

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5914 SB	<b>Title:</b> Public employers/labor dues
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## Estimated Cash Receipts

Agency Name	2017-19		2019-21		2021-23	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of Financial Management	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Department of Social and Health Services	0	1,576,960	0	1,576,960	0	1,576,960
University of Washington	0	567,716	0	579,127	0	590,767
Washington State University	0	12,368	0	12,617	0	12,870
Eastern Washington University	0	35,800	0	35,800	0	35,800
Central Washington University	0	18,284	0	18,651	0	19,027
The Evergreen State College	0	19,226	0	19,226	0	19,226
Western Washington University	0	32,868	0	34,330	0	35,856
Community and Technical College System	0	406,000	0	406,000	0	406,000
SWF Statewide Fiscal Note - OFM	0	2,150,546	0	2,150,546	0	2,150,546
<b>Total \$</b>	<b>0</b>	<b>4,819,768</b>	<b>0</b>	<b>4,833,257</b>	<b>0</b>	<b>4,847,052</b>

## Estimated Expenditures

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

\*\* See local government fiscal note

FNPID: 48743

FNS029 Multi Agency rollup

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
Consolidated Technology Services	.0	0	0	.0	0	0	.0	0	0
Department of Enterprise Services	.0	0	0	.0	0	0	.0	0	0
Public Employment Relations Commission	.0	0	0	.0	0	0	.0	0	0
Department of Social and Health Services	.0	0	0	.0	0	0	.0	0	0
Department of Early Learning	.0	0	0	.0	0	0	.0	0	0
University of Washington	.3	55,939	55,939	.3	49,650	49,650	.3	49,650	49,650
Washington State University	.0	4,440	4,440	.0	1,080	1,080	.0	1,080	1,080
Eastern Washington University	.1	12,625	12,625	.0	0	0	.0	0	0
Central Washington University	.0	11,970	11,970	.0	0	0	.0	0	0
The Evergreen State College	.0	0	0	.0	0	0	.0	0	0
Western Washington University	.0	0	0	.0	0	0	.0	0	0
Community and Technical College System	.0	19,400	19,400	.0	19,400	19,400	.0	19,400	19,400
SWF Statewide Fiscal Note - OFM	.0	0	0	.0	0	0	.0	0	0
<b>Total</b>	<b>0.4</b>	<b>\$104,374</b>	<b>\$104,374</b>	<b>0.3</b>	<b>\$70,130</b>	<b>\$70,130</b>	<b>0.3</b>	<b>\$70,130</b>	<b>\$70,130</b>

Local Gov. Courts *									
Loc School dist-SPI									
Local Gov. Other **	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

## Estimated Capital Budget Impact

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

<b>Prepared by:</b> Regan Hesse, OFM	<b>Phone:</b> (360) 902-0650	<b>Date Published:</b> Final 4/14/2017
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID: 48743

FNS029 Multi Agency rollup

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5914 SB	<b>Title:</b> Public employers/labor dues	<b>Agency:</b> 105-Office of Financial Management
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

*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.

<b>Legislative Contact:</b> Amanda Cecil	<b>Phone:</b> 360-786-7460	<b>Date:</b> 03/29/2017
<b>Agency Preparation:</b> Jim Jenkins	<b>Phone:</b> 360-902-0403	<b>Date:</b> 04/03/2017
<b>Agency Approval:</b> Aaron Butcher	<b>Phone:</b> 360-902-0406	<b>Date:</b> 04/03/2017
<b>OFM Review:</b> Regan Hesse	<b>Phone:</b> (360) 902-0650	<b>Date:</b> 04/03/2017

## 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.*

Section 1 allows the state and local employers to cover the administrative costs of dues and other voluntary withholding collections and remittance as well as other costs related to administering collective bargaining. The legislature intends to cover a portion of the dues and other amounts collected on behalf of and remitted to the public employees unions to cover a portion of the costs associated with the public employment relations commission (PERC).

Section 2 (2)(a) of this bill requires the Office of Financial Management (OFM) to establish the rate that will be used to offset the cost of administration. Until the total of union dues that are collected and remitted on behalf of the public unions is known, OFM cannot establish the rate. We assume the data for general government employees would be captured in the Human Resource Management System (HRMS). Higher education institutions and state agencies who collect and remit on behalf of non-state employees would need to report the data to OFM in June of odd numbered years. This can be done within the current resources of OFM.

Section 2 (2)(b) states that the amount retained by state agencies must be deposited to the personnel service fund under RCW 41.06.270 and used for costs of the public employee relations commission. OFM assumes for general government employees this would be a service provided by Consolidated Technology Services (CTS) using HRMS. Higher education institutions and state agencies would need to remit the funds into the personnel service fund.

### 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

## 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

<b>Bill Number:</b> 5914 SB	<b>Title:</b> Public employers/labor dues	<b>Agency:</b> 107-Washington State Health Care Authority
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## Part I: Estimates



No Fiscal Impact

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

*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: Amanda Cecil	Phone: 360-786-7460	Date: 03/29/2017
Agency Preparation: Kathryn Kingman	Phone: 360-725-0455	Date: 04/04/2017
Agency Approval: Rene Newkirk	Phone: 360-725-1307	Date: 04/04/2017
OFM Review: Robyn Williams	Phone: (360) 902-0575	Date: 04/05/2017

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.

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.

See attached narrative

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.

See attached narrative

Part III: Expenditure Detail

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.

See attached narrative

# HCA Fiscal Note

Bill Number: 5914 SB

HCA Request #: 17-107

## Part II: Narrative Explanation

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

This bill would enable the state to withhold a portion of the dues collected on behalf of the public employees' labor unions and retain those funds in a personnel service fund under RCW 41.06.270 to be used for costs of the public employee relations commission.

