

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system
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## Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of Attorney General	0	0	228,000	0	0	206,000	0	0	196,000
Office of Administrative Hearings	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Retirement Systems	0	0	1,506,000	0	0	0	0	0	0
Department of Retirement Systems	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Consolidated Technology Services	0	0	4,069,000	0	0	3,234,000	0	0	3,234,000
Department of Social and Health Services	0	0	2,989,000	0	0	1,126,000	0	0	1,126,000
Department of Social and Health Services	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Department of Children, Youth, and Families	0	0	325,000	0	0	176,000	0	0	176,000
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>9,117,000</b>	<b>0</b>	<b>0</b>	<b>4,742,000</b>	<b>0</b>	<b>0</b>	<b>4,732,000</b>

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts	No fiscal impact					
Loc School dist-SPI						
Local Gov. Other						
Local Gov. Total						

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Administrative Office of the Courts	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of the Governor	3.0	1,574,000	1,574,000	1,574,000	3.0	1,544,000	1,544,000	1,544,000	3.0	1,544,000	1,544,000	1,544,000
Office of Lieutenant Governor	.0	0	0	0	.0	0	0	0	.0	0	0	0
Public Disclosure Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Washington State Leadership Board	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of the Secretary of State	.0	0	0	0	.0	0	0	0	.0	0	0	0
Governor's Office of Indian Affairs	.0	0	0	0	.0	0	0	0	.0	0	0	0
Commission on Asian Pacific American Affairs	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of State Auditor	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Attorney General	.8	0	0	228,000	.7	0	0	206,000	.7	0	0	196,000
Caseload Forecast Council	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Financial Institutions	.1	0	0	16,242	.0	0	0	0	.0	0	0	0
Department of Commerce	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Economic and Revenue Forecast Council	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Financial Management	.0	0	0	0	.0	0	0	0	.0	0	0	0
Washington State Health Care Authority	Fiscal note not available											
Office of Administrative Hearings	Non-zero but indeterminate cost and/or savings. Please see discussion.											
State Lottery	.0	0	0	0	.0	0	0	0	.0	0	0	0
Washington State Gambling Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Commission on Hispanic Affairs	.0	0	0	0	.0	0	0	0	.0	0	0	0
Commission on African-American Affairs	.0	0	0	0	.0	0	0	0	.0	0	0	0
Human Rights Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Retirement Systems	.8	0	0	1,569,000	.0	0	0	99,000	.0	0	0	0
Department of Retirement Systems	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.											

State Investment Board	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	.1	132,000	132,000	132,000	.1	231,000	231,000	231,000	.1	231,000	231,000	231,000
Board of Tax Appeals	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Minority and Women's Business Enterprises	.0	0	0	0	.0	0	0	0	.0	0	0	0
Housing Finance Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Insurance Commissioner	.0	0	0	0	.0	0	0	0	.0	0	0	0
Consolidated Technology Services	5.0	0	0	4,069,000	5.0	0	0	3,234,000	5.0	0	0	3,234,000
Board of Accountancy	.0	0	0	0	.0	0	0	0	.0	0	0	0
Board of Registration for Professional Engineers & Land Surveyors	.0	0	0	0	.0	0	0	0	.0	0	0	0
Forensic Investigations Council	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Enterprise Services	.0	0	0	0	.0	0	0	0	.0	0	0	0
Horse Racing Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Board of Industrial Insurance Appeals	Fiscal note not available											
Liquor and Cannabis Board	.0	0	0	0	.0	0	0	0	.0	0	0	0
Board of Pilotage Commissioners	.0	0	0	0	.0	0	0	0	.0	0	0	0
Utilities and Transportation Commission	.1	0	0	66,287	.1	0	0	53,611	.1	0	0	31,392
Board for Volunteer Firefighters and Reserve Officers	.0	0	0	0	.0	0	0	0	.0	0	0	0
Washington State Patrol	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Criminal Justice Training Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Traffic Safety Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Independent Investigations	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Labor and Industries	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Department of Licensing	.0	0	0	0	.0	0	0	0	.0	0	0	0
Military Department	.0	0	0	0	.0	0	0	0	.0	0	0	0
Public Employment Relations Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0

Department of Social and Health Services	19.3	6,431,000	6,431,000	9,420,000	7.8	2,816,000	2,816,000	3,942,000	7.8	2,816,000	2,816,000	3,942,000
Department of Social and Health Services	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Department of Health	.8	294,000	294,000	294,000	.0	64,000	64,000	64,000	.0	0	0	0
Department of Veterans Affairs	3.0	778,000	778,000	778,000	4.0	1,048,000	1,048,000	1,048,000	4.0	1,048,000	1,048,000	1,048,000
Department of Children, Youth, and Families	3.0	1,993,000	1,993,000	2,318,000	3.0	1,078,000	1,078,000	1,254,000	3.0	1,078,000	1,078,000	1,254,000
Department of Corrections	.0	745,000	745,000	745,000	.0	740,000	740,000	740,000	.0	740,000	740,000	740,000
Department of Services for the Blind	.0	0	0	0	.0	0	0	0	.0	0	0	0
Student Achievement Council	Fiscal note not available											
Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board	.0	0	0	0	.0	0	0	0	.0	0	0	0
Superintendent of Public Instruction	Fiscal note not available											
State School For The Blind	.0	0	0	0	.0	0	0	0	.0	0	0	0
Washington State Center for Childhood Deafness and Hearing Loss	.0	0	0	0	.0	0	0	0	.0	0	0	0
Workforce Training and Education Coordinating Board	Fiscal note not available											
Department of Archaeology and Historic Preservation	.0	0	0	0	.0	0	0	0	.0	0	0	0
University of Washington	Fiscal note not available											
Washington State University	Fiscal note not available											
Eastern Washington University	Fiscal note not available											
Central Washington University	Fiscal note not available											
The Evergreen State College	Fiscal note not available											
Western Washington University	Fiscal note not available											
Washington State Arts Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Washington State Historical Society	.0	0	0	0	.0	0	0	0	.0	0	0	0
Eastern Washington State Historical Society	.0	0	0	0	.0	0	0	0	.0	0	0	0



Department of Transportation	Non-zero but indeterminate cost and/or savings. Please see discussion.											
County Road Administration Board	.0	0	0	0	.0	0	0	0	.0	0	0	0
Transportation Improvement Board	.0	0	0	0	.0	0	0	0	.0	0	0	0
Transportation Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Freight Mobility Strategic Investment Board	.0	0	0	0	.0	0	0	0	.0	0	0	0
Columbia River Gorge Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Ecology	.0	0	0	0	.0	0	0	0	.0	0	0	0
Pollution Liability Insurance Program	.0	0	0	0	.0	0	0	0	.0	0	0	0
Energy Facility Site Evaluation Council	.0	0	0	0	.0	0	0	0	.0	0	0	0
State Parks and Recreation Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Recreation and Conservation Funding Board	.0	0	0	0	.0	0	0	0	.0	0	0	0
Environmental and Land Use Hearings Office	.0	0	0	0	.0	0	0	0	.0	0	0	0
State Conservation Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Fish and Wildlife	.3	98,000	98,000	98,000	.3	98,000	98,000	98,000	.3	98,000	98,000	98,000
Puget Sound Partnership	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Natural Resources	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Agriculture	.2	288,770	288,770	288,770	.4	117,612	117,612	117,612	.4	117,612	117,612	117,612
Employment Security Department	1.8	656,633	656,633	656,633	2.0	694,240	694,240	694,240	2.0	684,240	684,240	684,240
Community and Technical College System	Fiscal note not available											
Total \$	38.3	12,990,403	12,990,403	22,252,932	26.4	8,430,852	8,430,852	13,325,463	26.4	8,356,852	8,356,852	13,120,244

