioned troopers of the Washington State Patrol (WSP) be competitive with other law enforcement officers in Washington. Additionally, this bill states that a 7.5 percent salary adjustment increase must be made agency-wide over a three-year period. The WSP employs members of WSPRS, PSERS, and PERS.

The bill also changes the proportionate amount of vehicle license and renewal fees that go into the State Patrol Highway Account. Also, some funds from the Multimodal Transportation Account would be transferred to the State Patrol Highway Account under this bill. Currently, funds from the Multimodal Transportation Account are transferred to the State General Fund.

Effective Date: 90 days after session.

What Is The Current Situation?

RCW 43.43.380 establishes minimum salaries for WSP troopers. This statute has not changed since 1965 and contains the following minimum monthly salaries:

- ❖ Officers: \$350.
- ❖ Staff or technical sergeants: \$325.
- ❖ Line sergeants: \$350.
- ❖ Lieutenants: \$375.
- ❖ Captains: \$425.

Under RCW 41.45.0631, members pay 50 percent of the costs to the retirement system, up to a cap of 7 percent. Any costs above that cap are paid by the employer (state). The 7 percent cap is adjusted to account for any benefit improvements due to revised pension statutes enacted on or after July 1, 2007.

Who Is Impacted And How?

Active members of WSPRS are expected to receive a one-time salary increase such that their salaries are competitive with other law enforcement officers in Washington. Additionally, impacted members of PERS and PSERS are expected to receive a 7.5 percent salary increase adjustment over a three year period.

We estimate this bill could affect all 1,044 active members of WSPRS, 997 active members of PERS, and 84 active members of PSERS through an increase in salary

above our current expectations. This bill could increase the benefits we expect a typical member to receive during retirement by increasing the average final compensation used in calculating that benefit.

This bill could impact all active members and all employers of WSPRS, PERS, and PSERS through increased contribution rates. See the **Special Data Needed** section of this fiscal note for more details about how much salaries could increase.

WHY THIS BILL HAS A COST AND WHO PAYS FOR IT

Why This Bill Has A Cost

This bill creates a new compensation policy not anticipated in our current assumptions that results in larger than expected pensionable compensation. Increasing pensionable compensation for active members will increase the benefits they receive during retirement, thus increasing required contributions to the trust fund. This bill also increases the value of their prior service and will require higher contributions in the future to cover those costs.

Who Will Pay For These Costs?

Any costs to WSPRS that arise from this bill will be divided according to the standard funding method of 50 percent member and 50 percent employer, subject to the member maximum contribution rate as described in the **Current Situation** section. The current member maximum contribution rate is 7.34 percent. This maximum rate will not increase as a result of this bill since this bill does not revise pension statutes. Costs above the member maximum contribution rate are fully assumed by the employer.

Any costs to PERS or PSERS that arise from this bill will be divided between members and employers according to standard funding methods that vary by plan:

- ❖ Plan 1: 100 percent employer.
- ❖ Plan 2: 50 percent member and 50 percent employer.
- ❖ Plan 3: 100 percent employer.

All employers of PERS, School Employees' Retirement System, and PSERS members would pay any change in PERS Plan 1 Unfunded Actuarial Accrued Liability.

HOW WE VALUED THESE COSTS

Assumptions We Made

Based on the information described in the **Special Data Needed** section, we assumed active WSPRS member salaries would have a one-time 19 percent increase. We assume the 7.5 percent salary increase over three years would be included in this one-time salary increase.

In addition, we assumed future service-based salary increases match those in the Law Enforcement Officers' and Fire Fighters' (LEOFF) Retirement System in order to maintain competitive salaries consistent with the requirements of the bill. On average, the LEOFF service-based salary scale assumes higher salary increases than the WSPRS service-based salary scale. For more detail please see **Appendix A**.

We also assumed the starting salaries for new members of WSPRS would be impacted by this bill and would be 19 percent higher than what we currently assume.

We assumed no impact to PERS or PSERS for the 7.5 percent increase over three years due to the small number of members from those systems that would be impacted.

How We Applied These Assumptions

We modeled the one-time 19 percent salary increase for active members by adjusting the first-year general salary increase assumption from 3.75 percent to 23.46 percent ($= 1.0375 \times 1.19 - 1$). This maintains the comparable compensation with applicable LEOFF salaries since we also assume a first year salary increase of 3.75 percent in the LEOFF system.