The Office of Financial Management will establish the amount retained by state agencies. The rate must be the higher of 2% or a level that ensures that the funds retained are no less than one-half of the total amount to the public employment relations commission during the previous fiscal biennium.

Union dues for applicable Health Care Authority (HCA) employees are withheld by the Department of Enterprise Services (DES) as part of payroll processing and remitted to the unions by DES. HCA does not collect union dues from any non-state employees.

HCA utilizes a third party administrator to pay spoken language interpreters that withhold and remit any applicable union dues without involvement from HCA. HCA does not have visibility over these payments or their amounts.

The Department of Social and Health Services (DSHS) administers the Individual ProviderOne contract and there may be union dues collected through that program but that is administered by DSHS not HCA.

### II. B - Cash Receipts Impact

No fiscal impact. See explanation below.

### II. C - Expenditures

When a represented HCA employee is to start paying dues HCA enters a flag into HRMS to begin collection. When an employee is to stop paying dues HCA enters another code into HRMS to end collection. The dues are collected by DES during payroll processing and remitted to the labor union(s).

HCA assumption: If this bill passes DES will continue to collect HCA employees' union dues and remit them as required to the union and to the personnel service fund.

HCA does not collect union dues for any non-state employees. The third party administrator for spoken language interpreters does not provide HCA with any reporting on any union dues they withhold. If it becomes necessary HCA to be more involved in this process it may require a change in the third party administrator's contract(s) and if that occurs it is possible that HCA may have some increased costs as a result.

HCA assumption: That this bill will not require HCA to become involved in reporting, estimating or accounting for union dues withheld by the third party administrator.

Therefore, HCA has no fiscal impact from this bill.

## Part IV: Capital Budget Impact

None

## HCA Fiscal Note

Bill Number: 5914 SB

HCA Request #: 17-107

### **Part V: New Rule Making Required**

None



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5914 SB	<b>Title:</b> Public employers/labor dues	<b>Agency:</b> 163-Consolidated Technology Services
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## Part I: Estimates

☒ No Fiscal Impact

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

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

Legislative Contact: Amanda Cecil	Phone: 360-786-7460	Date: 03/29/2017
Agency Preparation: Kelly Moore	Phone: 360-407-8427	Date: 04/07/2017
Agency Approval: Wendi Gunther	Phone: 360-407-8779	Date: 04/07/2017
OFM Review: Regan Hesse	Phone: (360) 902-0650	Date: 04/10/2017

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.

An act relating to public employer collection and remission of dues and other amounts on behalf of labor organizations. Authorizes a public employer that collects and remits dues and other amounts on behalf of a labor organization, to retain up to five percent of the amount collected to offset the cost of administration.

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 bill authorizes a public employer that collects and remits dues and other amounts on behalf of a labor organization to retain up to five percent of the amount collected to offset the cost of administration. This will require a minimum of one new wage type and a personnel calculation rule to calculate the amount to be collected. This calculated amount will be subtracted from the union dues wage type and added to the new wage type. If the percentage amount collected is different for unions or for reporting purposes by individual unions, then multiple wage types and a more robust payroll calculation rule will be required.

The fiscal impact to Consolidated Technology Services for collecting and remitting the deduction would be minimal.

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

Revised

<b>Bill Number:</b> 5914 SB	<b>Title:</b> Public employers/labor dues	<b>Agency:</b> 179-Department of Enterprise Services
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## Part I: Estimates

☒ No Fiscal Impact

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

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

Legislative Contact: Amanda Cecil	Phone: 360-786-7460	Date: 03/29/2017
Agency Preparation: Keith Williams	Phone: (360) 407-9247	Date: 04/06/2017
Agency Approval: Ashley Howard	Phone: (360) 407-8159	Date: 04/06/2017
OFM Review: Regan Hesse	Phone: (360) 902-0650	Date: 04/06/2017

## 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.*

Section 2 (1) Public employers that collect and remit dues and other amounts on behalf of labor organizations may retain up to five percent of the amount collected to offset the cost of administration.

section 2 (2) (b) The amount retained by state agencies under this section must be deposited to the personnel service fund and used for costs of the public employee relations commission (PERC).

The department of enterprise services (DES) collects approximately \$232,200 annually on behalf of labor organizations (based on collections during calendar year 2016). If this bill is implemented, DES would collect 3.5% or \$8,127 and deposit it to the personnel service fund to be used for costs of the public employee relations commission.

DES assumes the Human Resource Management System (HRMS) would need to be configured to allocate a percentage of deductions collected from employees for deposit to the personnel service fund. Implementation of the bill would not increase workload for DES and would result in no fiscal impact to DES.

### 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

## 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

<b>Bill Number:</b> 5914 SB	<b>Title:</b> Public employers/labor dues	<b>Agency:</b> 275-Public Employment Relations Commission
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## Part I: Estimates

☒ No Fiscal Impact

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

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

Legislative Contact: Amanda Cecil	Phone: 360-786-7460	Date: 03/29/2017
Agency Preparation: Dario de la Rosa	Phone: 360-570-7328	Date: 04/03/2017
Agency Approval: Dario de la Rosa	Phone: 360-570-7328	Date: 04/03/2017
OFM Review: Regan Hesse	Phone: (360) 902-0650	Date: 04/03/2017

## 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.*

Currently, the Public Employment Relations Commission (PERC) is funded through three different accounts: The General Fund (account 001); the Personnel Services Revolving Account (account 415), and the Higher Education Personnel Services Account (account 455). For the 2015-2017 budget, PERC funding from these three sources was as follows:

General Fund (FY 16): \$1,845,000

General Fund (FY 17): \$1,944,000

Personnel Services Revolving Account: \$3,577,000

Higher Education Personnel Services Account: \$1,143,000

Total Appropriation: \$8,509,000

Senate Bill 5914 requires employers that collect and remit due and other amounts on behalf of labor organizations to retain up to five percent of those funds. The Office of Financial Management shall establish a rate that each public employer subject to PERC's jurisdiction shall remit to the state from collected dues. The total amount to be collected shall equal at least fifty percent of the total appropriation needed to fund PERC during the previous biennium. The funds retained through SB 5914 shall be deposited in the Personnel Services Revolving Account.