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Administrative Office of the Courts	.0	0	0	.0	0	0	.0	0	0
Office of the Governor	.0	0	0	.0	0	0	.0	0	0
Office of Lieutenant Governor	.0	0	0	.0	0	0	.0	0	0
Public Disclosure Commission	.0	0	0	.0	0	0	.0	0	0
Washington State Leadership Board	.0	0	0	.0	0	0	.0	0	0
Office of the Secretary of State	.0	0	0	.0	0	0	.0	0	0
Governor's Office of Indian Affairs	.0	0	0	.0	0	0	.0	0	0
Commission on Asian Pacific American Affairs	.0	0	0	.0	0	0	.0	0	0
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Office of State Auditor	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Caseload Forecast Council	.0	0	0	.0	0	0	.0	0	0
Department of Financial Institutions	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Economic and Revenue Forecast Council	.0	0	0	.0	0	0	.0	0	0
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Washington State Health Care Authority	Fiscal note not available								
Office of Administrative Hearings	.0	0	0	.0	0	0	.0	0	0
State Lottery	.0	0	0	.0	0	0	.0	0	0
Washington State Gambling Commission	.0	0	0	.0	0	0	.0	0	0
Commission on Hispanic Affairs	.0	0	0	.0	0	0	.0	0	0
Commission on African-American Affairs	.0	0	0	.0	0	0	.0	0	0
Human Rights Commission	.0	0	0	.0	0	0	.0	0	0
Department of Retirement Systems	.0	0	0	.0	0	0	.0	0	0
State Investment Board	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Board of Tax Appeals	.0	0	0	.0	0	0	.0	0	0
Office of Minority and Women's Business Enterprises	.0	0	0	.0	0	0	.0	0	0
Housing Finance Commission	.0	0	0	.0	0	0	.0	0	0

Office of Insurance Commissioner	.0	0	0	.0	0	0	.0	0	0
Consolidated Technology Services	.0	0	0	.0	0	0	.0	0	0
Board of Accountancy	.0	0	0	.0	0	0	.0	0	0
Board of Registration for Professional Engineers & Land Surveyors	.0	0	0	.0	0	0	.0	0	0
Forensic Investigations Council	.0	0	0	.0	0	0	.0	0	0
Department of Enterprise Services	.0	0	0	.0	0	0	.0	0	0
Horse Racing Commission	.0	0	0	.0	0	0	.0	0	0
Board of Industrial Insurance Appeals	Fiscal note not available								
Liquor and Cannabis Board	.0	0	0	.0	0	0	.0	0	0
Board of Pilotage Commissioners	.0	0	0	.0	0	0	.0	0	0
Utilities and Transportation Commission	.0	0	0	.0	0	0	.0	0	0
Board for Volunteer Firefighters and Reserve Officers	.0	0	0	.0	0	0	.0	0	0
Washington State Patrol	.0	0	0	.0	0	0	.0	0	0
Criminal Justice Training Commission	.0	0	0	.0	0	0	.0	0	0
Traffic Safety Commission	.0	0	0	.0	0	0	.0	0	0
Office of Independent Investigations	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	.0	0	0	.0	0	0	.0	0	0
Department of Licensing	.0	0	0	.0	0	0	.0	0	0
Military Department	.0	0	0	.0	0	0	.0	0	0
Public Employment Relations Commission	.0	0	0	.0	0	0	.0	0	0
Department of Social and Health Services	.0	0	0	.0	0	0	.0	0	0
Department of Health	.0	0	0	.0	0	0	.0	0	0
Department of Veterans Affairs	.0	0	0	.0	0	0	.0	0	0
Department of Children, Youth, and Families	.0	0	0	.0	0	0	.0	0	0
Department of Corrections	.0	0	0	.0	0	0	.0	0	0
Department of Services for the Blind	.0	0	0	.0	0	0	.0	0	0
Student Achievement Council	Fiscal note not available								

Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board	.0	0	0	.0	0	0	.0	0	0
Superintendent of Public Instruction	Fiscal note not available								
State School For The Blind	.0	0	0	.0	0	0	.0	0	0
Washington State Center for Childhood Deafness and Hearing Loss	.0	0	0	.0	0	0	.0	0	0
Workforce Training and Education Coordinating Board	Fiscal note not available								
Department of Archaeology and Historic Preservation	.0	0	0	.0	0	0	.0	0	0
University of Washington	Fiscal note not available								
Washington State University	Fiscal note not available								
Eastern Washington University	Fiscal note not available								
Central Washington University	Fiscal note not available								
The Evergreen State College	Fiscal note not available								
Western Washington University	Fiscal note not available								
Washington State Arts Commission	.0	0	0	.0	0	0	.0	0	0
Washington State Historical Society	.0	0	0	.0	0	0	.0	0	0
Eastern Washington State Historical Society	.0	0	0	.0	0	0	.0	0	0
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
County Road Administration Board	.0	0	0	.0	0	0	.0	0	0
Transportation Improvement Board	.0	0	0	.0	0	0	.0	0	0
Transportation Commission	.0	0	0	.0	0	0	.0	0	0
Freight Mobility Strategic Investment Board	.0	0	0	.0	0	0	.0	0	0
Columbia River Gorge Commission	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.0	0	0	.0	0	0	.0	0	0
Pollution Liability Insurance Program	.0	0	0	.0	0	0	.0	0	0
Energy Facility Site Evaluation Council	.0	0	0	.0	0	0	.0	0	0
State Parks and Recreation Commission	.0	0	0	.0	0	0	.0	0	0

Recreation and Conservation Funding Board	.0	0	0	.0	0	0	.0	0	0
Environmental and Land Use Hearings Office	.0	0	0	.0	0	0	.0	0	0
State Conservation Commission	.0	0	0	.0	0	0	.0	0	0
Department of Fish and Wildlife	.0	0	0	.0	0	0	.0	0	0
Puget Sound Partnership	.0	0	0	.0	0	0	.0	0	0
Department of Natural Resources	.0	0	0	.0	0	0	.0	0	0
Department of Agriculture	.0	0	0	.0	0	0	.0	0	0
Employment Security Department	.0	0	0	.0	0	0	.0	0	0
Community and Technical College System	Fiscal note not available								
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Breakout

<b>Prepared by:</b> Cheri Keller, OFM	<b>Phone:</b> (360) 584-2207	<b>Date Published:</b> Preliminary 2/13/2023
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# Judicial Impact Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 055-Administrative Office of the Courts
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

*The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.*

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 for 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.

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Angie Wirkkala	Phone: 360-704-5528	Date: 01/24/2023
Agency Approval: Chris Stanley	Phone: 360-357-2406	Date: 01/24/2023
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 01/25/2023

179,204.00

Request # 072-1

Form FN (Rev 1/00)

1

Bill # 5356 SB

Part II: Narrative Explanation

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

The bill would require public agencies, other than courts and Legislature to analyze automated decision systems (algorithms) used or contemplated for use based on guidelines to be adopted by the State Chief Information Officer to evaluate risk they pose to identified/identifiable people’s rights, the risk of bias in and inaccuracy of their results, and whether their workings are transparent.

II. B - Cash Receipts Impact

None

II. C - Expenditures

No fiscal impact would be required because the bill does not apply to the courts.

Part III: Expenditure Detail

III. A - Expenditure By Object or Purpose (State)

NONE

III. B - Expenditure By Object or Purpose (County)

NONE

III. C - Expenditure By Object or Purpose (City)

NONE

III. D - FTE Detail

NONE

III. E - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B1 - Expenditures by Object Or Purpose (State)

NONE

IV. B2 - Expenditures by Object Or Purpose (County)

NONE

IV. B3 - Expenditures by Object Or Purpose (City)

NONE

IV. C - Capital Budget Breakout

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

NONE

None

179,204.00

Form FN (Rev 1/00)

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 075-Office of the Governor
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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	3.0	3.0	3.0	3.0	3.0
<b>Account</b>					
General Fund-State 001-1	802,000	772,000	1,574,000	1,544,000	1,544,000
<b>Total \$</b>	802,000	772,000	1,574,000	1,544,000	1,544,000

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

☒

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

☐

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

☐

Capital budget impact, complete Part IV.

☒

Requires new rule making, complete Part V.

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Tracy Sayre	Phone: 360-890-5279	Date: 01/19/2023
Agency Approval: Kathy Cody	Phone: (360) 480-7237	Date: 01/19/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/19/2023



## 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.*

The Governor's office assumes that none of the current systems/applications qualify as an automated decision system. In that situation and depending on costs, the Governor's Office could possibly absorb the additional compliance work in those processes, similar with other OCIO technology compliance requirements such as a security design review.

