

Multiple Agency Fiscal Note Summary

Bill Number: 5914 S SB	Title: 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
Department of Social and Health Services	0	1,584,960	0	1,584,960	0	1,584,960
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	35,900	0	36,300	0	36,700
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
Total \$	0	4,827,868	0	4,841,757	0	4,855,952

Estimated Expenditures

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

** See local government fiscal note

FNPID: 48990

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	1.0	0	195,320	1.0	0	190,320	1.0	0	190,320
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	.1	36,000	44,000	.1	36,000	44,000	.1	36,000	44,000
Department of Early Learning	.0	0	0	.0	0	0	.0	0	0
University of Washington	.5	105,589	105,589	.5	99,300	99,300	.5	99,300	99,300
Washington State University	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Eastern Washington University	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Central Washington University	Non-zero but indeterminate cost and/or savings. Please see discussion.								
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
Total	1.6	\$160,989	\$364,309	1.6	\$154,700	\$353,020	1.6	\$154,700	\$353,020

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>

Prepared by: Regan Hesse, OFM	Phone: (360) 902-0650	Date Published: Final 5/15/2017
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 48990

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

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

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	1.0	1.0	1.0	1.0	1.0
Account					
Personnel Service Account-State 415-1	100,160	95,160	195,320	190,320	190,320
Total \$	100,160	95,160	195,320	190,320	190,320

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:	Phone:	Date: 04/05/2017
Agency Preparation: Jim Jenkins	Phone: 360-902-0403	Date: 04/10/2017
Agency Approval: Aaron Butcher	Phone: 360-902-0406	Date: 04/10/2017
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.

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 state's cost by imposing a fee based on the amount of 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 fund one-half of the total amount appropriated to PERC during the previous fiscal biennium. The rate will be two percent, up to a maximum of five percent. OFM cannot establish the rate until the total of union dues that are collected and remitted on behalf of the public unions is known. 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) grants the option for labor organizations to allow state agencies to retain a portion of the amount to be remitted as payment of the fee. It is uncertain how this would be done by individual agencies.

Section 2 (2)(c) requires the fees 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.

Cash receipts are reflected in the Statewide fiscal note.

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(2)(a):

In establishing the rate that will be used to offset the cost of administration OFM assumes the data for general government employees union dues 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)(c):

The assumed costs for the administration and management of the labor organization fees deposited into personnel service fund would require an on-going 1.0 FTE for a Fiscal Analyst 2, with a salary of \$48,000 plus 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	1.0	1.0	1.0	1.0	1.0
A-Salaries and Wages	48,000	48,000	96,000	96,000	96,000
B-Employee Benefits	20,760	20,760	41,520	41,520	41,520
C-Professional Service Contracts					
E-Goods and Other Services	24,000	24,000	48,000	48,000	48,000
G-Travel	2,400	2,400	4,800	4,800	4,800
J-Capital Outlays	5,000		5,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$100,160	\$95,160	\$195,320	\$190,320	\$190,320

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
Fiscal Analyst 2	48,000	1.0	1.0	1.0	1.0	1.0
Total FTE's	48,000	1.0	1.0	1.0	1.0	1.0

Part IV: Capital Budget Impact

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 5914 S SB	Title: Public employers/labor dues	Agency: 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.

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact:	Phone:	Date: 04/05/2017
Agency Preparation: Kathryn Kingman	Phone: 360-725-0455	Date: 04/07/2017
Agency Approval: Rene Newkirk	Phone: 360-725-1307	Date: 04/07/2017
OFM Review: Robyn Williams	Phone: (360) 902-0575	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.

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 S SB

HCA Request #: 17-110

Part II: Narrative Explanation

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

This substitute bill differs from the original in that it states that the rate of the fee being established is not subject to collective bargaining. It also adds language for collecting the fee from the unions.

The 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

HCA role in employee union dues: When a represented HCA employee is to start paying dues HCA enters a flag into the Human Resources Management System (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) without passing through HCA.

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 role in non-state employee union dues: 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 for 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.

