

Multiple Agency Fiscal Note Summary

Bill Number: 5653 S SB	Title: Public employee benefits prg
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Estimated Cash Receipts

Agency Name	2017-19		2019-21		2021-23	
	GF- State	Total	GF- State	Total	GF- State	Total
Consolidated Technology Services	0	134,795	0	0	0	0
SWF Statewide Fiscal Note - OFM	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Total \$	0	134,795	0	0	0	0

Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of Financial Management	.3	0	69,316	.0	0	0	.0	0	0
Washington State Health Care Authority	Fiscal note not available								
Consolidated Technology Services	.3	0	134,795	.0	0	0	.0	0	0
Public Employment Relations Commission	.0	0	0	.0	0	0	.0	0	0
SWF Statewide Fiscal Note - OFM	Non-zero but indeterminate cost and/or savings. Please see discussion.								
SWF Statewide Fiscal Note - OFM	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total	0.6	\$0	\$204,111	0.0	\$0	\$0	0.0	\$0	\$0

Estimated Capital Budget Impact

NONE

This package contains three fiscal notes prepared by the Office of Financial Management. One is written on behalf of the proposed new Office of Public Employee Benefits; another addresses the cost of potential changes to the employer insurance funding rate on all state agencies and institutions; and the third covers the estimated cost to the Office of Financial Management itself.

Prepared by: Jane Sakson, OFM	Phone: 360-902-0549	Date Published: Preliminary 3/ 9/2017
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 48196

FNS029 Multi Agency rollout

Individual State Agency Fiscal Note

Bill Number: 5653 S SB	Title: Public employee benefits prg	Agency: 105-Office of Financial Management
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.5	0.0	0.3	0.0	0.0
Account					
Personnel Service Account-State 415-1	69,316	0	69,316	0	0
Total \$	69,316	0	69,316	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:

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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.

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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: Sandy Stith	Phone: 786-7710	Date: 02/24/2017
Agency Preparation: Jim Jenkins	Phone: 360-902-0403	Date: 03/01/2017
Agency Approval: Aaron Butcher	Phone: 360-902-0406	Date: 03/01/2017
OFM Review: Regan Hesse	Phone: (360) 902-0650	Date: 03/02/2017

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.

Substitute senate bill revisions change the original bill to create a new Office of Public Employees Benefits within the executive branch that will house the Public Employees' Benefit Board instead of moving it to the Department of Retirement Systems.

Section 2(c) states the employees subject to chapter 41.06 RCW of the Health Care Authority engaged in performing the related duties will be transferred to the new agency to perform their usual duties upon the same terms as formerly, without any loss of rights, and subject to any action that may be appropriate thereafter in accordance with the laws and rules governing state service.

Section 5(a) states the bargaining units of employees at the HCA shall be considered separate appropriate units within the new agency unless and until modified by PERC. Section 5(b) refers to the review process conducted by PERC.

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.

State Human Resources Division Funding Requirements -

Enterprise Classification, Compensation and Human Resources Analytics (ECC & HRA):

The impact of this bill will be similar to the original bill, but provides better clarity around the transfer of the current employees and their rights. The impact to the classification and compensation work will include:

- a review of existing Washington General Service job classifications and potential revisions to or creation of new job classes;
- a review of and revisions to exempt management service positions at the HCA,
- a review and potential establishment of exempt management service positions at the newly created agency (Office of Public Employees' Benefits),
- a review of and/or revised Washington Management Service (WMS) control points for both HCA and Office of Public Employees' Benefits, and
- a review of the HCA and Office of Public Employees' Benefits agency head positions (SOSA) as a result of the transferred duties.

This work will take approximately 6 months to complete. We anticipate the work to review the general service classifications and any management positions can be accomplished within six months.

The resources required to accomplish this work is a temporary enterprise classification and compensation specialist at an annual salary of \$80,000 and related benefits and costs beginning September 1, 2017 and ending February 28, 2018.