We used our projection system to calculate rounded contribution rate changes in the future. These projected rates are collected over current member payroll and assumed new entrant payroll for purposes of estimating budget impacts.

Special Data Needed

We relied on our pension valuation data and analyzed average active salaries in WSPRS and LEOFF by years of service. For more detail please see **Appendix B**.

Otherwise, we developed these costs using the same assets, data, assumptions, and methods as disclosed in the [June 30, 2014, Actuarial Valuation Report](#) (AVR) and as described on the [Projections Disclosures](#) webpage of the Office of the State Actuary website.

ACTUARIAL RESULTS

How The Liabilities Changed

This bill will impact the actuarial funding of WSPRS by increasing the present value of future benefits payable under the system as shown below.

| Impact on Pension Liability | | | |
|--|---------|----------|---------|
| (Dollars in Millions) | Current | Increase | Total |
| Actuarial Present Value of Projected Benefits | | | |
| <i>(The Value of the Total Commitment to all Current Members)</i> | | | |
| WSPRS 1/2 | \$1,184 | \$97.7 | \$1,282 |
| Unfunded Entry Age Accrued Liability | | | |
| <i>(The Value of the Total Commitment to all Current Members Attributable to Past Service that is Not Covered by Current Assets)</i> | | | |
| WSPRS 1/2 | (\$2) | \$44.5 | \$42 |

Note: Totals may not agree due to rounding.

How The Assets Changed

This bill does not change asset values so there is no impact on the actuarial funding of the affected plans due to asset changes.

How The Present Value of Future Salaries (PVFS) Changed

This bill will impact the actuarial funding of WSPRS by increasing the PVFS of the members of the system as shown below.

| Present Value of Future Salaries | | | |
|---|---------|----------|-------|
| (Dollars in Millions) | Current | Increase | Total |
| Actuarial Present Value of Future Salaries | | | |
| (The Value of the Future Salaries Expected to be Paid to Current Members) | | | |
| WSPRS 1/2 | \$775 | \$160.2 | \$935 |

Note: Totals may not agree due to rounding.

How Contribution Rates Changed

This bill does not impact pension statutes, and as a result, no supplemental contribution rate will be charged in the 2015-17 Biennium. The following table illustrates how we expect the cost of this bill will impact contribution rates in future biennia as compared to our current projections. Note that WSPRS pension statutes currently cap the member contribution rate at 7.34 percent.

| Impact on Contribution Rates | | |
|------------------------------|----------|----------|
| Fiscal Year | Employee | Employer |
| 2017 | 0.00% | 0.00% |
| 2018 | 0.00% | 0.00% |
| 2019 | 0.00% | 0.00% |
| 2020 | 0.00% | 7.40% |
| 2021 | 0.00% | 7.40% |
| 2022 | 0.00% | 8.66% |
| 2023 | 0.00% | 7.93% |
| 2024 | 0.00% | 7.08% |
| 2025 | 0.00% | 7.95% |
| 2026 | 0.08% | 7.10% |
| 2027 | 0.08% | 7.10% |
| 2028 | 0.00% | 5.98% |
| 2029 | 0.00% | 5.98% |
| 2030 | 0.00% | 4.96% |
| 2031 | 0.00% | 4.96% |
| 2032 | 0.00% | 4.18% |
| 2033 | 0.00% | 4.18% |
| 2034 | 0.00% | 3.60% |
| 2035 | 0.00% | 3.60% |
| 2036 | 0.00% | 3.12% |
| 2037 | 0.00% | 3.12% |
| 2038 | 0.00% | 2.74% |
| 2039 | 0.00% | 2.74% |
| 2040 | 0.00% | 2.44% |
| 2041 | 0.00% | 2.44% |

How This Impacts Budgets And Employees

Note in the following table that the budget impact in the 2017 Fiscal Year is a result of the current adopted contribution rates being collected on the one-time approximate 19 percent salary increase.