The following measures have a fiscal impact on the Office of Equity within the Governor's office:

#### Section 3:

The office of the State Chief Information Officer (OCIO) shall, in consultation with the Office of Equity adopt guidance for agencies regarding the development, procurement, and use of automated decision systems by a public agency. This guidance must incorporate the minimum standards and procedures set forth in sections 4 and 5 of this Act, with respect to automated decision systems.

The Office of Equity anticipates providing OCIO with consultation on the following Section 3 requirements related to the Office of Equity's duties under RCW 43.06D.040:

(1) Community outreach and engagement: In adopting the guidance, OCIO must consult with representatives of communities whose rights are disproportionately impacted by automated decision systems as demonstrated by current studies.

(2) Agency decision-making: Develop guidance for agencies to use when prioritizing analysis of automated decision systems. The guidance must include a prioritization framework or frameworks for identifying the order in which to examine existing and proposed automated decision systems. This prioritization framework may include criteria such as whether the system: Creates significant effects on identified or identifiable natural persons; affects many people; involves a high risk of error or bias; has been developed without transparency of the information used to develop the algorithm; or has not been independently tested for bias or inaccuracy.

#### Section 4.

Agencies and the OCIO, in consultation with the office of equity, should adopt interim and then long-term prioritization frameworks for allocating resources to examine and address existing and future automated decision systems and to address any deficiencies found in compliance with this section.

The prioritization frameworks should be used in determining the level of resources to be devoted first to examining existing and proposed systems and then to meeting the following requirements of this section.

The Office of Equity anticipates providing OCIO and agencies with consultation on the following Section 4 requirements related to the creation of prioritization frameworks and the Office of Equity's duties under RCW 43.06D.040:

(1) Assessment tools for agencies to use in the development and evaluation of agency programs, services, policies, and budgets:

- As a part of the procurement process, agencies should assess new automated decision systems procured by them. The assessment should include evaluation of the potential impacts of the automated decision system on: (a) The risk to rights and freedoms to an identified or identifiable natural person; (b) the existence or risk of bias or inaccuracy in the results of the system; and (c) whether the workings of the system are transparent to the public.
- Automated decision systems currently in use by the state that produce legal effects on identified or identifiable natural persons should be assessed according to the prioritization framework. The assessment should include the existence or risk of bias or inaccuracy in the results and how transparent the system uses and impacts are to the public.

(2) Data maintenance and accountability:

- Ongoing monitoring or auditing should be performed on automated decision systems that have legal effects on identified or identifiable natural persons to ensure they do not have differential effects on subpopulations that result over time; or discriminate against an individual, or treat an individual less favorably than another, in whole or in part, on the basis of one or more factors enumerated in RCW 49.60.010.17.

(3) Training on maintaining a diverse, inclusive, and culturally sensitive workforce: Agencies should provide training to state employees who develop, procure, operate, or use automatic decision systems as to risk of automation bias.

#### Section 4. (continued)

(1) Equity lens in all aspects of decision making:

- Subject to the staged implementation as outlined in this chapter, a public agency must, at a minimum: Give clear notice in plain language to the people impacted by the automated decision system that includes how people may contest any decision made involving the automated decision system as required pursuant to this section;
- Ensure that with respect to newly acquired automated decision systems and, to the maximum extent practicable with respect to existing automated decision systems, that the system and the data used to develop the system are made freely available by the vendor before, during, and after deployment for agency or independent third-party testing, auditing, or research to understand its impacts, including potential bias, inaccuracy, or disparate impacts, provided that the vendor may specify that an independent third party examining proprietary trade secrets shall reveal only the outcome of the examination, and not the content of the trade secrets;
- Ensure that any decision made or informed by the automated decision system is subject to appeal, immediate suspension if a legal right, duty, or privilege is impacted by the decision, and potential reversal by a human decision maker through a timely process not to exceed 20 days, and clearly described and accessible to people impacted by the decision;
- Ensure the agency can explain the basis for its decision to any impacted people in terms understandable to a layperson including, without limitation, by requiring the vendor to create such an explanation.

#### Section 5.

The Office of Equity anticipates providing agencies with consultation on the following Section 5 requirements related to the prioritization frameworks and the Office of Equity's duties under RCW 43.06D.040:

(1) Equity lens in all aspects of decision making:

- Agencies already using an automated decision system as of the effective date of this section must provide a list of automated decision systems in use to the algorithmic accountability review board by January 1, 2024, and use the prioritization framework established under section 3 of this act or adopt and implement an interim prioritization framework to identify the order in which to complete an algorithmic accountability report on each existing automated decision system by January 1, 2026.
- The list of systems and prioritization frameworks must be available to the public and may include criteria such as whether the system: Creates significant effects on identified or identifiable natural persons; affects many people; involves a high risk of error or bias; has been developed without transparency of the information used to develop the algorithm; or has not been independently tested for bias or inaccuracy.

(2) Assessment tools for agencies to use in the development and evaluation of agency programs, services, policies, and budgets:

- Each algorithmic accountability report must include clear and understandable statements of the following:
  - i. Whether there was an examination of potential inaccuracies or bias, or both created during the system's development, design, or implementation as a result of the nature of the data used to inform the system or the system design
  - ii. Whether the system's decisions intentionally differentially affect members of protected classes, such as by selecting persons with disabilities for certain benefits;

(3) Community outreach and engagement:

- Each algorithmic accountability report must include clear and understandable statements of the following: A description of any public or community engagement held, whether people and communities affected by the system were consulted, what actions were taken in response to public and community input, and any future public or community engagement plans

in connection with the design or use of the automated decision system;

(4) Training on maintaining a diverse, inclusive, and culturally sensitive workforce:

- Each algorithmic accountability report must include clear and understandable statements of the following: How the agency will ensure that all personnel who operate the automated decision system or access its data are properly trained and able to ensure compliance with the use and data management policy prior to the use of the automated decision system;

## Section 7.

The Office of Equity anticipates that agencies will request consulting for the following Section 7 requirement related to the Office of Equity's duties and intent under RCW 43.06D.040:

- Data maintenance and accountability:
  - o Beginning January 1, 2026, agencies shall conduct an annual audit on automated decision systems that have legal effects on people to ensure that they do not have differential effects on subpopulations that result over time and report to the algorithmic accountability review board any findings. The report must include, at minimum: Any systematic issues, such as bias or disproportionate impacts on marginalized or vulnerable communities, raised by use of automated decision system

## 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.*

### Salaries and Benefits:

#### 1.0 Equity & Social Justice Program Manager \$150,000

- Assist OCIO and agencies in developing the capacity to apply an equity lens in all aspects of agency decision-making, including service delivery, program development, policy development, and budgeting related to ADS evaluation and compliance under this bill.
- Facilitate information sharing between agencies around inequities associated with ADS.
- Advising on public or community engagement plans in connection with the design or use of the automated decision system, convening of listening sessions, and other community engagement strategies.
- Developing and providing assessment tools to use in the development and evaluation of agency programs, services, policies, and budgets related to ADS evaluation and compliance under this bill.
- Training agency staff on how to effectively use the assessment tools developed.
- Compiling and creating resources for OCIO and agencies and partners to use as guidance.

#### 1.0 Data Analyst \$138,000

- Develop guidance on ongoing monitoring or auditing that should be performed on automated decision systems that have legal effects on identified or identifiable natural persons to ensure they do not have differential effects on subpopulations that result over time; or discriminate against an individual, or treat an individual less favorably than another, in whole or in part, on the basis of one or more factors enumerated in RCW 49.60.010.17. This may include:
  - o Identifying possible data sources
  - o Identifying proper data collection and analysis methods and processes
- Provide consultation to agencies in their preparation of data to be included in their algorithmic accountability reports.

#### 1.0 Assistant Director, Equity in Artificial Intelligence (A.I.) \$160,000

- Evaluate existing ADS and identify inequities, bias, and their causes.