In addition, there will be some increased information technology system work to create a new agency code and include it in standard reports and queries. This can be accomplished with current resources.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.5		0.3		
A-Salaries and Wages	40,008		40,008		
B-Employee Benefits	13,608		13,608		
C-Professional Service Contracts					
E-Goods and Other Services	12,000		12,000		
G-Travel	1,200		1,200		
J-Capital Outlays	2,500		2,500		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$69,316	\$0	\$69,316	\$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 2018	FY 2019	2017-19	2019-21	2021-23
Class and Comp Specialist	80,000	0.5		0.3		
Total FTE's	80,000	0.5		0.3		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: 5653 S SB	Title: Public employee benefits prg	Agency: 163-Consolidated Technology Services
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2018	FY 2019	2017-19	2019-21	2021-23
Consolidated Technology Services Revolving Account-Non-Appropriated 458-6	43,340		43,340		
Statewide Information Tech System Maintenance & Operations Revolving Account-Non-Appropriated 472-6	91,455		91,455		
Total \$	134,795		134,795		

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.6	0.0	0.3	0.0	0.0
Account					
Consolidated Technology Services Revolving Account-Non-Appropriated 458-6	43,340	0	43,340	0	0
Statewide Information Tech System Maintenance & Operations Revolving Account-Non-Appropriated 472-6	91,455	0	91,455	0	0
Total \$	134,795	0	134,795	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.

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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: Sandy Stith	Phone: 786-7710	Date: 02/24/2017
Agency Preparation: Kelly Moore	Phone: 360-407-8427	Date: 03/03/2017
Agency Approval: Wendi Gunther	Phone: 360-407-8779	Date: 03/03/2017
OFM Review: Regan Hesse	Phone: (360) 902-0650	Date: 03/06/2017

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 creates the office of Public Employee Benefits within the executive branch that will house the Public Employees' Benefit Board.

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 Consolidated Technology Services (WaTech) is funded by expenditure authority from the Consolidated Technology Services Revolving Account (458-6) and the Statewide Information Tech System Maintenance and Operations Revolving Account (472-6).

Revenues for these services are collected from state agencies who receive services from WaTech. It is assumed that the allocations in the central services model will be adjusted by the Legislature to ensure WaTech revenues are sufficient to support the required expenditures and agencies receiving service on a fee for service basis will be billed.

The revenue for the fund 458-6 expenditures would come from fees charged for service to the Office of Public Employee Benefits. The revenue for the expenditures in fund 472-6 would be an increase in the Enterprise System Fee allocation.

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 creates the new Office of Public Employee Benefits within the executive branch that will house the Public Employees' Benefits Board (PEBB).

The creation of a new agency has fiscal impact to Consolidated Technology Services (WaTech) in the following areas:

Telecommunication Services Division - Removing the PEBB group from the Health Care Authority (HCA) will require the new agency to have their own telephone Public Branch Exchange (PBX) and call management system (CMS). The estimate for the new PBX hardware is \$30,000 and time to install and configure the PBX/CMS. WaTech assumes that the new office will be located where there is currently a state network connection. There will also be work in configuring the WaTech billing system to provide billing detail for the new PBX/CMS.

Data Network and Firewalls- There would be time involved in adding a new virtual domain, making changes to the firewall edge, customer cutover to the new network, and updating monitoring tools (interface names, circuit design records, and operations support system).

Accounting Systems - Agency Financial Reporting System (AFRS) interfaces - The transfer of systems and system functionality from HCA system(s) to the Office of Public Employee Benefits for the PEBB program will impact interfaces to AFRS. At a minimum this will require testing of existing interfaces. Depending on requirements, this could require additional design and implementation of new interfaces and decommissioning

interfaces no longer needed. WaTech assumes there will be three interfaces impacted.

There is time involved in establishing the new agency in AFRS and the Travel Management System to set up and configure the new agency.

Human Resource Management System (HRMS) - Setting up a new agency:

HRMS must be configured with all of the "company" data such as business area, personnel area, personnel sub-areas, time management related tables for quotas, absence types, work schedules, wage types, etc.

Coordination with the following agencies is needed to establish unique identification numbers and subsequent configuration in HRMS: Internal Revenue Service, Labor and Industries, Department of Retirement Systems, Employment Security Department, Health Care Authority, and the Office of Financial Management.

Human Resource and Labor Relations Applications:

Tables must be updated with the new agency information, unit testing must be done and documentation created.

The total estimated time is 1,239 hours of primarily an Information Technology Specialist 5.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.6		0.3		
A-Salaries and Wages	59,317		59,317		
B-Employee Benefits	18,388		18,388		
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays	30,000		30,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	27,090		27,090		
9-					
Total:	\$134,795	\$0	\$134,795	\$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 2018	FY 2019	2017-19	2019-21	2021-23
ITS 5	82,728	0.6		0.3		
Total FTE's	82,728	0.6		0.3		0.0

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.