| Budget Impacts | | |
|-----------------------|----------------|----------------|
| (Dollars in Millions) | WSPRS | Total |
| 2016-2017 | | |
| General Fund | \$0.1 | \$0.1 |
| Non-General Fund | 1.4 | 1.4 |
| Total State | \$1.5 | \$1.5 |
| Local Government | 0.0 | 0.0 |
| Total Employer | \$1.5 | \$1.5 |
| Total Employee | \$1.3 | \$1.3 |
| 2017-2019 | | |
| General Fund | \$0.4 | \$0.4 |
| Non-General Fund | 5.2 | 5.2 |
| Total State | \$5.6 | \$5.6 |
| Local Government | 0.0 | 0.0 |
| Total Employer | \$5.6 | \$5.6 |
| Total Employee | \$3.0 | \$3.0 |
| 2016-2041 | | |
| General Fund | \$21.0 | \$21.0 |
| Non-General Fund | 279.6 | 279.6 |
| Total State | \$300.7 | \$300.7 |
| Local Government | 0.0 | 0.0 |
| Total Employer | \$300.7 | \$300.7 |
| Total Employee | \$70.5 | \$70.5 |

Note: Totals may not agree due to rounding. We use long-term assumptions to produce our short-term budget impacts. Therefore, our short-term budget impacts will likely vary from estimates produced from other short-term budget models.

The analysis of this bill does not consider any other proposed changes to the system. The combined effect of several changes to the system could exceed the sum of each proposed change considered individually.

As with the costs developed in the actuarial valuation, the emerging costs of the system will vary from those presented in the AVR or this fiscal note to the extent that actual experience differs from the actuarial assumptions.

HOW THE RESULTS CHANGE WHEN THE ASSUMPTIONS CHANGE

To determine the sensitivity of the actuarial results to the best estimate assumptions selected for this pricing, we varied the general salary increase assumption for two examples:

- ❖ Lower cost example: We determined the budget cost if all active WSPRS members received a 2.50 percent salary increase for three consecutive years in addition to what we currently assume for general salary growth.
- ❖ Higher cost example: We determined the budget cost if all active WSPRS members received a one-time salary increase of 33 percent. This example is consistent with Senate Bill 6331 (2016 Legislative Session) which defined competitive salary as salary competitive with the five largest LEOFF employers. Please see that fiscal note for additional detail and analysis.

| Example Range of 25-Year Budget Impacts | | | |
|---|-----------------------|-----------------------------|----------------------|
| (Dollars in Millions) | Lower 7.5 Percent* | Best Estimate 19 Percent | Higher 33 Percent |
| General Fund-State | \$10.8 | \$21.0 | \$32.9 |
| Total Employer | \$154.9 | \$300.7 | \$470.0 |
| Employee | \$35.8 | \$70.5 | \$111.1 |

*2.5% per year for three consecutive years.

The Lower and Higher budget impacts provided are for illustration purposes only. The actual cost of this bill may be more or less than the examples.

These examples do not consider the impact to PERS or PSERS for the 7.5 percent increase over three years.

WHAT THE READER SHOULD KNOW

The Office of the State Actuary ("we") prepared this fiscal note based on our understanding of the bill as of the date shown in the footer. We intend this fiscal note to be used by the Legislature during the 2016 Legislative Session only.

We advise readers of this fiscal note to seek professional guidance as to its content and interpretation, and not to rely upon this communication without such guidance. Please read the analysis shown in this fiscal note as a whole. Distribution of, or reliance on, only parts of this fiscal note could result in its misuse, and may mislead others.

ACTUARY'S CERTIFICATION

The undersigned hereby certifies that:

1. The actuarial cost methods are appropriate for the purposes of this pricing exercise.
2. The actuarial assumptions used are appropriate for the purposes of this pricing exercise.
3. The data on which this fiscal note is based are sufficient and reliable for the purposes of this pricing exercise.
4. Use of another set of methods, assumptions, and data may also be reasonable, and might produce different results.
5. We prepared this fiscal note for the Legislature during the 2016 Legislative Session.
6. We prepared this fiscal note and provided opinions in accordance with Washington State law and accepted actuarial standards of practice as of the date shown in the footer of this fiscal note.

The undersigned, with actuarial credentials, meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

While this fiscal note is meant to be complete, the undersigned is available to provide extra advice and explanations as needed.