- Center the voice of people from communities that are marginalized, made vulnerable, or disproportionately impacted by ADS in the development of prioritization frameworks to be used by all state agencies.
- Develop guidance for all agencies to use when prioritizing analysis of automated decision systems that includes a prioritization framework or frameworks for identifying the order in which to examine existing and proposed automated decision systems. The framework will be used to determine the level of resources to be devoted first to examining existing and proposed systems and then to meeting the requirements under this bill.
- Develop a prioritization framework or frameworks that all state agencies can use that may include criteria such as whether the system:
  - o Creates significant effects on identified or identifiable natural persons;
  - o affects many people;
  - o involves a high risk of error or bias;
  - o has been developed without transparency of the information used to develop the algorithm; or
  - o has not been independently tested for bias or inaccuracy
- Develop training on the risk of automation bias that all state agencies can use for state employees who develop, procure, operate, or use ADS.

In addition to above mentioned FTEs: Ten (10) community members compensated at \$100 per meeting @ 12 meetings per year and reimbursement for travel expenses as provided by RCW 43.03.050 and 43.03.060

#### Contracts:

- \$7,000 - Sign language interpretation for virtual meetings: \$200/hr @ 3 hrs @ 12 events) in the event someone needs the service
- \$6,000 - CARTS (closed-captioning) @ 3 hour minimum: \$150/hr @ 3 hrs @ 12 events) in the event someone needs the service
- \$3,000 - Spoken language interpretation): \$80/hr @ 3 hrs @12 events) in the event someone needs the service
- \$1,000 - provide key publications in braille and large print) /best estimate
- \$180,000 - 50,000 words @ \$0.24/word @ 15 (top languages)/for written translation of communications in the event someone needs the service

Goods and services: Based on average employee costs, the Office requests ongoing funding for supplies and materials, communications and telecommunications services, lease space, training, software licensing and maintenance at \$4,000 per year, per FTE.

Travel: Based on average employee travel, the Office requests ongoing funding for travel associated with this position at \$4,000 per year, per FTE.

Capital Outlays: The Office requests one-time funding for adding a new workspace at \$10,000 per FTE. This includes a workstation, furniture, and computer.

#### Shared Service Costs:

The Office of Financial Management provides administrative support for the Office of Financial Management, Office of the Governor, and Office of Independent Investigations. These services include IT support, budget and accounting services, facilities support, and human resource assistance. To fund these shared services, each budgeted FTE is assessed an ongoing cost of \$30,000 and 0.22 of an FTE. Based on the average salary for those providing these services, we estimate the cost for a new FTE at \$140,000 per year including salary, benefits, equipment, and support costs.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	802,000	772,000	1,574,000	1,544,000	1,544,000
Total \$			802,000	772,000	1,574,000	1,544,000	1,544,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	3.0	3.0	3.0	3.0	3.0
A-Salaries and Wages	356,000	356,000	712,000	712,000	712,000
B-Employee Benefits	105,000	105,000	210,000	210,000	210,000
C-Professional Service Contracts	197,000	197,000	394,000	394,000	394,000
E-Goods and Other Services	12,000	12,000	24,000	24,000	24,000
G-Travel	12,000	12,000	24,000	24,000	24,000
J-Capital Outlays	30,000		30,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements	90,000	90,000	180,000	180,000	180,000
T-Intra-Agency Reimbursements					
9-					
Total \$	802,000	772,000	1,574,000	1,544,000	1,544,000

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
Asst Director, Equity in Artificial Intelligence	123,600	1.0	1.0	1.0	1.0	1.0
Data Analyst	105,000	1.0	1.0	1.0	1.0	1.0
Equity & Social Justice Program Manager	115,000	1.0	1.0	1.0	1.0	1.0
Total FTEs		3.0	3.0	3.0	3.0	3.0

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.*

- May require rulemaking for agencies to establish notice and appeal process described in Section 4:
- Ensure that any decision made or informed by the automated decision system is subject to appeal, immediate suspension if a legal right, duty, or privilege is impacted by the decision, and potential reversal by a human decision-maker through a timely process not to exceed 20 days, and clearly described and accessible to people impacted by the decision.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 080-Office of Lieutenant Governor
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## Part I: Estimates

☒ **No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

<b>Legislative Contact:</b> Angela Kleis	<b>Phone:</b> 360-786-7469	<b>Date:</b> 01/12/2023
<b>Agency Preparation:</b> Paul Bitar	<b>Phone:</b> 360-407-8129	<b>Date:</b> 01/13/2023
<b>Agency Approval:</b> Paul Bitar	<b>Phone:</b> 360-407-8129	<b>Date:</b> 01/13/2023
<b>OFM Review:</b> Gwen Stamey	<b>Phone:</b> (360) 790-1166	<b>Date:</b> 01/16/2023

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 is a no fiscal impact bill for the office of the lieutenant governor. The agency does not currently own or plan to use systems with automated decision technology.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 082-Public Disclosure Commission
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Bret Skipworth	Phone: 360-407-8121	Date: 01/18/2023
Agency Approval: Bret Skipworth	Phone: 360-407-8121	Date: 01/18/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 01/20/2023

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.

5356 SB Establishes the guidelines for the procurement and use of automated decision systems by state entities. The various sections of this legislation detail the proper use of automated decision systems and provide legal recourse for those impacted by the misuse of such systems.

The Public Disclosure Commission does not use automated decision systems and has no plans to procure any such system in the future. Therefore, no fiscal impact is expected to result from this legislation.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 083-Washington State Leadership Board
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Bitar Paul	Phone: (360) 407-8129	Date: 01/13/2023
Agency Approval: Bitar Paul	Phone: (360) 407-8129	Date: 01/13/2023
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/16/2023

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 would not have a fiscal impact on the Washington State Leadership Board, because the agency does own or plan to use automated decision systems.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 085-Office of the Secretary of State
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## Part I: Estimates

☒ **No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

<b>Legislative Contact:</b> Angela Kleis	<b>Phone:</b> 360-786-7469	<b>Date:</b> 01/12/2023
<b>Agency Preparation:</b> Mike Woods	<b>Phone:</b> (360) 704-5215	<b>Date:</b> 01/23/2023
<b>Agency Approval:</b> Mike Woods	<b>Phone:</b> (360) 704-5215	<b>Date:</b> 01/23/2023
<b>OFM Review:</b> Gwen Stamey	<b>Phone:</b> (360) 790-1166	<b>Date:</b> 01/24/2023



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.

Section 1 – Findings. The legislature finds that automated decision systems are rapidly being adopted to make or assist in core decisions in a variety of government functions; and intends to ensure the fair, transparent, and accountable use of these systems.

Section 2 – Definitions. An automated decision system means any algorithm, including one incorporating machine learning or other artificial intelligence techniques.

Section 3 – By January 1, 2023 the Washington state Chief Information Officer (CIO) shall adopt rules regarding the development, procurement, and used of automated decision systems by a public agency. The rules must incorporate the standards in Sections 4 and 5.

Section 4 – Sets standards to an agency’s development, procurement, or use of an automated decision system.

Section 5 – Agencies already using automated decisions systems must provide a list of such systems to the algorithmic accountability review office by January 1, 2024.

Section 6 – Creates the Algorithmic Accountability Review Board within the Office of the Chief Information Officer.

Section 7 – Beginning December 1, 2023 and updated not less than quarterly, each algorithmic accountability review office shall make available on its website an inventory of all algorithmic accountability reports on automated decision systems that have been proposed for or are being used. Additional reporting requirement are in place beginning January 1, 2024.

Section 8 – Any person who is injured by a material violation of this chapter may institute proceedings against an agency for injunctive relief.

Section 11 – Emergency clause.

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.

No fiscal impact to the Office of the Secretary of State (OSOS).

At this time, OSOS does not use any automated decision making systems; nor are there any plans to develop or procure such systems. Therefore this bill would not require additional actions on the part of the agency.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*  
NONE

**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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 086-Governor's Office of Indian Affairs
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Seth Flory	Phone: 360-407-8165	Date: 01/17/2023
Agency Approval: Seth Flory	Phone: 360-407-8165	Date: 01/17/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/18/2023

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.

Senate Bill 5356 seeks to establish guidelines to protect consumers, improve transparency, and create more market predictability when state agencies procure and utilize automated decision systems.