### 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 does not anticipate any fiscal impact as a result of SB 5914. Nothing in SB 5914 requires that the source of PERC's funding that currently comes from the General Fund to be transferred to the Personnel Services Revolving Account. Rather, SB 5914 only creates a new source of revenue for the Personnel Services Revolving Account that is equal to fifty percent of the amount of funds needed to operate PERC in the previous biennium.

Assuming that the Legislature decided to fund PERC for the 2017-2019 biennium solely through the Higher Education Personnel Services Account and the Personnel Services Revolving Account as contemplated by SB 5914, at least \$4,254,500 would needed to be collected from all public employers subject to PERC's jurisdiction under Section 2 of the bill. This amount represents fifty percent of the funds necessary to operate PERC during the 2015-2017 biennium. PERC's General Fund allotment for the 2017-2019 biennium would be reduced by \$3,789,000 (representing the General Fund allotment for the 2015-2017 biennium) and its Personnel Services Revolving Account allotment would be increased, at a minimum, by at least \$3,789,000. All additional monies necessary to operate PERC would be funded through the Personnel Services Revolving Account and Higher Education Personnel Services Account.

**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

<b>Bill Number:</b> 5914 SB	<b>Title:</b> Public employers/labor dues	<b>Agency:</b> 300-Department of Social and Health 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
Personnel Service Account-State 415-1	788,480	788,480	1,576,960	1,576,960	1,576,960
<b>Total \$</b>	788,480	788,480	1,576,960	1,576,960	1,576,960

### Estimated Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

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

Check applicable boxes and follow corresponding instructions:

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☐

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

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Amanda Cecil	Phone: 360-786-7460	Date: 03/29/2017
Agency Preparation: Don Petrich	Phone: 360-902-7831	Date: 04/13/2017
Agency Approval: Judy Fitzgerald	Phone: 360-902-8174	Date: 04/13/2017
OFM Review: Robyn Williams	Phone: (360) 902-0575	Date: 04/14/2017



## 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.*

Section 2(1) allows a public employer to retain up to five percent of the dollar amount for which the public employer performs collection and remittance activities for labor organizations.

Section 2(2) (a) requires the Office of Financial Management (OFM) to establish the amount retained by state agencies under subsection (1) of this section.

Section 2(2) (b) requires the amount retained be deposited into the personnel service account and used for costs of the public employment relations commission.

### 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.*

For purposes of this fiscal note the following assumptions are made:

- \*DSHS impact is limited to only non-employees for which the Department collects dues and other assessments for remittance to labor organizations.

- \*Impact related to employees is detailed in a statewide fiscal note

- \*DSHS will elect to retain and deposit in the personnel services account a percent of dues and other fees collected on behalf of labor organizations.

- \*OFM will establish the amount retained by state agencies at 3.5 percent of dues and other collections.

DSHS collects the following from non-employees each year to pay dues on behalf of labor organizations:

Children's Administration: \$44,000

Developmental Disabilities Administration: \$6,782,000

Aging and Long-Term Support Administration: \$14,630,000

Economic Services Administration: \$1,072,000

Total collections: \$22,528,000

DSHS will retain the following amounts for deposit into the personnel services account:

Children's Administration (CA):  $\$44,000 \times 3.5\% = \$1,540$

Developmental Disabilities Administration (DDA):  $\$6,782,000 \times 3.5\% = \$237,360$

Aging and Long-Term Support Administration (ALTSA):  $\$14,630,000 \times 3.5\% = \$512,060$

Economic Services Administration (ESA):  $\$1,072,000 \times 3.5\% = \$37,520$

Total deposited into personnel services account: \$788,480

Note: DSHS Office of Accounting Services collects funds from non-employees and remits to labor organizations on behalf of CA, ESA, DDA and ALTSA.

### 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.

None

**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.

None

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5914 SB	<b>Title:</b> Public employers/labor dues	<b>Agency:</b> 357-Department of Early Learning
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## Part I: Estimates

☒ No Fiscal Impact

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

*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: Amanda Cecil	Phone: 360-786-7460	Date: 03/29/2017
Agency Preparation: John Rich	Phone: 360 725-4513	Date: 04/04/2017
Agency Approval: Christopher Stanley	Phone: (360) 725-4388	Date: 04/04/2017
OFM Review: Rayanna Williams	Phone: (360) 902-0553	Date: 04/07/2017

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.

Section 2 allows public employers that collect and remit dues on behalf of a labor organization may retain up to five percent of the amount collected to offset the cost of administration. The Office of Financial Management will establish the amount retained.

Fiscal impact for the Department of Early Learning (DEL) is included in the statewide fiscal note from OFM, with respect to DEL state employees. Fiscal impact for non-state employee child care workers is included in the fiscal note from the Department of Social and Health Services.

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.

None.