Lisa A. Won, ASA, FCA, MAAA
Deputy State Actuary

O:\Fiscal Notes\2016\6547_SB.docx

APPENDIX A – ASSUMPTIONS WE MADE

The following table documents the difference in future service-based salary increases we used for this pricing. The Salary Ratio column represents the cumulative increase in salaries we expect from that service year going forward.

| Service-Based Salary Increases by System | | | | |
|--|------------------|--------------|------------------|--------------|
| Service Years | LEOFF | | WSPRS | |
| | Percent Increase | Salary Ratio | Percent Increase | Salary Ratio |
| 0 | 10.70% | 1.827 | 8.50% | 1.642 |
| 1 | 10.70% | 1.650 | 8.50% | 1.513 |
| 2 | 7.50% | 1.491 | 6.00% | 1.395 |
| 3 | 5.90% | 1.387 | 5.00% | 1.316 |
| 4 | 3.70% | 1.310 | 5.00% | 1.253 |
| 5 | 2.60% | 1.263 | 5.00% | 1.194 |
| 6 | 1.80% | 1.231 | 3.50% | 1.137 |
| 7 | 1.40% | 1.209 | 0.60% | 1.098 |
| 8 | 1.30% | 1.192 | 0.60% | 1.092 |
| 9 | 1.20% | 1.177 | 0.60% | 1.085 |
| 10 | 1.70% | 1.163 | 0.60% | 1.079 |
| 11 | 1.20% | 1.144 | 0.60% | 1.072 |
| 12 | 1.20% | 1.130 | 0.40% | 1.066 |
| 13 | 1.20% | 1.117 | 0.40% | 1.062 |
| 14 | 1.20% | 1.104 | 0.40% | 1.057 |
| 15 | 1.20% | 1.090 | 0.40% | 1.053 |
| 16 | 1.00% | 1.078 | 0.40% | 1.049 |
| 17 | 1.00% | 1.067 | 0.40% | 1.045 |
| 18 | 1.00% | 1.056 | 0.40% | 1.041 |
| 19 | 1.00% | 1.046 | 0.40% | 1.037 |
| 20 | 1.00% | 1.036 | 0.40% | 1.032 |
| 21 | 0.50% | 1.025 | 0.40% | 1.028 |
| 22 | 0.50% | 1.020 | 0.40% | 1.024 |
| 23 | 0.50% | 1.015 | 0.40% | 1.020 |
| 24 | 0.50% | 1.010 | 0.40% | 1.016 |
| 25 | 0.50% | 1.005 | 0.40% | 1.012 |
| 26 | 0.00% | 1.000 | 0.40% | 1.008 |
| 27 | 0.00% | 1.000 | 0.40% | 1.004 |
| 28 | 0.00% | 1.000 | 0.00% | 1.000 |
| 29 | 0.00% | 1.000 | 0.00% | 1.000 |
| 30+ | 0.00% | 1.000 | 0.00% | 1.000 |

APPENDIX B – SPECIAL DATA NEEDED

The following tables provide a summary of our active valuation data from LEOFF and WSPRS, along with a table indicating the percentage difference between them.

In reviewing the percent increase in salary table, we focused on service years 5 through 24, which covers about 75 percent of the active WSPRS members. We removed the low and high service level data from our comparisons due to inconsistent average service levels for these cohorts between WSP members and their LEOFF counterparts. Given the average age and service for current WSPRS members, we ultimately selected a one-time salary increase assumption of 19 percent.