The Governor's Office of Indian Affairs (GOIA) does not use automated decision systems and has no plans to procure any such system in the future. Therefore, no fiscal impact to the agency is expected to result from the adoption of this legislation.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 087-Commission on Asian Pacific American Affairs
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## Part I: Estimates

☒ **No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

<b>Legislative Contact:</b> Angela Kleis	<b>Phone:</b> 360-786-7469	<b>Date:</b> 01/12/2023
<b>Agency Preparation:</b> Lisa Piper	<b>Phone:</b> 3605843009	<b>Date:</b> 01/18/2023
<b>Agency Approval:</b> Lisa Piper	<b>Phone:</b> 3605843009	<b>Date:</b> 01/18/2023
<b>OFM Review:</b> Amy Hatfield	<b>Phone:</b> (360) 280-7584	<b>Date:</b> 01/18/2023

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.

The purpose of this bill is to establish guidelines for government procurement and use of automated decision systems to protect consumers, improve transparency, and create more market predictability. This bill adds a new section to chapter 49.60 RCW and adds a new chapter to Title 43 RCW and declares an emergency.

Section 1 (3) indicates that automated decision systems can cause a lack of governmental transparency and accountability. To promote good governance, Section 1 (6) indicates that agencies must consider whether the technology they use improperly advantages or disadvantages Washington residents.

Section 2 (1) defines “agency” as any state executive office, agency, department, board, commission, committee, educational institution, or other state agency created by or pursuant to statute other than courts and the legislature. Section 2 (5)(a) defines “automated decision system” as any algorithm that uses data-based analysis or calculations to support government decisions, judgments, or conclusions that cause a Washington resident or business to be treated differently than another Washington resident or business or results in statistically significant disparities. Section 2 (6) defines “automated final decision system” as an automated decision system that makes final decisions, judgments, or conclusions without human intervention. Section 2 (7) defines “automated support decision system” as an automated decision system that provides information to inform the final decision, judgment, or conclusion of a human decision maker.

Section 4 outlines the types of automated decision systems: 1) those that are already in place; 2) those being developed by the agency for use; and 3) those that are being considered for use by the agency. The Commission on Asian Pacific American Affairs does not currently use, is not developing for use, and is not considering for use such a system that will replace the agency’s final decision-making process as outlined in Section 2 (5)(a), Section 2 (6), and Section 2 (7). Therefore, there is no fiscal impact to Commission on Asian Pacific American Affairs’ budget.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

**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.*



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 090-Office of State Treasurer
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 01/18/2023
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 01/18/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/18/2023

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.

SB 5356 addresses automated decision systems.

There is no fiscal impact to the office; we do not own or use systems with automated decision technology.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 095-Office of State Auditor
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Charleen Patten	Phone: 564-999-0941	Date: 01/17/2023
Agency Approval: Janel Roper	Phone: 564-999-0820	Date: 01/17/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/20/2023

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.

The State Auditor's Office (SAO) does not anticipate this bill having a direct impact related to Automated Decision Systems (ADS) as currently SAO does not use any ADS. An ADS implementation in our environment isn't likely to fall within the definition in this bill OR would be used as a support system for decision making not final decision making.

While the bill requires the algorithmic accountability review board to conduct audits, there may be potential for additional work by the SAO. Any additional audit work related to this legislation would be billed to the government involved.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 100-Office of Attorney General
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Legal Services Revolving Account-State 405-1	130,000	98,000	228,000	206,000	196,000
<b>Total \$</b>	130,000	98,000	228,000	206,000	196,000

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.9	0.7	0.8	0.7	0.7
<b>Account</b>					
Legal Services Revolving Account-State 405-1	130,000	98,000	228,000	206,000	196,000
<b>Total \$</b>	130,000	98,000	228,000	206,000	196,000

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Amy Flanigan	Phone: 509-456-3123	Date: 01/18/2023
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 01/18/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/19/2023

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.

Section 1 – New Section – Findings/Intent – Automated decision systems are rapidly being adopted and Washington as a technology leader is in a position to create frameworks for regulations to ensure fair, transparent, and accountable use of the systems.

Section 2 – New Section – Definitions.

Section 3 – New Section – Office of the Chief Information Officer (OCIO) shall consult with Office of Equity to adopt guidance for use of automated decision systems by state agencies, to include minimum standards.

Section 4 – New Section – Provisions regarding a public agency’s development, procurement or use of an automated decision system. Includes rules for when and how an agency can use an automated decision system. Requires agency’s to follow conditions set forth in a relevant approved algorithm accountability report. Also sets for contractual requirements.

Section 5 – New Section – Agencies using these systems prior to the effective date of legislation must provide a list of said systems to accountability review office by January 1, 2024. Requires algorithmic accountability report and sets out what information must be in that report. Also sets rules for what agencies must do with regard to using these systems based upon the date they intend to start using them.

Section 6 – New Section – Creates algorithmic accountability review board within the OCIO. Sets out how the board is set up and how staff support will be provided.

Section 7 – New Section – Requirements for algorithmic accountability office reports to be filed and made publicly available. Also sets forth audit requirements.

Section 8 – New Section – Permits person injured by use of these types of systems to institute proceedings against the public agency. If the person is successful they can recover attorney’s fees and costs.

Section 9 – New section added to chapter 49.60 RCW making it an unfair practice for this type of system to discriminate against individuals.

Section 10 – New Section – Section 1-8 are new chapters.

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.

Cash receipts are assumed to equal the Legal Services Revolving Account (LSRA) cost estimates. These will be billed through the revolving account to the client agency.

The client agencies are the Department of Children, Youth, and Families (DCYF), Employment Security Department (ESD), Office of the Chief Information Officer (OCIO), and Washington Technology Solutions (WaTech).The Attorney General’s Office (AGO) will bill all clients for legal services rendered.

These cash receipts represent the AGO’s authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agencies’ fiscal note. Appropriation authority is necessary in the AGO budget.



## AGO AGENCY ASSUMPTIONS:

DCYF will be billed for non-Seattle rates:

FY 2024: \$23,000 for 0.09 FTE Assistant Attorney General (AAG), and 0.05 FTE Legal Assistant 3 (LA).

FY 2025: \$17,000 for 0.07 FTE AAG, and 0.04 FTE LA, and in each FY thereafter.

ESD will be billed for non-Seattle rates:

FY 2024: \$43,000 for 0.17 FTE AAG, and 0.09 FTE LA.

FY 2025: \$17,000 for 0.07 FTE AAG, and 0.04 FTE LA.

FY 2026: \$27,000 for 0.11 FTE AAG, and 0.08 FTE LA.

FY 2027: \$17,000 for 0.07 FTE AAG, and 0.04 FTE LA, and in each FY thereafter.

OCIO will be billed for non-Seattle rates:

FY 2024: \$33,000 for 0.13 FTE AAG, and 0.07 FTE LA, and in each FY thereafter.

WaTech will be billed for non-Seattle rates:

FY 2024: \$31,000 for 0.12 FTE AAG, and 0.06 FTE LA, and in each FY thereafter.

## 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.*

Attorney General's Office (AGO) Agency Assumptions:

This bill is assumed effective 90 days after the end of the 2023 legislative session.

Location of staffing housed is assumed to be in a non-Seattle office building.

Total workload impact in this request includes standard assumption costs for goods & services, travel, and capital outlays for all FTE identified.

Agency administration support FTE are included in the tables, for every 1.0 FTE Assistant Attorney General (AAG), the AGO includes 0.5 FTE for a Legal Assistant 3 (LA) and 0.25 FTE of a Management Analyst 5 (MA). The MA is used as a representative classification.

1. The AGO Children, Youth, and Families (CYF) Division has reviewed this bill and determined the following impact related to the enactment of this bill:

The Department of Children, Youth, and Families (DCYF) uses automated decision systems that include information on at least some of the factors enumerated in RCW 49.60.010: race, creed, color, national origin, citizenship or immigration status, families with children, sex, marital status, sexual orientation, age, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability. For example, DCYF Juvenile Rehabilitation uses automated decision systems to assess risk related to community placement and release, which may include some of these factors. In addition, DCYF is also in the process of attempting to procure an update to its child welfare case management system, which DCYF uses to inform decisions about employment, licensing, and placement, among other decisions. The bill may impact DCYF's ability to use this system.