Part III: Expenditure Detail

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

<b>Bill Number:</b> 5914 SB	<b>Title:</b> Public employers/labor dues	<b>Agency:</b> 360-University of Washington
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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
Personnel Service Account-State 415-1	282,446	285,270	567,716	579,127	590,767
<b>Total \$</b>	282,446	285,270	567,716	579,127	590,767

### Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.3	0.3	0.3	0.3	0.3
<b>Account</b>					
General Fund-State 001-1	31,114	24,825	55,939	49,650	49,650
<b>Total \$</b>	31,114	24,825	55,939	49,650	49,650

### Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

*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: Amanda Cecil	Phone: 360-786-7460	Date: 03/29/2017
Agency Preparation: Jed Bradley	Phone: 2066164684	Date: 04/05/2017
Agency Approval: Becka Johnson Poppe	Phone: 206-616-7203	Date: 04/05/2017
OFM Review: Breann Boggs	Phone: (360) 902-0563	Date: 04/05/2017

## 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.*

The fiscal impact of SB 5914 on the University of Washington (UW) would come from Section 2.

-Section 2 (1) stipulates that a public employer that collects and remits dues and other amounts on behalf of a labor organization may retain up to five percent of the amount collected to offset the cost of administration.

-Section 2 (2) requires the Office of Financial management (OFM) to set the rate retained by state agencies, which must be the higher of (i) at least two percent, or (ii) a level that ensures that the funds retained are no less than one-half of the total amount appropriated to the public employment relations commission (PERC) during the previous fiscal biennium. Fees would be deposited into the personnel service fund and used for costs of 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.*

In FY16, the University deducted \$7,910,871 in labor dues and elective deductions associated with amounts collected on behalf of labor organizations. Per instructions from OFM, we assume that the rate retained would be 3.5 percent per year.

Over the last ten years, the number of classified employees at the UW has grown approximately 1 percent per year. Therefore, we assume this growth rate in employer deductions before applying the portion to be retained. This analysis does not take into account salary growth for those employee groups, changes to deduction rates, or any other factors that could occur over the next ten years that would likely increase these amounts.

Please see the cash receipts table and 10-year analysis for a year-by-year estimate of the amounts retained and remitted to the personnel service fund.

### 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.*

As a result of this bill, the UW would experience some costs associated with administrative support for the collection and remittance of fees into the personnel service fund, as well as systems changes associated with calculating and withholding a portion of these deductions. The extent to which systems changes will be necessary and the frequency and method of deposits into the personnel service fund are unknown, so the amounts below are estimated.

The UW's HR/Payroll Integrated Service Department would provide ongoing administrative support to oversee and manage this process (including processing deductions, reviewing reports, withholding payments, addressing questions, etc.). We estimate that the effort associated would be a 0.25 FTE payroll specialist with an estimated annual salary of \$75,000 per year and a benefits rate of 32.4 percent. Therefore, that effort would cost approximately \$25,000 per year in FY18 and each year thereafter.

In addition, the UW would need to implement several changes to our HR/Payroll system associated with configuring and testing deduction amounts associated with withholding a portion of employee deductions. We

estimate that this would require the one-time effort of 0.05 FTE Application Support Specialist, with an estimated annual salary of \$95,000 and a benefits rate of 32.4 percent. Therefore, the cost of systems changes would be approximately \$6,300 in FY18.

Finally, the UW would be required to deposit funds retained into the personnel service fund. The bill is unclear as to the frequency of these deposits (annually, monthly, etc.), or if the deposits would be made directly into the account or through OFM. However, given the frequency of similar transfers, we estimate that the effort associated would likely be minimal and would be absorbed within existing resources.

Therefore, we estimate that the total cost of implementing this bill would be approximately \$31,000 in FY18 and \$25,000 in each year thereafter.

### Part III: Expenditure Detail

#### III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.3	0.3	0.3	0.3	0.3
A-Salaries and Wages	23,500	18,750	42,250	37,500	37,500
B-Employee Benefits	7,614	6,075	13,689	12,150	12,150
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-					
<b>Total:</b>	\$31,114	\$24,825	\$55,939	\$49,650	\$49,650

#### 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
Application Support Specialist	95,000	0.1		0.0		
Payroll Specialist	75,000	0.3	0.3	0.3	0.3	0.3
<b>Total FTE's</b>	170,000	0.3	0.3	0.3	0.3	0.3

### 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

<b>Bill Number:</b> 5914 SB	<b>Title:</b> Public employers/labor dues	<b>Agency:</b> 365-Washington State University
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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
Personnel Service Account-State 415-1	6,153	6,215	12,368	12,617	12,870
<b>Total \$</b>	6,153	6,215	12,368	12,617	12,870

### Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.0	0.0	0.0	0.0	0.0
<b>Account</b>					
General Fund-State 001-1	3,900	540	4,440	1,080	1,080
<b>Total \$</b>	3,900	540	4,440	1,080	1,080

### Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

*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: Amanda Cecil	Phone: 360-786-7460	Date: 03/29/2017
Agency Preparation: Chris Jones	Phone: 509-335-9682	Date: 04/04/2017
Agency Approval: Kelley Westhoff	Phone: 5093350907	Date: 04/04/2017
OFM Review: Breann Boggs	Phone: (360) 902-0563	Date: 04/05/2017



## 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.*

SB 5914, Section 2 (1) would allow state employers that collect and remit dues on behalf of a labor organization to retain up to 5% of the amount collected to offset the cost of administration. Section 2 (2) specifies that OFM will establish the amount retained by agencies, which must be the higher of: (i) at least 2%, or (ii) a level that ensures that the funds retained are no less than 1/2 of the total amount appropriated to the Public Employment Relations Commission during the previous fiscal biennium. Per section 2 (3), the retained amount must be deposited to the personnel service fund and used for costs of the Public Employee Relations Committee.