HCA Fiscal Note

Bill Number: 5914 S SB

HCA Request #: 17-110

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

None

Individual State Agency Fiscal Note

Bill Number: 5914 S SB	Title: Public employers/labor dues	Agency: 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>

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:	Phone:	Date: 04/05/2017
Agency Preparation: Kelly Moore	Phone: 360-407-8427	Date: 04/10/2017
Agency Approval: Wendi Gunther	Phone: 360-407-8779	Date: 04/10/2017
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 updating HRMS and 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

Bill Number: 5914 S SB	Title: Public employers/labor dues	Agency: 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>

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:	Phone:	Date: 04/05/2017
Agency Preparation: Keith Williams	Phone: (360) 407-9247	Date: 04/10/2017
Agency Approval: Ashley Howard	Phone: (360) 407-8159	Date: 04/10/2017
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.

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

Section 2 (2) specifies that the office of financial management (OFM) will set the amount of the fee that is imposed.

Section 2 (2) (c) directs that fees collected by the employer be deposited to the personnel service fund and used for costs of the public employment relations commission.

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, and the fee was set by OFM at 3.5%, DES would deposit \$8,127 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

Bill Number: 5914 S SB	Title: Public employers/labor dues	Agency: 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>

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:	Phone:	Date: 04/05/2017
Agency Preparation: Dario de la Rosa	Phone: 360-570-7328	Date: 04/05/2017
Agency Approval: Dario de la Rosa	Phone: 360-570-7328	Date: 04/05/2017
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.

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

Section 2, subsection 1 of Substitute Senate Bill 5914 permits employers that collect and remit due and other amounts on behalf of labor organizations to charge a fee of up to 5% of the total amount of due collected to offset the cost of administration. The rate charged by the employer is not subject to collective bargaining.

Section 2, subject 2 of SSB 5914 directs the Office of Financial Management to establish a rate that each labor organization subject to PERC's jurisdiction shall be charged where the total amount to be charged shall the higher of 2% of the total dues collected or an amount is no less than fifty percent of the total appropriation needed to fund PERC during the previous biennium. Each state agency must assess a fee on the total amount of due collected that is to be remitted to that labor organization under a union security clause. The labor organization has the option of having the employer retain the amount of the fee from any dues collected on behalf of that labor organization. The funds retained through SSB 5914 shall be deposited in the Personnel Services Revolving Account and are intended to be used for the costs of operating PERC.

If a labor organization fails to pay the assessed fees under Section 2, subsection 1 or Section 2, subsection 2 of SBS 5914, within 60 calendar days of the end of the period for which the fee was assessed, the employer may retain a portion of the dues collected on the labor organizations behalf as payment for the fee. If a labor organization fails to make this payment 3 times within a 12 month period, the employer may cease to collect dues for a one year period.

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 SBS 5914. Nothing in SSB 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, SSB 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. Additionally, the rates charged under Section 2 of SSB 5914 are not subject to collective bargaining and therefore no new workload is created by the bill.

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 SSB 5914, at least \$4,254,500 would be 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

Bill Number: 5914 S SB	Title: Public employers/labor dues	Agency: 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
General Fund-Federal 001-2	4,000	4,000	8,000	8,000	8,000
Personnel Service Account-State 415-1	788,480	788,480	1,576,960	1,576,960	1,576,960
Total \$	792,480	792,480	1,584,960	1,584,960	1,584,960

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
Account					
General Fund-State 001-1	18,000	18,000	36,000	36,000	36,000
General Fund-Federal 001-2	4,000	4,000	8,000	8,000	8,000
Total \$	22,000	22,000	44,000	44,000	44,000

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:	Phone:	Date: 04/05/2017
Agency Preparation: Don Petrich	Phone: 360-902-7831	Date: 05/03/2017
Agency Approval: Mickie Coates	Phone: 360-902-8077	Date: 05/03/2017
OFM Review: Bryce Andersen	Phone: (360) 902-0580	Date: 05/05/2017

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 1 states the Legislature intends to cover a portion of the state's cost by imposing a fee based on the amount of dues and other amounts collected on behalf of and remitted to public employee unions and using the proceeds toward costs associated with the public employment relations commission.

Section 2(2)(a) states there shall be a fee, as established by the Office of Financial Management (OFM), charged to any labor organization for the collection and remittance of any dues, fees, payments, or any other amounts on behalf of a labor organization.

Section 2(2)(b)(i) directs each state agency to assess the fee on the total amount collected and remitted on behalf of a labor organization at the time or remittance to the labor organization.

Section 2(2)(b)(ii)(A) states that if a labor organization fails to pay the fee established by this subsection within sixty calendar days of the end of the period for which the fee was assessed, the agency must retain a portion of the amount to be remitted as payment of the fee.