Given that the bill appears to prohibit DCYF from using systems that they currently rely upon unless the system utilizes a criterion specifically mandated by state or federal law or regulation, we estimate 10 hours of additional advice for DCYF's Juvenile Rehabilitation the first year of implementation, after which the amount of work would be much less substantial.

Given that the bill appears to impact DCYF's procurement of a new child welfare tracking system, we estimate no less than 40 hours of additional legal advice for DCYF during the first year of implementation. After that, we estimate 10 hours of additional advice annually, depending on the vendor and DCYF's current Information Technology (IT) infrastructure.

Given the broad definition of "automated decisions system" in this bill and the large number of assessment tools used by DCYF, we estimate that one legal action under Section 8 will be filed each year, requiring 120 AAG hours to defend due to the technical subject matter.

CYF total FTE workload impact for non-Seattle rates:

FY 2024: \$23,000 for 0.09 FTE AAG, and 0.05 FTE LA.

FY 2025: \$17,000 for 0.07 FTE AAG, and 0.04 FTE LA, and in each FY thereafter.

2. The AGO Licensing and Administrative Law (LAL) Division has reviewed this bill and determined the following impact related to the enactment of this bill:

The Employment Security Department (ESD) will require substantial advice concerning which of its systems are subject to the requirements of the bill, and if so, the associated impact. Potential units of ESD or systems impacted include: Information Technology division/Data Architecture, Transformation & Analytics division/Next Generation Tax System/Unemployment Tax and Benefits system/Paid Family and Medical Leave system/fraud unit/data privacy unit/contracts unit, and advice will need to be provided as to each area and all areas in coordination.

Many of the bill provisions are ambiguous and subject to different interpretations. As such, ESD will require advice concerning its input on Office of the Chief Information Officer (OCIO) rulemaking and processes for bill implementation.

Depending on bill interpretation and OCIO rulemaking, ESD may need to alter its systems or processes, may need to increase its staffing, may need to revise contents of claim determinations, and will require legal advice concerning interaction of the bill's requirements with state and federal law for ESD programs. ESD may need to engage with the U.S. Department of Labor and legal advocates on these issues and may require associated legal advice.

ESD may be involved in litigation for claims under Section 8, or related to confidentiality, privacy, and security issues raised by Section 5. ESD's advice needs will likely be highest in the initial year of implementation, in FY 2024, and when it prepares its algorithm accountability reports, in FY 2026. Direct litigation costs and paralegal services are expected to be nominal and thus not included.

LAL assumes the enactment of this bill will likely not impact the provision of legal services to the Liquor and Cannabis Board, Lottery Commission, Environmental and Land Use Hearing Office, Columbia River Gorge Commission, Board of Industrial Insurance Appeals, Board of Accountancy, Board of Registration for Professional Engineers and Land Surveyors. These agencies either do not currently use, or have plans to procure any systems that may meet the definition of "automated decision system" or "automated final decision system." Due to the broad language used in the bill, and potential adoption of rules by the OCIO pursuant to Section 3, further review may be warranted, new legal services are nominal and costs are not included in this request.

LAL assumes the enactment of this bill will likely not impact the provision of legal services to the Department of Licensing (DOL). DOL utilizes three systems (DRIVES, POLARIS, and GenTax), which could potentially meet the definition of "automated decision system" or "automated final decision system" with respect to its drivers licensing, licensing and registration of vehicles, and licensing of businesses and professions. DOL assumes no changes or updates to systems or

existing contracts without further clarity. Due to the broad language used in the bill, fiscal impact may be discovered at a later date following full review of each of the agency’s systems and applications and potential adoption of rules by the OCIO pursuant to Section 3, new legal services are nominal and costs are not included in this request.

LAL total FTE workload impact for non-Seattle rates:

FY 2024: \$43,000 for 0.17 FTE AAG, and 0.09 FTE LA.  
 FY 2025: \$17,000 for 0.07 FTE AAG, and 0.04 FTE LA.  
 FY 2026: \$27,000 for 0.11 FTE AAG, and 0.08 FTE LA.  
 FY 2027: \$17,000 for 0.07 FTE AAG, and 0.04 FTE LA, and in each FY thereafter.

3. The AGO Transportation and Public Construction (TPC) Division has reviewed this bill and determined the following impact related to the enactment of this bill:

TPC AAG would need to be on hand to staff the open meetings and provide Open Public Meetings Act, Public Records Act and related advice. Legal support likely would be necessary to provide help to the Board in creating its governing documents and in advising the Board on its statutory powers and duties. No litigation costs are included.

TPC total FTE workload impact for non-Seattle rates:

FY 2024: \$64,000 for 0.25 FTE AAG, and 0.13 FTE LA, and in each FY thereafter.

4. The Government Compliance & Enforcement (GCE) Division has reviewed this bill and determined there will be no fiscal impact due to the enactment of this bill:

GCE provides legal advice to the State Auditor, Secretary of State, Insurance Commissioner, Gambling Commission, Horse Racing Commission, Arts Commission and Board of Tax Appeals. These clients have confirmed that they are not currently using and do not plan on using automated decision systems as defined in this bill. As a result, we do not anticipate any impact on legal services from this bill.

GCE provides legal advice to the Department of Financial Institutions (DFI). DFI presently utilizes automated decision making systems as a part of their subscription to multi-state regulatory and licensing systems. However, they do not anticipate any increased legal advice needs as a result of this bill and we concur.

GCE provides legal advice to the Public Disclosure Commission, Human Rights Commission, Office of Minority and Women’s Business Enterprises, Washington State Historical Society, Forensics Investigation Council, Public Employment Relations Commission, Commission on Asian Pacific America Affairs, Commission on African American Affairs, Commission on Hispanic Affairs and the Office of Independent Investigations. We assume these clients do not utilize automated decision making systems at present and do not intend to do so in the future. As a result, the provisions of this bill would not result in any increased legal advice needs.

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
405-1	Legal Services	State	130,000	98,000	228,000	206,000	196,000
	Revolving Account						
Total \$			130,000	98,000	228,000	206,000	196,000

**III. B - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.9	0.7	0.8	0.7	0.7
A-Salaries and Wages	86,000	64,000	150,000	135,000	128,000
B-Employee Benefits	28,000	22,000	50,000	46,000	44,000
E-Goods and Other Services	16,000	12,000	28,000	25,000	24,000
<b>Total \$</b>	130,000	98,000	228,000	206,000	196,000

**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
Assistant Attorney General	118,700	0.5	0.4	0.5	0.4	0.4
Legal Assistant 3	55,872	0.3	0.2	0.2	0.2	0.2
Management Analyst 5	91,524	0.1	0.1	0.1	0.1	0.1
<b>Total FTEs</b>		0.9	0.7	0.8	0.7	0.7

**III. D - Expenditures By Program (optional)**

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Children Youth and Families (CYF)	23,000	17,000	40,000	34,000	34,000
Licensing & Administrative Law Division (LAL)	43,000	17,000	60,000	44,000	34,000
Transportation & Public Construction Division (TPC)	64,000	64,000	128,000	128,000	128,000
<b>Total \$</b>	130,000	98,000	228,000	206,000	196,000

**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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 101-Caseload Forecast Council
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Elaine Deschamps	Phone: 360-664-9371	Date: 01/13/2023
Agency Approval: Elaine Deschamps	Phone: 360-664-9371	Date: 01/13/2023
OFM Review: Cynthia Hollimon	Phone: (360) 810-1979	Date: 01/16/2023

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 has no fiscal impact on the Caseload Forecast Council (CFC). The CFC does not currently employ any automated decision systems and is unlikely to ever do so. If in the future the CFC were to plan the implementation of an automated decision system, the CFC would adhere to the provisions of the bill within existing resources.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 102-Department of Financial Institutions
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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	0.1	0.0	0.1	0.0	0.0
<b>Account</b>					
Financial Services Regulation Account-Non-Appropriated 300 -6	16,242	0	16,242	0	0
<b>Total \$</b>	16,242	0	16,242	0	0

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Emily Fitzgerald	Phone: (360) 902-8780	Date: 01/18/2023
Agency Approval: Levi Clemmens	Phone: (360) 902-8818	Date: 01/18/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/24/2023



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 Legislation establishes guidelines for government procurement and use of automated decision systems in order to protect consumers, improve transparency, and create more market predictability.