### 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.*

WSU's estimate of cash receipts retained from the collection of labor dues and deposited into fund 415 for the purpose of SB 5914 is based on (1) total labor dues collected from WSU employees in FY 2016 of \$175,805, (2) a rate assumption of 3.5% retained per lead agency assumptions and (3) an annual growth factor of 1% based on the historical growth of WSU employees that are in collective bargaining units.

WSU assumes that all collected amounts will be remitted to the State.

### 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.*

WSU estimates one-time costs for programming of approximately \$3360 (salary and benefits), and ongoing cost of .01 FTE to complete the required recordkeeping and remittances at an annual cost of \$540 (salary and benefits).

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.0	0.0	0.0	0.0	0.0
A-Salaries and Wages	2,890	400	3,290	800	800
B-Employee Benefits	1,010	140	1,150	280	280
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-					
<b>Total:</b>	\$3,900	\$540	\$4,440	\$1,080	\$1,080

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

<b>Job Classification</b>	<b>Salary</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>2017-19</b>	<b>2019-21</b>	<b>2021-23</b>
Payroll analyst	40,000	0.0	0.0	0.0	0.0	0.0
Programmer	83,000	0.0		0.0		
<b>Total FTE's</b>	123,000	0.0	0.0	0.0	0.0	0.0

**Part IV: Capital Budget Impact**

**Part V: New Rule Making Required**

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

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5914 SB	<b>Title:</b> Public employers/labor dues	<b>Agency:</b> 370-Eastern Washington University
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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
Personnel Service Account-State 415-1	17,900	17,900	35,800	35,800	35,800
<b>Total \$</b>	17,900	17,900	35,800	35,800	35,800

### Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.1	0.0	0.1	0.0	0.0
<b>Account</b>					
General Fund-State 001-1	12,625	0	12,625	0	0
<b>Total \$</b>	12,625	0	12,625	0	0

### Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

*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: Amanda Cecil	Phone: 360-786-7460	Date: 03/29/2017
Agency Preparation: Alexandra Rosebrook	Phone: (509) 359-7364	Date: 04/05/2017
Agency Approval: Alexandra Rosebrook	Phone: (509) 359-7364	Date: 04/05/2017
OFM Review: Breann Boggs	Phone: (360) 902-0563	Date: 04/05/2017

## 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.

Section 2 allows public employers to retain a portion of the union dues for administrative costs. The Office of Financial Management determines the percentage to be used for administrative costs. The administrative costs will be deposited into the personnel service fund to be used by public employee relations commission.

### 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.

In FY 2016, Eastern collected \$510,736 in union dues. The Office of Financial Management estimates a 3.5% administrative costs, which equates to approximately \$17,900 to be retained by Eastern and deposited into the personnel service fund.

### 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.

Section 2 allows public employers to charge an administrative cost to the union dues. The administrative costs percentage is determined by the Office of Financial Management. Eastern will be required to establish a process to initiate the collection and remit the collected administrative cost to the Personnel Service Fund. Eastern anticipates setting up the process will be about 250 hours for information technology staff (.12 FTE \*~\$79,000). The ongoing costs would be minimal reprogramming with system updates.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.1		0.1		
A-Salaries and Wages	9,500		9,500		
B-Employee Benefits	3,125		3,125		
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-					
<b>Total:</b>	\$12,625	\$0	\$12,625	\$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
Information Technology Specialist	79,000	0.1		0.1		
<b>Total FTE's</b>	79,000	0.1		0.1		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

<b>Bill Number:</b> 5914 SB	<b>Title:</b> Public employers/labor dues	<b>Agency:</b> 375-Central Washington University
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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
Personnel Service Account-State 415-1	9,097	9,187	18,284	18,651	19,027
<b>Total \$</b>	9,097	9,187	18,284	18,651	19,027

### Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
<b>Account</b>					
General Fund-State 001-1	11,970	0	11,970	0	0
<b>Total \$</b>	11,970	0	11,970	0	0

### Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

*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.

☒

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: Amanda Cecil	Phone: 360-786-7460	Date: 03/29/2017
Agency Preparation: Karen Thiemann	Phone: (509) 963-1233	Date: 04/05/2017
Agency Approval: Karen Thiemann	Phone: (509) 963-1233	Date: 04/05/2017
OFM Review: Breann Boggs	Phone: (360) 902-0563	Date: 04/05/2017

## 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.*

Section 2 (1) states that a public employer that collects and remits dues and other amounts on behalf of a labor organization may retain up to 5% of the amount collected to offset the cost of administration.

Section (2)(a) states that the office of financial management shall establish the amount retained by state agencies under subsection (1) of this section. The rate must be the higher of: (i) At least two percent, or (ii) a level that ensures that the funds retained are no less than one-half of the total amount appropriated to the public employment relations commission during the previous fiscal biennium.

Section 2 (b) states that the amount retained by state agencies under this section must be deposited to the personnel service fund under RCW 41.06.270 and used for costs of the public employee relations commission.

### 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.*

Section 2 (1) states that a public employer that collects and remits dues and other amounts on behalf of a labor organization may retain up to 5% of the amount collected to offset the cost of administration.

Section (2)(a) states that the office of financial management shall establish the amount retained by state agencies under subsection (1) of this section. The rate must be the higher of: (i) At least two percent, or (ii) a level that ensures that the funds retained are no less than one-half of the total amount appropriated to the public employment relations commission during the previous fiscal biennium.

Section 2 (b) states that the amount retained by state agencies under this section must be deposited to the personnel service fund under RCW 41.06.270 and used for costs of the public employee relations commission.