Section 2(2)(b)(ii)(B) states that if a labor organization fails to pay the fee established by this subsection within sixty calendar days of the end of the period for which the fee was assessed three times in a twelve-month period, the agency must cease collecting amounts on behalf of the exclusive bargaining representative for one year.

Section 2(2)(c) directs agencies to deposit the fees into the personnel services 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.

Section 2(2)(a): The Department of Social and Health Services (DSHS) assumes that OFM's rate is 3.5 percent of all dues collected for deposited into the personnel services account.

Section 2(2)(b)(i):

- 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 bill labor organizations 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 x 3.5% = \$37,520

Total: \$788,480

.10 FTE Fiscal Analyst 2 annual cost includes \$4,000 Federal.

- 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.

Section 2(2)(b)(i and ii):

- DSHS requires .10 FTE (Fiscal Analyst 2) to bill the labor organizations a 3.5 percent fee on the total amount collected and remitted on behalf of the labor organization, and submit those fees into the Personnel Services Account. If, after billed, a labor organization fails to pay the fee established within sixty calendar days of the end of the period for which the fee was assessed, the Fiscal Analyst 2 will do the work necessary to retain a portion of the amount to be remitted as payment of the fee.

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	0.1	0.1	0.1
A-Salaries and Wages	6,000	6,000	12,000	12,000	12,000
B-Employee Benefits	14,000	14,000	28,000	28,000	28,000
C-Professional Service Contracts					
E-Goods and Other Services	1,000	1,000	2,000	2,000	2,000
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	1,000	1,000	2,000	2,000	2,000
9-					
Total:	\$22,000	\$22,000	\$44,000	\$44,000	\$44,000

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

Job Classification	Salary	FY 2018	FY 2019	2017-19	2019-21	2021-23
Fiscal Analyst 2	39,444	0.1	0.1	0.1	0.1	0.1
Total FTE's	39,444	0.1	0.1	0.1	0.1	0.1

III. C - Expenditures By Program (optional)

Program	FY 2018	FY 2019	2017-19	2019-21	2021-23
Administration and Supporting Services (110)	22,000	22,000	44,000	44,000	44,000
Total \$	22,000	22,000	44,000	44,000	44,000

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

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

None

Individual State Agency Fiscal Note

Bill Number: 5914 S SB	Title: Public employers/labor dues	Agency: 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:	Phone:	Date: 04/05/2017
Agency Preparation: John Rich	Phone: 360 725-4513	Date: 04/10/2017
Agency Approval: Christopher Stanley	Phone: (360) 725-4388	Date: 04/10/2017
OFM Review: Rayanna Williams	Phone: (360) 902-0553	Date: 04/11/2017

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.

Comparison of 5914 SSB to 5914 SB: no changes with fiscal impact to the Department of Early Learning (DEL).

Description of 5914 SSB:

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 Health and Social 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

Bill Number: 5914 S SB	Title: Public employers/labor dues	Agency: 360-University of Washington
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Part I: Estimates

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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
Total \$	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	0.6	0.5	0.5	0.5	0.5
Account					
General Fund-State 001-1	55,939	49,650	105,589	99,300	99,300
Total \$	55,939	49,650	105,589	99,300	99,300

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:	Phone:	Date: 04/05/2017
Agency Preparation: Jed Bradley	Phone: 2066164684	Date: 04/10/2017
Agency Approval: Becka Johnson Poppe	Phone: 206-616-7203	Date: 04/10/2017
OFM Review: Breann Boggs	Phone: (360) 902-0563	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.

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

-Section 2 (2)(a) establishes a fee charged to any labor organization for the collection and remittance of any dues, fees, payments, or any other amounts on behalf of a labor organization. The Office of Financial Management (OFM) is required 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.

-Section 2 (2)(b) stipulates that agencies must assess the fee on the total amount collected and remitted on behalf of a labor organization. At the option of the labor organization, the state agency may retain a portion of the amount to be remitted as payment of the fee. Provides that if a labor organization fails to pay the fee after 60 days of the fee being assessed, the agency must withhold payment and if a labor organization fails to make payment within 60 days three times in a 12-month period a state agency must stop collecting on the organization's behalf for one year.

