

Individual State Agency Fiscal Note

Bill Number: 5538 SB	Title: Postretirement employment in nursing positions for a state agency	Agency: 124-Department of Retirement Systems
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	7.1	2.0	4.6	0.0	0.0
Account					
Department of Retirement Systems	996,000	176,000	1,172,000	0	0
Expense Account-State 600-1					
Total \$	996,000	176,000	1,172,000	0	0

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

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Part II: Narrative Explanation

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

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

This bill expands return to work provisions for retirees of PERS Plan 2 and 3 and PSERS Plan 2 re-entering service in nursing positions for state agencies.

Section 1(2)(b) allows PSERS Plan 2 retirees who have satisfied the break in employment requirement (one full calendar month) to return to work in a nursing position for a state agency up to 1,040 hours in a calendar year between the effective date of this bill and July 1, 2026, without a suspension of their retirement benefit.

Section 2(2)(c) allows PERS Plan 2 and 3 retirees, including those who have retired under the 3% and the 2008 Early Retirement Factors (ERFs), to return to work in a nursing position for a state agency up to 1,040 hours in a calendar year between the effective date of this bill and July 1, 2026, without suspension of their retirement benefit.

Section 3 declares an immediate effective date.

NOTE: the Department of Retirement Systems (DRS) does not have systems currently in place to effectively administer this legislation immediately due to the complexity of required modifications to DRS' automated systems. Until the system changes can be made, DRS must administer the provisions of this bill manually.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Administrative Assumptions:

- DRS processes and systems must still allow for the current 867 rules, the current 1040-hour limit rules for school districts through July 1, 2025, and add these new rules through July 1, 2026.
- PSERS rules will need to be created since no retire return to work provisions exist for that retirement system/plan.
- DRS will request that employers provide data to clearly identify retirees that have returned to work, including a new data element that will require employers to clearly identify a member has returned to work in a nursing position.
- Public employers may need to make changes to their payroll systems to report data to DRS, including HRMS.
- All letters associated with the retiree return to work laws will be revised.
- DRS customer notifications concerning return to work will be made available in the customer's Online Account Access (OAA).
- DRS will leverage WAC 415-106-010(7) for the definition of "nursing care" to determine what nursing positions are eligible for the provisions of this bill.
- DRS will leverage RCW 43-88-020 for the definition of "state agency", which includes every state office, officer, institution (educational, correctional, or otherwise), department, division, board, and commission. Based on this definition, DRS assumes higher education institutions are impacted by the provisions of this bill.

To implement this legislation, DRS will:

- Confirm project scope, timeline, and conduct project implementation tasks,

- Conduct business analysis and business process design,
- Complete systems changes, which includes defining system requirements, coding system changes in our web and Linux applications, testing, and deploying those changes,
- Update agency WACs,
- Support employers through updates to their reporting systems,
- Update member guides, all relevant letters and forms, communicate to members, retirees, and employers, and
- Train employers and team members.

To support this implementation, DRS will form a project team that will include a project manager, retirement specialist, management analyst, business systems analyst, web developer, IT system administrator, and communications consultant. It is estimated that at least nine months of requirements development, programming and testing will be required to complete the system modifications. DRS will have to manually administer these changes until the work on our systems can be implemented. DRS will also hire a contractor to implement changes to Linux applications.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
600-1	Department of Retirement Systems Expense Account	State	996,000	176,000	1,172,000	0	0
Total \$			996,000	176,000	1,172,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	7.1	2.0	4.6		
A-Salaries and Wages	657,000	126,000	783,000		
B-Employee Benefits	219,000	50,000	269,000		
C-Professional Service Contracts	107,000		107,000		
E-Goods and Other Services	13,000		13,000		
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					
9-					
Total \$	996,000	176,000	1,172,000	0	0

III. C - Operating FTE 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 2024	FY 2025	2023-25	2025-27	2027-29
Communications Consultant 4	72,756	0.4		0.2		
IT Applications Develop-Journey	96,888	0.6		0.3		
IT Applications Develop-Snr/Spec	112,176	0.2		0.1		
IT Business Analyst-Journey	96,888	1.8		0.9		
IT Project Manager-Mgr	123,636	1.4		0.7		
IT Systems Admin-Journey	101,748	0.0		0.0		
Management Analyst 3	69,264	0.4		0.2		
Retirement Specialist 3	61,224	2.3	2.0	2.2		
Total FTEs		7.1	2.0	4.6		0.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Clarifying WACs will be created.