| Number of Actives and Average Annual Salary | | | | | | | | | | |
|---|------------------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Law Enforcement Officers in LEOFF | | | | | | | | | | |
| Age | Years of Service | | | | | | | | | Total |
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | |
| <25 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 |
| | \$61,828 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$61,828 |
| 25-29 | 421 | 171 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 592 |
| | \$67,607 | \$89,289 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$73,870 |
| 30-34 | 334 | 689 | 72 | 0 | 0 | 0 | 0 | 0 | 0 | 1,095 |
| | \$73,315 | \$90,901 | \$92,609 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$85,649 |
| 35-39 | 196 | 525 | 516 | 117 | 0 | 0 | 0 | 0 | 0 | 1,354 |
| | \$74,287 | \$90,445 | \$94,631 | \$101,437 | \$0 | \$0 | \$0 | \$0 | \$0 | \$90,651 |
| 40-44 | 131 | 367 | 514 | 661 | 117 | 0 | 0 | 0 | 0 | 1,790 |
| | \$74,062 | \$88,531 | \$93,884 | \$99,216 | \$106,673 | \$0 | \$0 | \$0 | \$0 | \$94,140 |
| 45-49 | 43 | 163 | 253 | 517 | 601 | 151 | 0 | 0 | 0 | 1,728 |
| | \$78,962 | \$86,837 | \$95,331 | \$101,156 | \$107,425 | \$113,527 | \$0 | \$0 | \$0 | \$101,662 |
| 50-54 | 21 | 58 | 112 | 204 | 392 | 415 | 69 | 0 | 0 | 1,271 |
| | \$80,370 | \$85,050 | \$93,939 | \$100,287 | \$106,001 | \$112,517 | \$118,932 | \$0 | \$0 | \$105,471 |
| 55-59 | 15 | 23 | 29 | 91 | 124 | 187 | 191 | 40 | 0 | 700 |
| | \$95,443 | \$92,755 | \$83,419 | \$92,563 | \$103,465 | \$112,393 | \$119,118 | \$112,333 | \$0 | \$107,857 |
| 60-64 | 4 | 5 | 18 | 31 | 34 | 59 | 78 | 37 | 8 | 274 |
| | \$87,953 | \$80,039 | \$95,136 | \$90,303 | \$100,215 | \$102,314 | \$115,161 | \$109,573 | \$105,227 | \$104,329 |
| 65-69 | 1 | 2 | 6 | 5 | 1 | 8 | 10 | 5 | 14 | 52 |
| | * | \$77,171 | \$80,814 | \$90,351 | * | \$116,836 | \$104,645 | \$118,842 | \$103,221 | \$101,010 |
| Total | 1,266 | 2,003 | 1,520 | 1,626 | 1,269 | 820 | 348 | 82 | 22 | 8,956 |
| | \$71,359 | \$89,690 | \$94,085 | \$99,558 | \$106,300 | \$111,983 | \$117,779 | \$111,485 | \$103,950 | \$95,357 |

*Annual salary omitted for privacy reasons.

Note: Age and Service Distribution table may differ from the 2014 AVR table due to rounding.

Actuary's Fiscal Note For SB 6547

| Number of Actives and Average Annual Salary | | | | | | | | | | |
|---|------------------|----------|----------|----------|----------|----------|----------|-------|-----|----------|
| WSP All Plans | | | | | | | | | | |
| Age | Years of Service | | | | | | | | | Total |
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | |
| <25 | 32 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 32 |
| | \$53,485 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$53,485 |
| 25-29 | 89 | 34 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 123 |
| | \$58,737 | \$73,172 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$62,727 |
| 30-34 | 32 | 76 | 26 | 0 | 0 | 0 | 0 | 0 | 0 | 134 |
| | \$58,730 | \$76,718 | \$77,276 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$72,531 |
| 35-39 | 11 | 37 | 88 | 33 | 0 | 0 | 0 | 0 | 0 | 169 |
| | \$59,458 | \$76,520 | \$81,278 | \$80,588 | \$0 | \$0 | \$0 | \$0 | \$0 | \$78,682 |
| 40-44 | 8 | 15 | 55 | 120 | 33 | 0 | 0 | 0 | 0 | 231 |
| | \$60,591 | \$75,496 | \$78,314 | \$83,983 | \$90,033 | \$0 | \$0 | \$0 | \$0 | \$82,136 |
| 45-49 | 1 | 4 | 18 | 60 | 108 | 18 | 1 | 0 | 0 | 210 |
| | * | \$73,545 | \$77,825 | \$82,329 | \$91,078 | \$94,254 | * | \$0 | \$0 | \$87,294 |
| 50-54 | 3 | 2 | 5 | 26 | 36 | 27 | 4 | 0 | 0 | 103 |
| | \$63,524 | \$72,431 | \$73,275 | \$80,108 | \$85,062 | \$92,230 | \$87,434 | \$0 | \$0 | \$84,338 |
| 55-59 | 0 | 1 | 7 | 4 | 5 | 7 | 9 | 0 | 0 | 33 |
| | \$0 | * | \$73,376 | \$82,054 | \$73,731 | \$79,398 | \$87,271 | \$0 | \$0 | \$79,706 |
| 60-64 | 0 | 0 | 1 | 3 | 1 | 1 | 3 | 0 | 0 | 9 |
| | \$0 | \$0 | * | \$77,999 | * | * | \$79,930 | \$0 | \$0 | \$77,070 |
| 65-69 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total | 176 | 169 | 200 | 246 | 183 | 53 | 17 | 0 | 0 | 1,044 |
| | \$58,036 | \$75,738 | \$79,123 | \$82,610 | \$89,125 | \$90,871 | \$86,610 | \$0 | \$0 | \$78,313 |

*Annual salary omitted for privacy reasons.