EFFECT OF SUBSTITUTE: If all labor organizations would prefer that the fee remitted to the personnel service fund be deducted from the amount to be remitted to the labor organization, then the substitute bill does not materially change the impact of this bill on the University of Washington. If all labor organizations preferred the option for the UW to bill them and then monitor payments for this fee, we estimate that the cost for the HR/Payroll Integrated Service Department (\$25,000 per year) would double (to \$50,000 per year) due to the increased staff burden of calculating, billing, and monitoring payments. In that case, the need for systems changes could be reduced (currently \$6,300 in FY18). However, since it is likely that different labor organizations would prefer different options, allowing for both options would likely double the ongoing costs and maintain the need for systems changes. That assumption is reflected in this fiscal note. We also do not anticipate non-compliance with law, so assume that no labor organizations would fail to pay their calculated portion of this fee.

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, the frequency and method of deposits into the personnel service fund, and the number of labor organizations choosing to be billed for their portion of the fee 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 or billing for payments, monitoring compliance, addressing questions, etc.). Assuming that some labor organizations would prefer the option to be billed for their portion of the fee (in the substitute version of the bill), we estimate that the effort associated would be a 0.5 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 \$50,000 per year in FY18 and each year thereafter.

In addition, the UW would need to implement several changes to our HR/Payroll system in order to configure and test deduction amounts associated with withholding a portion of employee deductions for labor organizations choosing to have their portion of the fee retained from deductions. We estimate that this would require the one-time effort of 0.05 FTE technical staff, 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 \$56,000 in FY18 and \$50,000 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	0.6	0.5	0.5	0.5	0.5
A-Salaries and Wages	42,250	37,500	79,750	75,000	75,000
B-Employee Benefits	13,689	12,150	25,839	24,300	24,300
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$55,939	\$49,650	\$105,589	\$99,300	\$99,300

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
Payroll Specialist	75,000	0.5	0.5	0.5	0.5	0.5
Technical Staff	95,000	0.1		0.0		
Total FTE's	170,000	0.6	0.5	0.5	0.5	0.5

Part IV: Capital Budget Impact

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 5914 S SB	Title: Public employers/labor dues	Agency: 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
Total \$	6,153	6,215	12,368	12,617	12,870

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

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:	Phone:	Date: 04/05/2017
Agency Preparation: Chris Jones	Phone: 509-335-9682	Date: 04/06/2017
Agency Approval: Kelley Westhoff	Phone: 5093350907	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.

SSB 5914, Section 2 (2) (a) specifies that OFM will establish a fee amount charged to any labor organization for the collection and remittance of any dues, fees, payments, or any other amounts on behalf of a labor organization. OFM must set the rate as the higher of: (i) 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.

Section 2 (2) (b) (i) states that each state agency must assess the fee on the total amount collected and remitted on behalf of a labor organization at the time of remittance to the labor organization. The labor organization may opt for the state agency to retain a portion of the amount to be remitted as payment of the fee.

Section 2 (2) (b) (ii) (A) states that if a labor organization fails to pay the fee within 60 calendar days of the end of the period for which the fee was assessed, the agency must retain a portion of the amount to be remitted as payment of the fee.

Section 2 (2) (b) (ii) (B) requires a state agency to cease collecting amounts on behalf of the exclusive bargaining representative for one year if the labor organization has failed to pay the fee 3 times within a twelve-month period.

Section 2 (2) (c) requires that 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. The total amount estimated represents what is owed by WSU's bargaining unit members, but it is unknown at this time if the amounts would be remitted by WSU or the labor organization itself.

WSU assumes that all amounts will be remitted to the State either by WSU or the labor organization(s).

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 \$3,360 (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). These costs assume that WSU will be remitting the payment on behalf of its bargaining unit members.

If labor organizations choose to remit the payment, then costs would be less. If WSU is required to take action under Section 2 (2) (b) (ii) (A) or Section 2 (2) (b) (ii) (B), then costs could be higher.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 5914 S SB	Title: Public employers/labor dues	Agency: 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	18,000	35,900	36,300	36,700
Total \$	17,900	18,000	35,900	36,300	36,700

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

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:	Phone:	Date: 04/05/2017
Agency Preparation: Alexandra Rosebrook	Phone: (509) 359-7364	Date: 04/10/2017
Agency Approval: Alexandra Rosebrook	Phone: (509) 359-7364	Date: 04/10/2017
OFM Review: Breann Boggs	Phone: (360) 902-0563	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.

Proposed substitute senate bill 5914 Section 2 (2) (a) specifies that OFM will establish a fee amount charged to any labor organization for the collection and remittance of any dues fees, payments, or any other amount on behalf of a labor organization. OFM must set the rate as the higher of: (i) 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.