CWU deducted \$254,779 in labor dues and other amounts on behalf of labor organizations in FY16. Per OFM's instructions, 3.5% would be retained to cover administrative costs per year. CWU anticipates a 1% annual growth factor of employees covered under collective bargaining units. The amounts retained in the above cash receipts table would be remitted to the State Personnel Service Fund.

### 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.*

Section 2 requires CWU to collect and remit a percentage of dues and other amounts withheld from employees under a collective bargaining agreement. CWU estimates 250 hours for information technology staff for the initial systems modifications (.12 FTE @ \$75,000 + 33% benefits - total \$11,970). The on-going costs would be minimal.

### Part III: Expenditure Detail

#### III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years					
A-Salaries and Wages	9,000		9,000		
B-Employee Benefits	2,970		2,970		
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-					
<b>Total:</b>	\$11,970	\$0	\$11,970	\$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

<b>Bill Number:</b> 5914 SB	<b>Title:</b> Public employers/labor dues	<b>Agency:</b> 376-The Evergreen State College
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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
Personnel Service Account-State 415-1	9,613	9,613	19,226	19,226	19,226
<b>Total \$</b>	9,613	9,613	19,226	19,226	19,226

### Estimated Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

*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: Amanda Cecil	Phone: 360-786-7460	Date: 03/29/2017
Agency Preparation: Lisa Dawn-Fisher	Phone: 360-867-6185	Date: 04/06/2017
Agency Approval: Lisa Dawn-Fisher	Phone: 360-867-6185	Date: 04/06/2017
OFM Review: Breann Boggs	Phone: (360) 902-0563	Date: 04/07/2017

## 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.*

Section 2 of the bill adds chapter 41.56 RCW to permit public employers who collect and remit union dues and other amounts on behalf of labor unions to retain up to five percent of the amounts collected to offset the cost of administration. The office of financial management will establish the amount to be retained by agencies. The rate must be the higher of two percent or a level that ensures that the funds retained are no less than one-half of the total amount appropriated to the public employment relations commission during the previous biennium.

### 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.*

In FY 16, Evergreen deducted a total of \$274,655 in union dues for represented employees and faculty. Based on the lead agency assumptions for this fiscal note, Evergreen assumes that 3.5%, or \$9,613, would be transferred to the Personnel Service Account - State.

### 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.*

Evergreen estimates that the cost to administer the set-aside of the union dues will be minimal.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

NONE

## 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

<b>Bill Number:</b> 5914 SB	<b>Title:</b> Public employers/labor dues	<b>Agency:</b> 380-Western Washington University
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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
Personnel Service Account-State 415-1	16,255	16,613	32,868	34,330	35,856
<b>Total \$</b>	16,255	16,613	32,868	34,330	35,856

### Estimated Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

*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.

☒

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: Amanda Cecil	Phone: 360-786-7460	Date: 03/29/2017
Agency Preparation: Kirk England	Phone: 360-650-4694	Date: 04/04/2017
Agency Approval: Kirk England	Phone: 360-650-4694	Date: 04/04/2017
OFM Review: Breann Boggs	Phone: (360) 902-0563	Date: 04/05/2017

## 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.*

Sec 2(1) states that a public employer that collects and remits dues and other amounts on behalf of a labor organization may retain up to five percent of the amount collected to offset the cost of administration.

Sec 2(2)(b) states that the amount retained by the state agencies under this section must be deposited to the personnel service fund under RCW 41.06.270 and used for costs of the public employee relations commission.

### 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.*

Cash receipts are based on the following assumptions:

- Total WWU FY16 actual deductions related to public employee unions of \$444,647. This amount is then inflated by the average Seattle CPI (2.2% forecasted average of FY18 & FY19) through FY23.
- Total estimated deductions are multiplied by 3.5% (OFM factor provided for estimating the amount of retained revenue) to arrive at retained 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.*

WWU anticipates very minor added costs from implementation. All costs associated with this bill can be absorbed within existing operations.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

NONE

## 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

<b>Bill Number:</b> 5914 SB	<b>Title:</b> Public employers/labor dues	<b>Agency:</b> 699-Community and Technical College System
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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
Personnel Service Account-State 415-1	203,000	203,000	406,000	406,000	406,000
<b>Total \$</b>	203,000	203,000	406,000	406,000	406,000

### Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
<b>Account</b>					
General Fund-State 001-1	9,700	9,700	19,400	19,400	19,400
<b>Total \$</b>	9,700	9,700	19,400	19,400	19,400

### Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

*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.

☐

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: Amanda Cecil	Phone: 360-786-7460	Date: 03/29/2017
Agency Preparation: Brian Myhre	Phone: 360-704-4413	Date: 04/11/2017
Agency Approval: Cherie Berthon	Phone: 360-704-1023	Date: 04/11/2017
OFM Review: Breann Boggs	Phone: (360) 902-0563	Date: 04/14/2017

## 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 would authorize public employers, that collect and remit dues and other amounts on behalf of a labor organization, to retain a portion collected to offset the cost of administration.

#### Section 2(1)

This bill would allow public employers that collect dues and remit payments on behalf of a labor organization to retain up to 5 percent of the amount of dues collected, to offset the cost of administration.

#### Section 2(2)

For state agencies, the percentage that is retained is established by the Office of Financial Management (OFM). OFM will establish the percentage based on either 1) a percentage, of dues collected, that would equal at least one-half of the amount appropriated to the Public Employment Relations Commission (PERC) in the prior biennium or 2) two percent, whichever is higher. Any amounts retained by state agencies must be deposited to the Personnel Service Fund and used for costs to 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.*

The following cash receipts impact would result from the provisions of this bill.