Note: Age and Service Distribution table may differ from the 2014 AVR table due to rounding.

| Percent Increase in Salary for LEO Compared to WSP | | | | | | | | | | |
|--|------------------|-----|-------|-------|-------|-------|-------|-------|-----|-------|
| WSP All Plans | | | | | | | | | | |
| Age | Years of Service | | | | | | | | | Total |
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | |
| <25 | 16% | - | - | - | - | - | - | - | - | 16% |
| 25-29 | 15% | 22% | - | - | - | - | - | - | - | 18% |
| 30-34 | 25% | 18% | 20% | - | - | - | - | - | - | 18% |
| 35-39 | 25% | 18% | 16% | 26% | - | - | - | - | - | 15% |
| 40-44 | 22% | 17% | 20% | 18% | 18% | - | - | - | - | 15% |
| 45-49 | - | 18% | 22% | 23% | 18% | 20% | - | - | - | 16% |
| 50-54 | 27% | 17% | 28% | 25% | 25% | 22% | 36% | - | - | 25% |
| 55-59 | - | - | 14% | 13% | 40% | 42% | 36% | - | - | 35% |
| 60-64 | - | - | - | 16% | - | - | 44% | - | - | 35% |
| 65-69 | - | - | - | - | - | - | - | - | - | - |
| Total | 23% | 18% | 19% | 21% | 19% | 23% | 36% | - | - | 22% |

GLOSSARY OF ACTUARIAL TERMS

Actuarial Accrued Liability: Computed differently under different funding methods, the actuarial accrued liability generally represents the portion of the present value of fully projected benefits attributable to service credit that has been earned (or accrued) as of the valuation date.

Actuarial Present Value: The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of actuarial assumptions (i.e. interest rate, rate of salary increases, mortality, etc.).

Aggregate Funding Method: The Aggregate Funding Method is a standard actuarial funding method. The annual cost of benefits under the Aggregate Method is equal to the normal cost. Under this method, all plan costs (for past and future service credit) are included under the normal cost. Therefore, the method does not produce an unfunded actuarial accrued liability outside the normal cost. It's most common for the normal cost to be determined for the entire group rather than on an individual basis for this method.

Entry Age Normal Cost Method (EANC): The EANC method is a standard actuarial funding method. The annual cost of benefits under EANC is comprised of two components:

- ❖ Normal cost.
- ❖ Amortization of the unfunded actuarial accrued liability.

The normal cost is most commonly determined on an individual basis, from a member's age at plan entry, and is designed to be a level percentage of pay throughout a member's career.

Normal Cost: Computed differently under different funding methods, the normal cost generally represents the portion of the cost of projected benefits allocated to the current plan year.

Projected Benefits: Pension benefit amounts that are expected to be paid in the future taking into account such items as the effect of advancement in age as well as past and anticipated future compensation and service credits.

Unfunded Actuarial Accrued Liability (UAAL): The excess, if any, of the actuarial accrued liability over the actuarial value of assets. In other words, the present value of benefits earned to date that are not covered by plan assets.

Unfunded EAN Liability: The excess, if any, of the Present Value of Benefits calculated under the EAN cost method over the Valuation Assets. This is the portion of all benefits earned to date that are not covered by plan assets.

Individual State Agency Fiscal Note

| | | |
|-----------------------------|-------------------------------------|---|
| Bill Number: 6547 SB | Title: WSP recruitment & pay | Agency: SWF-SWF Statewide Fiscal Note - OFM |
|-----------------------------|-------------------------------------|---|

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

| | FY 2016 | FY 2017 | 2015-17 | 2017-19 | 2019-21 |
|---|---------|-----------|-----------|------------|------------|
| Account | | | | | |
| General Fund-State 001-1 | 0 | 211,000 | 211,000 | 989,000 | 1,186,000 |
| General Fund-Federal 001-2 | 0 | 1,000 | 1,000 | 6,000 | 6,000 |
| General Fund-Private/Local 001-7 | 0 | 8,000 | 8,000 | 36,000 | 44,000 |
| Vehicle License Fraud Account-State 04V-1 | 0 | 5,000 | 5,000 | 23,000 | 28,000 |
| State Patrol Highway Account-State 081-1 | 0 | 2,315,000 | 2,315,000 | 11,050,000 | 13,404,000 |
| State Patrol Highway Account-Federal 081-2 | 0 | 15,000 | 15,000 | 71,000 | 86,000 |
| State Patrol Highway Account-Private/Local 081-7 | 0 | 1,000 | 1,000 | 6,000 | 6,000 |
| Highway Safety Account-State 106-1 | 0 | 244,000 | 244,000 | 1,191,000 | 1,464,000 |
| Total \$ | 0 | 2,800,000 | 2,800,000 | 13,372,000 | 16,224,000 |