Section 2 (2) (b) (i) states that each state agency must assess the fee on the total amount collected and remitted on behalf of a labor organization at the time of remittance to the labor organization. The labor organization may opt for the state agency to retain a portion of the amount to be remitted as payment of the fee.

Section 2 (2) (b) (ii) (A) states that if a labor organization fails to pay the fee within 60 calendar days of the end of the period for which the fee was assessed, the agency must retain a portion of the amount to be remitted as payment of the fee.

Section 2 (2) (b) (ii) (B) requires a state agency to cease collecting amounts on behalf of the exclusive bargaining representative for one year if the labor organization has failed to pay the fee 3 times within a twelve-month period.

Section 2 (2) (c) requires that 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.

Eastern's estimate of cash receipts retained from the collection of labor dues and deposited into fund 415 Personnel Service Fund for the purpose of SSB 5914 is based on (1) total labor dues collected from EWU employees in FY 2016 of \$510,736 (2) a rate assumption of 3.5% per the lead agency assumptions (3) an annual growth factor of .5% based on anticipated growth factor under the current economic conditions. The total amount estimated represents the amount collected on behalf of Eastern's bargaining unit members, but it is unknown at this time if the amounts would be remitted by Eastern or the labor organizations themselves.

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. These costs assume that Eastern will be remitting the payment on behalf of its bargaining unit members.

If labor organizations choose to remit the payment, then costs would be less. If Eastern is required to take action

under Section 2(2)(b)(ii)(A) or Section 2(2)(b)(ii)(B), then costs could be higher.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 5914 S SB	Title: Public employers/labor dues	Agency: 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
Total \$	9,097	9,187	18,284	18,651	19,027

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

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:	Phone:	Date: 04/05/2017
Agency Preparation: Karen Thiemann	Phone: (509) 963-1233	Date: 04/10/2017
Agency Approval: Karen Thiemann	Phone: (509) 963-1233	Date: 04/10/2017
OFM Review: Breann Boggs	Phone: (360) 902-0563	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.

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) (2) (a) states that there shall be a fee, as established by the office of financial management, charged to any labor organization for the collection and remittance of any dues, fees, payments, or any other amounts on behalf of a labor organization. The office of financial management must establish the rate as the higher of: (i) Two percent; or (ii) A level that ensures that the total amount collected from the fee funds no less than one-half of the total amount appropriated to the public employment relations commission during the previous fiscal biennium, up to a maximum of five percent.

Section 2 (2) (b) (i) states that each state agency must assess the fee on the total amount collected and remitted on behalf of a labor organization at the time of remittance to the labor organization. At the option of the labor organization, the state agency may retain a portion of the amount to be remitted as payment of the fee.

Section 2 (2) (b) (ii) (A) states that if a labor organization fails to pay the fee established by this subsection within sixty calendar days of the end of the period for which the fee was assessed, the agency must retain a portion of the amount to be remitted as payment of the fee.

Section 2 (2) (b) (ii) (B) requires a state agency to cease collecting amounts on behalf of the exclusive bargaining representative for one year if the labor organization has failed to pay the fee 3 times within a twelve-month period.

Section 2 (2) (c) requires that the retained amount must be deposited to the personnel service fund and used for the 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.

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 (2) (b) (i) states that each state agency must assess the fee on the total amount collected and remitted on behalf of a labor organization at the time of remittance to the labor organization. At the option of the labor organization, the state agency may retain a portion of the amount to be remitted as payment of the fee.

CWU estimates approximately 250 hours for information technology staff for the initial systems modifications (.12 FTE @ \$75,000 + 33% benefits - total \$11,970). The entire cost of this legislation is indeterminate as it is unknown whether the labor organization would chose to have their fee deducted, which would require less staff time, or whether they would chose to be billed. Billing and subsequent monitoring of unpaid fees would then require additional staff time including further systems modifications.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 5914 S SB	Title: Public employers/labor dues	Agency: 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
Total \$	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:	Phone:	Date: 04/05/2017
Agency Preparation: Lisa Dawn-Fisher	Phone: 360-867-6185	Date: 04/09/2017
Agency Approval: Lisa Dawn-Fisher	Phone: 360-867-6185	Date: 04/09/2017
OFM Review: Breann Boggs	Phone: (360) 902-0563	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.