None

Individual State Agency Fiscal Note

Bill Number: 5653 S SB	Title: Public employee benefits prg	Agency: 275-Public Employment Relations Commission
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Part I: Estimates



No Fiscal Impact

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: Sandy Stith	Phone: 786-7710	Date: 02/24/2017
Agency Preparation: Dario de la Rosa	Phone: 360-570-7328	Date: 03/01/2017
Agency Approval: Dario de la Rosa	Phone: 360-570-7328	Date: 03/01/2017
OFM Review: Regan Hesse	Phone: (360) 902-0650	Date: 03/02/2017

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.

Substitute Senate Bill 56553 creates the Office of Public Employee Benefits by moving the Public Employee Benefits Board out of the Health Care Authority and placing in its own separate agency.

Section 2(1) of the bill transfers the functions and duties of Public Employee Benefits Board to the newly created Office of Public Employee Benefits.

Section 2(5)(a) of the bill requires that any employee currently in a bargaining unit at the Health Care Authority that is transferred to the newly created Office of Public Employee Benefits be placed in an appropriate bargaining unit at the new agency.

Section 2(5)(b) of bill permits the Public Employment Relations Commission to review and, if necessary, modify any newly created bargaining unit at the Office of Public Employee Benefits to ensure that bargaining unit's continued appropriateness.

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.

PERC anticipates at least one new unit clarification cases concerning the bargaining units of employees transferred to the Office of Public Employee Benefits. PERC anticipates that it can absorb these new duties without additional funding. PERC also anticipates that it can absorb future work without any additional appropriation.

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: 5653 S SB	Title: Public employee benefits prg	Agency: SWF-SWF Statewide Fiscal Note - OFM
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Part I: Estimates

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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.

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☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Sandy Stith	Phone: 786-7710	Date: 02/24/2017
Agency Preparation: Jim Jenkins	Phone: 360-902-0403	Date: 03/08/2017
Agency Approval: Aaron Butcher	Phone: (360) 902-5555	Date: 03/08/2017
OFM Review: Jane Sakson	Phone: 360-902-0549	Date: 03/09/2017

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 transfers duties, functions, and employees of the Public Employee Benefits Board (PEBB) and PEBB Program from the Health Care Authority (HCA) to the newly created Office of Public Employee Benefits (OPEB).

The bill reestablishes the Health Care Authority as an executive agency, and recodifies portions of Chapter 41.05 RCW and all of 41.05A RCW, in a new chapter in Title 43.

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.

Costs associated with the transition of work required before the January 1, 2018 implementation date are costs assumed by the HCA. Cost analysis associated with work on or after January 1, 2018 (i.e. moving costs, facility costs, IT set-up costs, extracting and moving data from HCA systems to OPEB established systems, etc.) will be provided by the Office of Financial Management (OFM).

New agency (OPEB) location cost breakdown:

Estimated building space:

Number of employees transferring to new location = 104

Average square foot per employee = 225 sq. ft

Total = approximately 23,400 sq. ft

Ongoing lease costs including utilities and janitorial service = \$25 sq. ft (based on recent solicitations in Olympia)

Annual lease costs = \$585,000

One-time Costs:

- DES Fees (10 year lease) = \$114,441

- IT infrastructure costs = \$520,000

- CTS reconfiguration costs (PBX phone updates, AFRS, HRMS, TEMS, reconfiguration costs) = \$134,795

- Tenant improvements (counters, signage, etc.) = \$468,000

- New furniture costs (assumes OPEB keeps existing workstations) = \$80,000

- Furniture relocation costs (if moving existing workstations) = \$52,000

- Building security and access systems = \$50,000

- Moving vender costs (for file cabinets, boxes, personal effects, etc) = \$24,000

*** Furniture costs if providing new work stations = \$596,000 (\$7000 x 104 minus furniture relocation costs of \$80,000+ 52,000)

Total one-time costs (with current work stations)= \$1,443,236

Total one-time costs (with new work stations) = \$2,039,236

The OPEB will need to procure a new imaging system. Preliminary cost estimates to establish an imaging environment in the new agency (OPEB) are \$1,351,000. If it is feasible for HCA to perform this work on a fee for service basis for the new agency, the cost would be postponed or reduced.