Estimated Capital Budget Impact:

NONE

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: Kellee Keegan | Phone: 786-7429 | Date: 01/26/2016 |
| Agency Preparation: Kim Grindrod | Phone: (360) 407-4110 | Date: 01/28/2016 |
| Agency Approval: Pam Davidson | Phone: (360) 902-0550 | Date: 01/28/2016 |
| OFM Review: Kathy Cody | Phone: (360) 902-9822 | Date: 01/28/2016 |

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.

See attached narrative.

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.

The expenditure impact reflects salaries and benefits. For simplicity, the benefits (social security, medicare and retirement contributions) are included in the salaries and wages object A.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

| | FY 2016 | FY 2017 | 2015-17 | 2017-19 | 2019-21 |
|--------------------------------------|---------|-------------|-------------|--------------|--------------|
| FTE Staff Years | | | | | |
| A-Salaries and Wages | | 2,800,000 | 2,800,000 | 13,372,000 | 16,224,000 |
| B-Employee Benefits | | | | | |
| C-Professional Service Contracts | | | | | |
| E-Goods and Other 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 | \$2,800,000 | \$2,800,000 | \$13,372,000 | \$16,224,000 |

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.

Part II: Narrative Explanation

6547 SB Fiscal Note

Section 1 of Senate Bill 6547 directs the minimum monthly salary and benefits paid to state patrol officers to be competitive with comparable law enforcement agencies within the boundaries of the state of Washington. State Human Resources conducts a survey every two years in preparation for the collective bargaining cycle. This survey would provide a reference to review comparability of salaries and benefits with law enforcement agencies within the boundaries of the state of Washington.

Section 2 of Senate Bill 6547 directs a 7.5 percent salary adjustment increase to be made agency-wide to existing salary levels over a three-year period.

Additional aspects of the bill address the funding levels necessary to fund the proposed salary increase as well as ensuring funding for additional trooper cadets.

Assumptions:

The following assumptions were used to measure the cost of the salary increase for a commissioned officer.

- The collective bargaining agreements already provide a salary increase as of July 1, 2016. We assume the first part of the 7.5 percent increase will occur on July 1, 2016. The following increases would occur July 1st of the following years (FY2018, FY2019).
- The increase will be spread equally over the three year period at 2.5 percent per year.
- No assumptions are made for future salary growth. Different assumptions will result in different costs.
- The following table shows the monthly salaries as of July 1, 2016 and the effect on the salaries with the increase applied. There are 1,192 represented positions impacted in this analysis.