Section 2 of the bill adds chapter 41.56 RCW to require public employers and state agencies that collect and remit union dues and other amounts on behalf of labor unions to impose a fee of 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. Each state agency must assess the fee. Labor organizations may choose to pay the fee by having the state agency retain a portion of the fees collected on behalf of the organization. If the labor organization fails to pay the fee within 60 calendar days of the end of the period for which the fee was assessed, but agency must retain a portion of the amount to be remitted as payment for the fee. If a labor organization is more than 60 days delinquent in paying the fee three times in a twelve-month period, the state agency must cease collecting payments on behalf of the exclusive bargaining representative for one year. The fees deposited under this section must be deposited to the personnel service funds and used for the costs of the public employment relations commission. For the purposes of this section, state agency means every state office, department, division, bureau, board, commission, or other state agency, including offices headed by statewide elected officials and institutions of higher education.

Section 3 makes conforming amendments to RCW 41.80.100 state collective bargaining provisions.

Section 4 makes conforming amendments to RCW 41.76.045 collective bargaining provisions that apply to faculty at public four-year institutions of higher education.

The effect of changes in the substitute bill:

- The definition of state agency is clarified.
- State agencies would be required to assess a fee for administrative costs rather than deducting the administrative fee from the dues collected on behalf of the labor organizations.
- State agencies would be required to retain the fees due if the labor organization failed to pay its fees within 60 days of the end of the period for which the fee was assessed.
- State agencies would be required to cease collecting amounts on behalf of the exclusive bargaining representative for one year if the labor organization were to have three instances of delinquent payments within a twelve-month period.

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 billed to labor organizations and then deposited 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. The changes in the substitute bill would not substantially change anticipated costs.

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

Bill Number: 5914 S SB	Title: Public employers/labor dues	Agency: 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
Total \$	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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☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 04/05/2017
Agency Preparation: Kirk England	Phone: 360-650-4694	Date: 04/06/2017
Agency Approval: Kirk England	Phone: 360-650-4694	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.

Sec 2(1)(a) 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)(a) states that there shall be a fee, as established by OFM, charged to any labor organization for the collection and remittance of any dues, fees, payments or any other amounts on behalf of a labor organization.

Sec 2(2)(b)(ii)(B)(c) states that the amount retained by the state agencies under this section must be deposited to the personnel service fund under RCW 41.06.280 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

Bill Number: 5914 S SB	Title: Public employers/labor dues	Agency: 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
Total \$	203,000	203,000	406,000	406,000	406,000

Estimated Expenditures from:

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

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

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 04/05/2017
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, who collect and remit dues and other amounts on behalf of labor organizations, to impose a fee to offset the cost of administration and the costs associated with the Public Employment Relations Commission (PERC). All state agencies must assess the fee established by the Office of Financial Management (OFM). The rate of the fee is not subject to collective bargaining.

Section 2(1)

This bill would allow public employers, who collect and remit dues on behalf of a labor organization, to impose a fee to offset the cost of administration. The fee cannot exceed 5 percent of the amount of dues collected. The bill specifies certain remedies if the labor organization does not pay the established fee.

Section 2(2)

For state agencies, the fee would be established by the Office of Financial Management (OFM). OFM will establish the fee as either 1) a percentage of dues collected that would equal at least one-half of the amount appropriated to PERC in the prior biennium or 2) two percent, whichever is higher.

Each state agency would be required to assess the fee on the total amount collected and remitted on behalf of a labor organization. Any fees collected by state agencies must be deposited to the Personnel Service Fund and used for costs of the Public Employment Relations Commission. The bill specifies certain remedies if the labor organization does not pay the established fee.

Institutions of higher education are included in the definition of “state agency”.

There is no change in fiscal impacts for the substitute bill when compared to the original bill.

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 state agencies to assess a fee on the labor union dues collected by the agency. OFM would be required to establish the percentage to collect. The percentage must be at least two percent, or a percentage that would ensure statewide collections equal to one-half the amount appropriated to PERC in the prior biennium. For the purposes of this fiscal note, OFM has estimated the percentage to be 3.5%.

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.

Funds are to be 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.

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-					
Total:	\$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

Bill Number: 5914 S SB	Title: 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 5 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: 04/12/2017
Leg. Committee Contact:	Phone:	Date: 04/05/2017
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 04/12/2017
OFM Review: Jane Sakson	Phone: 360-902-0549	Date: 04/12/2017

Part IV: Analysis

A. SUMMARY OF BILL

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

DIFFERENCES BETWEEN THIS BILL AND THE PREVIOUS VERSION:

The administrative fee, as established by local governments, is not subject to collective bargaining. Local governments may retain a portion of union dues collected if a labor organization does not pay the established fee within 60-days from the end of the period for which the fee was assessed. If a labor organization fails to pay the fee three times in a 12-month period, the jurisdiction may cease collections on behalf of the labor organization for one year.