Section 2 defines "automated decision system" to include any algorithm that uses data-based analysis or calculations to make or support government decisions, judgments, or conclusions. The Department of Financial Institutions (DFI) assumes that it currently utilizes several systems which would fit this definition, but that none of these systems would be deemed "high-risk" pursuant to the prioritization framework established in section 3(2).

Section 4(8) requires a public agency that uses an automated decision system to give notice to any individual impacted by the system.

Section 5(1) outlines the expectations for the algorithmic accountability reports required to be submitted to the OCIO for each automated decision making system.

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.

DFI subscribes to several multi-state regulatory and licensing systems. The use of these systems provides our licensees with uniformity and reciprocity across states.

Section 4(8) requires any public agency that uses an automated decision system to give notice to any individual impacted by the automated decision system. It is assumed that notification by letter or email would be enough to fulfill this requirement. The total cost of this notification process is expected to be minimal and can be absorbed.

Section 5(1) lists the requirements for the algorithmic accountability reports which would be submitted to the OCIO for each automated decision making system used by an agency. Completion of these reports will require a thorough evaluation of the agency's systems, a detailed review of the agency's contracts with the vendors who manage these systems, and extensive communication between vendors and agency staff. DFI assumes that this effort would require 0.1 FTE of a Senior IT Security Specialist. It is assumed that this work would be completed in Fiscal Year 2024.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
300-6	Financial Services Regulation Account	Non-Appropriated	16,242	0	16,242	0	0
Total \$			16,242	0	16,242	0	0

**III. B - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1		0.1		
A-Salaries and Wages	11,024		11,024		
B-Employee Benefits	3,718		3,718		
C-Professional Service Contracts					
E-Goods and Other Services	1,500		1,500		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	16,242	0	16,242	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
Senior IT Security Specialist	110,244	0.1		0.1		
<b>Total FTEs</b>		0.1		0.1		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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 103-Department of Commerce
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## Part I: Estimates

☐

No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

☒

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

☐

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

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Darrell Stoa	Phone: (360) 725-2723	Date: 01/19/2023
Agency Approval: Jason Davidson	Phone: 360-725-5080	Date: 01/19/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 01/20/2023

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.

Section 5 requires agencies already using an automated decision system as of the effective date of this section to use the prioritization framework established under section 3 of this act or adopt and implement an interim prioritization framework to identify the order in which to complete an algorithmic accountability report on each existing automated decision system by January 1, 2026. The requirements of the algorithmic accountability report are listed.

Section 6 adds a new section establishing the Algorithmic Accountability Review Board.

Section 8 states that any person who is injured by a material violation of this chapter may institute proceedings against the public agency deploying the automated decision system in a court of competent jurisdiction and if successful shall be entitled to recover their reasonable attorneys' fees and costs.

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.

The costs of implementation are indeterminate until additional information is available to effectively scope the workload in assessing if current systems meet the definition of automated decision system in the department.

FOR ILLUSTRATIVE PURPOSES ONLY:

2.0 FTE IT Business Analysts - Journey (4,176 hours) in FY24 to conduct a review of the department's current technology systems to determine if they meet criteria stated in Section 5(1) of this legislation.

Salaries and Benefits:

FY24: \$265,418

Goods and Other Services:

FY24: \$25,164

Intra-agency Reimbursements:

FY24: \$ 90,242

Note: Standard goods and services costs include supplies and materials, employee development and training. Attorney General costs, and agency administration. Intra-agency administration Reimbursement-Agency administrations costs (e.g., payroll, HR, IT are funded under a federally approved cost allocation plan.

=====  
Total Cost:

FY24: \$380,824

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 104-Economic and Revenue Forecast Council
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Seth Flory	Phone: (360) 407-8165	Date: 01/17/2023
Agency Approval: Seth Flory	Phone: (360) 407-8165	Date: 01/17/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 01/20/2023

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.

Senate Bill 5356 seeks to establish guidelines to protect consumers, improve transparency, and create more market predictability when state agencies procure and utilize automated decision systems.

The Economic and Revenue Forecast Council (ERFC) does not use automated decision systems and has no plans to procure any such system in the future. Therefore, no fiscal impact to the agency is expected to result from the adoption of this legislation.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 105-Office of Financial Management
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## Part I: Estimates

☒ **No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

<b>Legislative Contact:</b> Angela Kleis	<b>Phone:</b> 360-786-7469	<b>Date:</b> 01/12/2023
<b>Agency Preparation:</b> Keith Thunstedt	<b>Phone:</b> 360-810-1271	<b>Date:</b> 01/19/2023
<b>Agency Approval:</b> Kathy Cody	<b>Phone:</b> (360) 480-7237	<b>Date:</b> 01/19/2023
<b>OFM Review:</b> Cheri Keller	<b>Phone:</b> (360) 584-2207	<b>Date:</b> 01/19/2023

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.

Section 4 requires agencies and the State Chief Information Officer (OCIO), in consultation with the Office of Equity to adopt interim and then long-term prioritization frameworks for allocating resources to examine and address existing and future automated decision systems. As part of the procurement process, agencies should assess new automated systems and evaluate the risk to rights and freedoms to an identified or identifiable person, the existence or risk of bias or inaccuracy in the results of the system, and whether the workings of the system are transparent to the public.

None of OFM's current systems/applications qualify as an automated decision system.

All the other requirements in the bill would only have an impact if OFM decided to develop or procure an automated decision system. In that situation and depending on costs, OFM possibly could absorb the additional compliance work in those processes, similar with other OCIO technology compliance requirements such as a security design review.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

Revised

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 110-Office of Administrative Hearings
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

### Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 01/16/2023
Agency Approval: Deborah Feinstein	Phone: 360-407-2717	Date: 01/16/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/16/2023

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.

There are several provisions in this bill that could have fiscal impact for the Office of Administrative Hearings (OAH).

First, OAH will do a review of our systems to determine which would fall under the provisions of this bill.

Second, to the extent that referring agencies make decisions relating to the cessation or continued use of automated systems that are subject to administrative adjudication, additional appeals might be referred to OAH.

Third, Section 4(8)(c) calls for due process protections including appeals from automated decisions. If these appeals are referred to OAH, there would be a fiscal impact.

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.

As a central service agency, OAH bills referring agencies for its costs and collects the revenue into the Administrative Hearings Revolving Account. Cash receipts are assumed to equal costs that can be attributed to specific referring agencies. OAH will bill for the costs attributable to specific agencies related to this proposed legislation.

These cash receipts represent the OAH’s authority to bill and are not a direct appropriation to OAH. Appropriation authority is necessary in OAH’s budget.

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.

As described above, there are a number of provisions of this legislation that could impact costs for OAH. The amounts are indeterminate at this time.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.  
NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 116-State Lottery
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: John Iyall	Phone: 360-810-2870	Date: 01/18/2023
Agency Approval: Josh Johnston	Phone: 360-810-2878	Date: 01/18/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 01/20/2023

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.

5356 SB establishes guidelines for government procurement and use of automated decision systems.

Washington's Lottery does not currently have any automated decision-making programs as we understand them to be defined in Section 2. However, due to the broad language used in the bill, fiscal impact may be discovered at a later date following full review of each of the Lottery's systems as described in sections 4 and 5, and application of the guidance promulgated by the office of the state chief information officer pursuant to section 3.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 117-Washington State Gambling Commission
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## Part I: Estimates

☒ **No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

<b>Legislative Contact:</b> Angela Kleis	<b>Phone:</b> 360-786-7469	<b>Date:</b> 01/12/2023
<b>Agency Preparation:</b> Kriscinda Hansen	<b>Phone:</b> 360-486-3489	<b>Date:</b> 01/18/2023
<b>Agency Approval:</b> Kriscinda Hansen	<b>Phone:</b> 360-486-3489	<b>Date:</b> 01/18/2023
<b>OFM Review:</b> Gwen Stamey	<b>Phone:</b> (360) 790-1166	<b>Date:</b> 01/20/2023

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.