Section 2(2) would require that state agencies retain a portion of the labor union dues collected by the agency. OFM would be required to establish the percentage to be retained. The percentage must be at least two percent, or a percentage that would ensure that one-half the amount appropriated to the PERC in the prior biennium is collected. For the purposes of this fiscal note, OFM has estimated the percentage to be 3.5%. Funds are to be deposited into the Personnel Service Fund.

Based on FY 2016 data, the amount of labor organization dues collected by colleges and the SBCTC for FY 2017 is estimated to be \$5,788,000 per year.

3.5% of \$5,788,000 = \$203,000 per year from FY 2018 onward.

### 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.*

There would be expenditure impact to implement the provisions of this bill. Each year, payroll staff at the SBCTC and at each college district would have to set up rate tables in the payroll system for each labor organization. Testing and verification would be required to ensure that changes implemented in the payroll system are working properly.

It is estimated that setup and verification would take approximately 8 hours of a payroll administrator's time at

each college district and the SBCTC. This process would occur once each year and would be ongoing.

30 college districts + SBCTC = 31

8 hours x 31 = 248 hours

\$39/hr (salary & benefits) x 248 = \$9,700

### Part III: Expenditure Detail

#### III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years					
A-Salaries and Wages	8,200	8,200	16,400	16,400	16,400
B-Employee Benefits	1,500	1,500	3,000	3,000	3,000
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-					
<b>Total:</b>	\$9,700	\$9,700	\$19,400	\$19,400	\$19,400

### Part IV: Capital Budget Impact

No 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.*

No rule-making required.

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

<b>Bill Number:</b> 5914 SB	<b>Title:</b> Public employers/labor dues
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## Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

- ☒ Cities: May experience increased revenues for the collection and remittance of a labor organization's dues. May experience additional expenditures to update payroll systems.
- ☒ Counties: Same as above
- ☒ Special Districts: Same as above
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

## Part II: Estimates

- ☐ No fiscal impacts.
- ☒ Expenditures represent one-time costs: May include costs to upgrade payroll systems
- ☒ Legislation provides local option: Local governments hold the option to retain up to 5 percent of union dues. It is unclear which jurisdictions and what percentage may be retained for administrative purposes
- ☒ Key variables cannot be estimated with certainty at this time: The number of local governments that may levy the administrative fee, and the administrative fee imposed by a jurisdiction may range between zero and five percent.

### Estimated revenue impacts to:

Indeterminate Impact

### Estimated expenditure impacts to:

Indeterminate Impact

## Part III: Preparation and Approval

Fiscal Note Analyst: Buck Lucas	Phone: 360/725-5040	Date: 04/04/2017
Leg. Committee Contact: Amanda Cecil	Phone: 360-786-7460	Date: 03/29/2017
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 04/04/2017
OFM Review: Jane Sakson	Phone: 360-902-0549	Date: 04/04/2017



## Part IV: Analysis

### A. SUMMARY OF BILL

*Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.*

This legislation would permit local governments to retain a portion of public employee union dues to cover administrative costs.

Section 2 -- Adds a new section to 41.56 RCW. A public employer that collects and remits dues on behalf of a labor organization may retain up to 5 percent to cover administrative costs. State agencies shall retain a portion of union dues that would be the higher of two percent, or no less than half of the total appropriated to the PERC in the previous biennium.

Sections 3 through 8 -- Provides that the following employees, with exceptions, would be covered by this standard:

- Four-year institutions of higher education (Washington State University, University of Washington, Central Washington University, Western Washington University, and the Evergreen State College);
- Marine employees of the State of Washington and the Department of Transportation;
- Academic personnel of community colleges;
- Certificated employees of school districts; and
- Musicians of a symphony orchestra that nets more than \$300,000 in gross annual revenue.

#### BACKGROUND:

In addition to the employees covered by Section 3 through Section 8 of this standard, Title 41.56 RCW applies to employees of any political subdivision in Washington State. All local governments that collect and remit dues on behalf of a labor union or labor organization are eligible to impose up to a 5 percent administrative fee to facilitate collections and remittances.

### B. SUMMARY OF EXPENDITURE IMPACTS

*Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.*

The effect this legislation may have on local governments is indeterminate, and would vary based on the number of local governments opting to impose the administrative fee, and the staff time necessary to update payroll systems. This could result in additional expenditures regarding the collective bargaining process and the automatic collection and remittance of union dues from payroll (checkoff) performed by the local government, and specifically for local governments that contractually provide this "as a service to the union."

#### COSTS TO UPDATE PAYROLL SYSTEMS:

The level of expenditures to update human resources materials, and specifically payroll systems, is indeterminate. These updates relate to the manual edit of payroll systems to accommodate new distributions and deductions of represented employees. Units of local government, including human resources and finance, may be tasked with providing updates to payroll systems. For larger jurisdictions that use compatible electronic payroll systems that can update payroll items, by type and distribution destination, these expenditures are expected to be minimal. The magnitude of the costs to update payroll systems would increase with the magnitude of represented employees on a jurisdiction's payroll. An example of a jurisdiction and an organizing financial tool for payroll systems is Pierce County's use of Workday Financial.

### C. SUMMARY OF REVENUE IMPACTS

*Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.*

This legislation would result in an indeterminate impact on local government revenues. A local government that exercises the local option to impose an administrative fee on the collection and remittance of union dues would experience additional revenues of up to 5 percent of all dues collected. It is not known how many local governments may exercise this authority and at what percentage. For these reasons, the revenues impacts are indeterminate and difficult to estimate with clarity.