Permits school districts to impose an administrative fee in the same manner as local governments, following Section 2(1). The other employers noted must adhere to the state's final determination on the administrative fee, following Section 2(2)(a)(ii). Adds an emergency clause and a severability clause.

SUMMARY OF THIS BILL:

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. The fee, as established by the public employer, is not subject to collective bargaining.

State agencies shall retain a portion of union dues that would be the higher of 2 percent, or no less than half of the total appropriated to the Public Employment Relations Commission in the previous biennium, up to 5 percent.

Sections 4 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);
- Providers, including family child care providers, adult care providers, and language access providers;
- Marine employees of the State of Washington and the Department of Transportation;
- Academic personnel of community colleges; and
- Certificated employees of school districts. School districts may impose the same fee as local governments, following Section 2(1), while the other employers must adhere to the state's final determination.

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. Local governments reported that this standard may result in additional and indeterminate expenditures regarding the collective bargaining process, and specifically for local governments that contractually provide the collection and remittance of union dues (checkoff) "as a service to the union."

In addition, if a labor organization fails to pay the fee three times in a 12-month period, the jurisdiction may cease collections on behalf of the labor organization for one year. This would reduce local expenditures by the value of the administrative fee, as established, and similarly reduce revenue by the same magnitude.

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. Expenditures are expected to be minimal for larger jurisdictions that use compatible electronic payroll systems that can update payroll items by type and distribution destination. 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 jurisdiction 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.

In addition, local governments may retain a portion of union dues collected if a labor organization does not pay the established fee within 60-days from the end of the period for which the fee was assessed. It is unknown how many labor organizations would fail to pay the administrative fee within 60-days, and what proportion a local government may retain as a result. If a labor organization fails to pay the fee three times in a 12-month period, the jurisdiction may cease collections on behalf of the labor organization for one year. In this situation, a local government would no longer receive revenue from the administrative fee and would experience a mirrored reduction in expenditures.

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 5 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 1,700 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 value 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

Bill Number: 5914 S SB	Title: Public employers/labor dues	Agency: 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.

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact:	Phone:	Date: 04/05/2017
Agency Preparation: Mike Woods	Phone: (360) 725-6283	Date: 04/05/2017
Agency Approval: Mike Woods	Phone: (360) 725-6283	Date: 04/05/2017
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(1) modifies RCW 41.56 (Public Employees Collective Bargaining):

A public employer that collects and remits dues and other amounts on behalf of a labor organization may impose a fee of up to five percent of the amount collected to offset the cost of administration. The rate of the fee is established by the employer and is not subject to collective bargaining.

RCW 41.56.020 (Application of Chapter) states the chapter applies to any county or municipal corporation, or any political subdivision... except as otherwise provided by ... RCW 41.59 (Educational Employment Relations Act).

Section 9 adds a new section to RCW 41.59 to state that an employer may impose the fee provided in Section 2(1).

The effect of these changes is to allow, but not require, school districts to impose a fee of up to five percent of the amount collected to offset the costs of administering the collection of dues on behalf of labor organizations.

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

Bill Number: 5914 S SB	Title: Public employers/labor dues	Agency: SWF-SWF Statewide Fiscal Note - OFM
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

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
Total \$	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.

Check applicable boxes and follow corresponding instructions:

☒

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

☐

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

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 04/05/2017
Agency Preparation: Jane Sakson	Phone: (360) 902-0549	Date: 04/07/2017
Agency Approval: Pam Davidson	Phone: (360) 902-0550	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.

- Public employers are permitted to charge a fee of up to five percent of union dues and other payments withheld from worker pay for administrative costs.
- State agencies will charge a fee of between 2% and 5% on 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 charge "the greater of" 2% or a percentage sufficient to reach a revenue target, an estimate of total expected payroll deductions is needed 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 estimated revenue collected on behalf of 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. We assume that the actual collection of the fees will be done by the payroll system agencies.

State agencies are to charge a fee for payroll deductions made 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, with a five percent maximum. The fees may be paid by the labor organizations or deducted from the payments made to the organizations.

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.