The PEBB Program is comprised of five funds; State Health Care Authority Administrative Account (418), Uniform Medical Plan Benefits Administrative Account (439), Uniform Dental Plan Benefit Administrative Account (438), Flexible Spending Administrative Account (08G), Public Employees' and Retirees' Insurance Account (721), and Public Employee/Retiree Insurance Reserve (730).

State Health Care Authority Administrative Account – Fund 418

The full appropriation of this fund would be transferred from the HCA to the OPEB. Based on the 2017-2019 Carry Forward Level (CFL), the appropriation for fund 418 for fiscal year 2018 is \$18,830,000, and \$18,657,000 for fiscal year 2019.

Staff salaries and benefits will be moved to the OPEB. Currently, there are 82 FTEs at HCA that are billed 100 percent to fund 418; the salaries and benefits for these 82 FTEs would move in their entirety to OPEB. Additionally, there are 244 positions within the HCA that receive a portion of funding from the PEBB Program's fund 418 through cost-allocation; based on the federally approved Public Assistance Cost Allocation Plan, this equates to approximately 22 FTEs. Although a full staffing analysis of the 244 positions is required, many of these positions will remain at the HCA. The associated costs of staff that remain at the HCA will require an adjustment to their allocation, causing an increase in the need for state dollars.

See attached for a breakdown of the fund 418 appropriation cost by object.

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.

Object	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
FTEs	104.0	104.0	104.0	104.0	104.0	104.0
A - Salaries	7,258,000	7,258,000	7,258,000	7,258,000	7,258,000	7,258,000
B - Benefits	2,419,000	2,419,000	2,419,000	2,419,000	2,419,000	2,419,000
C - Contracts	1,409,000	1,409,000	1,409,000	1,409,000	1,409,000	1,409,000
E - Good and Services	7,713,000	7,540,000	7,540,000	7,540,000	7,540,000	7,540,000
G - Travel	31,000	31,000	31,000	31,000	31,000	31,000
Fund 418 Appropriation	18,830,000	18,657,000	18,657,000	18,657,000	18,657,000	18,657,000
Biennial Appropriation		37,487,000		37,314,000		37,314,000

Individual State Agency Fiscal Note

Bill Number: 5653 S SB	Title: Public employee benefits prg	Agency: SWF-SWF Statewide Fiscal Note - OFM
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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:

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.

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- ☐ Requires new rule making, complete Part V.

Legislative Contact: Sandy Stith	Phone: 786-7710	Date: 02/24/2017
Agency Preparation: Jane Sakson	Phone: (360) 902-0549	Date: 02/28/2017
Agency Approval: Pam Davidson	Phone: (360) 902-0550	Date: 02/28/2017
OFM Review: Robyn Williams	Phone: (360) 902-0575	Date: 03/01/2017

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.

SSB 5653 moves the administration of health, dental, life, disability and other insurance programs for state and some other public employees and retirees from the Health Care Authority (HCA) to a new Office of Public Employee Benefits (Office).

Activities of the HCA in administering these benefits, as well as those of the Public Employees' Benefits Board (PEBB), are funded primarily by employer, employee, and retiree premiums. The state's share of cost is provided through a funding rate in agency budgets, as well as through a K-12 subsidy remittance through school districts. Changes in the cost of administering the benefits program, whether increases or decreases, would be reflected in the cost to employers, employees, and retirees who pay premiums.

The bill transfers to the Office some functions that are currently shared, and funded in part by other programs within HCA, such as coordination of state-wide health purchasing in Sec. 4. Conversely, some activities related to public employee benefits, such as chronic care management in Sec. 13 and tax-favored employee benefit plans in Sec. 39, would remain with HCA. Funding for some such shared responsibilities is not specified.

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.

None.

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 not known whether the change in administrative structure for employee benefits will have a significant impact on the cost of employee benefits. The state contributes approximately 60% of the total funding for PEBB, as well as a portion of the 5% paid as remittances for K-12 retiree benefit subsidies. State employees pay around 10% of the total cost, with retiree premiums, local government and K-12 organizations, and other participants paying the rest.

Increases or decreases in the cost of administering the benefit programs would affect participants in approximately these proportions.

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.