#### ILLUSTRATIVE EXAMPLE OF REVENUE IMPACTS:

Under the proposed legislation, a jurisdiction's administrative revenues may increase by the magnitude of the dues deducted from employee paychecks. The magnitude of any administrative fee collected, and the subsequent revenues generated would increase by the specific proportion (up to five percent of total dues) imposed by the jurisdiction. It is unknown at which percentage a jurisdiction may impose an administrative fee.

In March 2017, Pierce County collected approximately \$101,000 in union dues from nearly 1700 represented employees across 16 different unions and 21 bargaining units. If this is the average of union dues collected each month, then Pierce County may collect up to

\$5,000 per month and up to \$60,000 per year by imposing the maximum five percent administrative fee.

For local governments that employ a larger proportion of represented personnel, such as King County, more revenue may be generated. This is dependent on the proportion of the chosen administrative fee and the total number of dues paying represented employees.

SOURCES:

City of Marysville

City of Seattle

King County

Pierce County

Port of Seattle

Port of Olympia

Public Employment Relations Commission

Association of Washington Cities

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5914 SB	<b>Title:</b> Public employers/labor dues	<b>Agency:</b> SDF-School District Fiscal Note - SPI
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## Part I: Estimates

☒ No Fiscal Impact

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

*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: Amanda Cecil	Phone: 360-786-7460	Date: 03/29/2017
Agency Preparation: Mike Woods	Phone: (360) 725-6283	Date: 04/06/2017
Agency Approval: Mike Woods	Phone: (360) 725-6283	Date: 04/06/2017
OFM Review: Kate Davis	Phone: (360) 902-0570	Date: 04/06/2017

## 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.*

Section 2 adds language to RCW 41.56 (Public Employees Collective Bargaining) that allows public employers that collect and remit dues and other amounts on behalf of labor organizations to retain up to five percent of the amount collected to offset the cost of administration. The Office of Financial Management (OFM) is to establish the amount retained by state agencies. The rate must be the higher of at least two percent or one-half of the total amount appropriated to the public employment relations commission during the previous fiscal biennium.

Section 5 adds language to RCW 41.59 (Educational Employment Relations Act) stating that Section 2 applies to employers under this chapter.

The effect of these proposed changes to current law is to allow School Districts to retain up to five percent of the amount they collect to offset the costs of administration. Because OFM's authority to set rates in Section 2 is limited to state agencies, OSPI assumes districts may set their own rates.

Because the bill is permissive, there is no required impact on districts.

The amount districts could collect if they choose is indeterminate. The fee amounts would be a function of the rates districts set (up to five percent), the number of employees who are members of labor organizations, and the amount of fees each member pays. OSPI does not have data regarding district collection of labor organization fees, therefore cannot predict how much districts could or would collect to offset administrative costs.

### 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

## 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

<b>Bill Number:</b> 5914 SB	<b>Title:</b> Public employers/labor dues	<b>Agency:</b> SWF-SWF Statewide Fiscal Note - OFM
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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
Personnel Service Account-State 415-1	1,075,273	1,075,273	2,150,546	2,150,546	2,150,546
<b>Total \$</b>	1,075,273	1,075,273	2,150,546	2,150,546	2,150,546

### Estimated Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). A fiscal analysis was prepared to show the projected ten-year cost to tax or fee payers of the proposed taxes or fees. The ten-year projection can be viewed at

<http://www.ofm.wa.gov/tax/default.asp>

*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: Amanda Cecil	Phone: 360-786-7460	Date: 03/29/2017
Agency Preparation: Jane Sakson	Phone: (360) 902-0549	Date: 04/04/2017
Agency Approval: Pam Davidson	Phone: (360) 902-0550	Date: 04/04/2017
OFM Review: Regan Hesse	Phone: (360) 902-0650	Date: 04/06/2017

## 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.*

- Public employers are permitted to retain up to five percent of union dues and charges withheld from worker pay for administrative costs.
- State agencies will retain a portion of paycheck deductions made on behalf of labor organizations, at a rate established by the Office of Financial Management.
- Money retained by state agencies will be deposited to the personnel service fund.

Since the bill requires state agencies to retain "the greater of" 2% or a percentage sufficient to reach a revenue target, it is necessary to estimate total expected payroll deductions before each agency can complete a fiscal note. We have been unable to resolve a question about a class of potential deductions, so agencies have been asked to assume an administrative fee rate that should allow the revenue to reach the target in spite of the uncertainty.

### 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 fiscal note covers state agencies outside of higher education, based on state employee withholding during 2016. Other fiscal notes will reflect higher education institutions and non-state employees who negotiate contracts with the state.

State agencies are to retain amounts, from payroll deductions for labor organizations, at a rate set by OFM. That rate must be the greater of two percent, or a rate that provides at least half the amount appropriated to the Public Employment Relations Commission (PERC) during the previous biennium.

During 2015-17, \$8,731,000 has been appropriated to PERC (to date.) Therefore, during 2017-19, the total charges made by state agencies and institutions must equal at least \$4,365,500 (about \$2,182,750 annually), if that is greater than two percent of amounts deducted for labor organizations.

Based on an estimate of deductions for labor organizations across agencies and institutions, the 2% level would be insufficient to meet the target revenue amount. This fiscal note assumes a rate established by OFM under Sec. 2(2)(a)(ii) of 3.5% is needed to provide the required amount. The amounts shown above reflect the anticipated collections by non-higher education state agencies based on deductions from state employee pay, and do not include higher education institutions or non-state employee workers who collectively bargain with the state.

There is a fair degree of uncertainty in how deductions for union dues and other payments might change in future years, so this estimate is approximate.

### 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

NONE

**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.*