| Represented WSP Commissioned Salary Schedule for all Personnel | | | | | |
|--|----------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | | Effective July 1, 2016 | Effective July 1, 2016 | Effective July 1, 2017 | Effective July 1, 2018 |
| Pay Scale Area | Position Count | Base Monthly Amount | Base Monthly Amount | Base Monthly Amount | Base Monthly Amount |
| | | | Increase 2.5% | Increase 2.5% | Increase 2.5% |
| WSP Troopers 0-5 yrs | 240 | | | | |
| 0 - .5 years | | \$ 4,419 | \$ 4,529 | \$ 4,643 | \$ 4,759 |
| .5 - 1.5 years | | \$ 4,684 | \$ 4,801 | \$ 4,921 | \$ 5,044 |
| 1.5 - 2.5 years | | \$ 4,965 | \$ 5,089 | \$ 5,216 | \$ 5,347 |
| 2.5 - 3.5 years | | \$ 5,262 | \$ 5,394 | \$ 5,528 | \$ 5,667 |
| 3.5 - 4.5 years | | \$ 5,578 | \$ 5,717 | \$ 5,860 | \$ 6,007 |
| 4.5+ years | | \$ 5,914 | \$ 6,062 | \$ 6,213 | \$ 6,369 |
| | | | | | |
| WSP Troopers > 5 yrs | 736 | | | | |
| 0 - 5 years | | | | | |
| 5 - 10 years | | \$ 6,091 | \$ 6,243 | \$ 6,399 | \$ 6,559 |
| 10 - 15 years | | \$ 6,214 | \$ 6,369 | \$ 6,529 | \$ 6,692 |
| 15 - 20 years | | \$ 6,339 | \$ 6,497 | \$ 6,660 | \$ 6,826 |
| 20+ years | | \$ 6,465 | \$ 6,627 | \$ 6,792 | \$ 6,962 |
| | | | | | |
| WSP Sergeants | 154 | | | | |
| 0 - 5 years | | \$ 6,798 | \$ 6,968 | \$ 7,142 | \$ 7,321 |
| 5 - 10 years | | \$ 7,002 | \$ 7,177 | \$ 7,356 | \$ 7,540 |
| 10 - 15 years | | \$ 7,142 | \$ 7,321 | \$ 7,504 | \$ 7,691 |
| 15 - 20 years | | \$ 7,285 | \$ 7,467 | \$ 7,654 | \$ 7,845 |
| 20+ years | | \$ 7,430 | \$ 7,616 | \$ 7,806 | \$ 8,001 |
| | | | | | |
| WSP Lieutenants | 42 | | | | |
| 0 - 5 years | | \$ 7,978 | \$ 8,177 | \$ 8,382 | \$ 8,591 |
| 5 - 10 years | | \$ 8,138 | \$ 8,341 | \$ 8,550 | \$ 8,764 |
| 10 - 15 years | | \$ 8,300 | \$ 8,508 | \$ 8,720 | \$ 8,938 |
| 15 - 20 years | | \$ 8,467 | \$ 8,679 | \$ 8,896 | \$ 9,118 |
| 20+ years | | \$ 8,637 | \$ 8,853 | \$ 9,074 | \$ 9,301 |
| | | | | | |
| WSP Captains | 20 | | | | |
| 0 - 5 years | | \$ 9,356 | \$ 9,590 | \$ 9,830 | \$ 10,075 |
| 5 - 10 years | | \$ 9,356 | \$ 9,590 | \$ 9,830 | \$ 10,075 |
| 10 - 15 years | | \$ 9,356 | \$ 9,590 | \$ 9,830 | \$ 10,075 |
| 15 - 20 years | | \$ 9,543 | \$ 9,782 | \$ 10,026 | \$ 10,277 |
| 20+ years | | \$ 9,734 | \$ 9,977 | \$ 10,227 | \$ 10,482 |

- Non Represented/Exempt employees are also impacted by inversion and compression and would require an equivalent salary increase. There are 62 non-represented/exempt positions impacted in this analysis.

| Non-Represented but Impacted Due to Compression and Inversion Principles WSP Employees | | | | | |
|--|-----------|---------------------------|---------------------------|---------------------------|---------------------------|
| | | Effective July 1, 2016 | Effective July 1, 2016 | Effective July 1, 2017 | Effective July 1, 2018 |
| Pay Scale Area | | Base Monthly Amount | Base Monthly Amount | Base Monthly Amount | Base Monthly Amount |
| WSP Assistant Chief | 4 | | | | |
| 0 - 5 years | | \$ 10,545 | \$ 10,809 | \$ 11,079 | \$ 11,356 |
| 5 -10 years | | \$ 10,545 | \$ 10,809 | \$ 11,079 | \$ 11,356 |
| 10 - 15 years | | \$ 10,545 | \$ 10,809 | \$ 11,079 | \$ 11,356 |
| 15 - 20 years | | \$ 10,545 | \$ 10,809 | \$ 11,079 | \$ 11,356 |
| 20+ years | | \$ 10,545 | \$ 10,809 | \$ 11,079 | \$ 11,356 |
| WSP Deputy Chief | 1 | \$ 11,599 | \$ 11,889 | \$ 12,186 | \$ 12,491 |
| WSP Chief | 1 | \$ 13,255 | \$ 13,586 | \$ 13,926 | \$ 14,274 |
| WSP Trooper Cadet | 56 | \$ 3,928 | \$ 4,026 | \$ 4,127 | \$ 4,230 |

Unintended Consequence:

The bill does not alter the existing bargaining obligation in RCW 41.56.475 to consider out-of-state comparators for purposes of collective bargaining and interest arbitration. This fiscal note does not account for any financial impacts related to collective bargaining. Higher base salaries resulting from the implementation of formula driven legal increases will result in higher costs for any increases granted through collective bargaining.