No fiscal impact. The Gambling Commission does not currently use automated decision systems, nor do they have plans to develop or procure an automated decision system.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 118-Commission on Hispanic Affairs
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Paul Bitar	Phone: 360-407-8129	Date: 01/13/2023
Agency Approval: Paul Bitar	Phone: 360-407-8129	Date: 01/13/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/16/2023

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 is a no fiscal impact bill for the Commission on Hispanic Affairs. The agency does not currently own or plan to use systems with automated decision technology.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 119-Commission on African-American Affairs
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Paul Bitar	Phone: 360-407-8129	Date: 01/13/2023
Agency Approval: Paul Bitar	Phone: 360-407-8129	Date: 01/13/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/16/2023



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 is a no fiscal impact bill for the Commission on African American Affairs. The agency does not currently own or plan to use systems with automated decision technology.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 120-Human Rights Commission
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Andreta Armstrong	Phone: (360) 753-2558	Date: 01/18/2023
Agency Approval: Diann Lewallen	Phone: 360-407-8121	Date: 01/18/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/18/2023

## 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 establishes the guidelines for the procurement and use of automated decision systems by public entities.

The various sections of this legislation detail the proper transparency, oversight and safeguards of such systems. A public agency may not develop, procure, or use an automated decision system that discriminates against an individual, or treats an individual less favorably than another based on protected class.

The Human Rights Commission does not use automated decision systems.

Section 9 makes it an unfair practice under RCW 49.60 for an automated decision system to discriminate against any individual, or to treat an individual less favorably than another, in whole or in part, on the basis of one or more factors enumerated in RCW 49.60.010. The Human Rights Commission enforces RCW 49.60 and investigates allegations of unfair practices under RCW 49.60. Thus, if a person believed that they were discriminated against by a public entity due to the use of an automated decision system, that person could file a discrimination complaint with the Human Rights Commission and this agency would investigate that complaint. That is true currently, as well as under this bill. Because this bill does not add to the enforcement authority of the Human Rights Commission, and we do not anticipate that there will be additional cases filed under this bill, there is no fiscal impact.

Adverse employment decisions that are made on the basis of a person's protected class, no matter by what method those decisions are arrived at, are already illegal under RCW 49.60, and are investigated by this agency. Under this bill, automated systems could include those utilized in hiring and promotional decisions, as well as possibly for layoff decisions; if the data or screening results in an adverse employment action because of a person's protected class, that action is prohibited. In most situations that this agency investigates, a person, and not a system, is making the ultimate decisions about employment actions, and if that person's biases affect their decisions and an intentional decision is made based on protected class, that type of decision is prohibited; these claims fall within the disparate treatment theory of discrimination - one person is treated less favorably than another person based on protected class status. This agency investigates those claims.

When an automated system is creating employment data that is used to make employment actions, there are presumably no personal biases or discriminatory intent. Rather the system has been set up in such a way that it causes more of a negative impact on one group of persons than another. This theory of discrimination is disparate impact discrimination - a neutral rule or policy has a different and negative impact on a particular protected class. As noted above, this type of discrimination is already illegal under RCW 49.60 and this agency could currently investigate such a claim. This agency very rarely receives a claim of disparate impact discrimination. There is no information available that would indicate that this bill would increase the number of disparate impact claims filed, since claimants already have the opportunity to file claims such as outlined in this bill. Thus, there is no fiscal impact.

### 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.*

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 124-Department of Retirement Systems
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Department of Retirement Systems Expense Account-State 600-1		1,506,000	1,506,000		
<b>Total \$</b>		1,506,000	1,506,000		

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.6	0.0	0.8	0.0	0.0
<b>Account</b>					
Department of Retirement Systems Expense Account-State 600-1	760,000	746,000	1,506,000	95,000	0
Deferred Compensation Administrative Account-Non-Appropriated 888 -6	32,000	31,000	63,000	4,000	0
<b>Total \$</b>	792,000	777,000	1,569,000	99,000	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Jay Walsh	Phone: 360-664-7266	Date: 01/18/2023
Agency Approval: Mark Feldhausen	Phone: 360-664-7194	Date: 01/18/2023
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 01/19/2023

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 establishes new requirements for how public agencies will develop, procure or use automated decision systems (ADS). The intention of this bill is to bring transparency, fairness and accountability around use of these specific systems while reducing automation bias, differential treatment, and statistically significant disparities in providing equitable services and benefits to Washington residents.

Section 2(5) defines an ADS as any algorithm, including one incorporating machine learning or other artificial intelligence techniques, that uses data-based analysis or calculations to make or support government decisions, judgments, or conclusions that cause a Washington resident or business to be treated differently than another Washington resident or business or results in statistically significant disparities with other classes of persons or businesses in the nature or amount of governmental interaction with that individual or business including, without limitation, benefits, protections, procurement processes, required payments, penalties, regulations, or timing, application, or process requirements.

Section 3(1) states that BY JANUARY 1, 2023, the Office of the Chief Information Officer (OCIO) will adopt guidance for agencies regarding the development, procurement and use of ADS’s. Additionally, they will develop guidance for agencies to use when prioritizing analysis of ADS’s.

Section 4(1) of this bill calls for each public agency to develop priorities and timelines for compliance and minimum standards for the development, procurement and use of an ADS. Agencies will adopt interim and long-term prioritization frameworks for allocating resources to address existing and future ADS with the OCIO.

Section 5(1) requires that agencies already using an ADS as of the effective date of this section must provide a list of their ADS’s to the algorithmic accountability review board by January 1, 2024, and use the prioritization framework established under section 3 of this act or adopt and implement an interim prioritization framework to identify the order in which to complete an algorithmic accountability report on each existing ADS by January 1, 2026.

Section 5(2): Requires agencies that are newly developing or procuring an ADS for use between the effective date and January 1, 2026, as a condition of the system’s use, at least one month before procurement or development of the system, the algorithmic accountability report must be produced and filed with OCIO/OoE.

Failure to complete an algorithmic accountability report for each ADS that is already in use will result in the public agency ceasing use of the unevaluated system until the agency can be granted an extension or produce the report, as mentioned in section 5(1)(f).

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.

If it is determined that the public pension administration systems administered by the Department of Retirement Systems (DRS) are automated decision systems, the implementation cost in the 2023-25 biennium will likely require an increase in DRS’ administrative fee paid by public employers in FY 2025.

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.

The Department of Retirement Systems (DRS) does not believe that the public pension administration systems used by the

agency meet the intent or definition of automated decision systems in SB 5356. This fiscal note, however, reflects the potential cost if it is subsequently determined, possibly as a result of the additional guidance that will be developed in response to Section 3, that DRS must produce the documentation required by Sections 4 and 5.

While DRS' systems calculate pension benefits for retirees and beneficiaries, benefit options are provided to the member and the selection of retirement benefit is made solely by the member to which the benefit is due. Additionally, all calculations for benefits are based on criterion specifically authorized or mandated by state or federal law or regulation.

Furthermore, DRS only collects demographic data necessary to accurately calculate a member's benefit in accordance with the law. At this time, that is date of birth and gender, the latter of which isn't used to calculate a member's benefits but as a data element for actuarial analyses performed by the Office of the State Actuary. DRS does not collect or use any demographic data for ultimately determining the differential treatment of an individual as a result of systematically incorporated assumptions of unfounded, harmful stereotypes.

Should a subsequent interpretation of the broad scope and definitions of the bill determine that the DRS must produce an algorithmic accountability report, the full extent of this bill, when applied to the agency's systems, would still be indeterminate as the guidance for agencies required by Section 3 has yet to be developed and the agency is in the process of procuring a new pension administration system.

This fiscal note reflects an estimate based on a scenario that includes the following assumptions:

- The review and compliance tasks would require the work of one full-time Business Systems Analyst (BSA) for the initial inventorying and assessment of systems that are in use by the department, and to support ongoing reporting to the OCIO.
- The review, evaluation, production, and submission of the algorithmic accountability report of the department's systems requires the work of contracted technical professionals to conduct research and document existing system calculations.
- The review, evaluation, production, and submission of the algorithmic accountability report for DRS' Record Keeper system would require a contract amendment and services from the record keeper to conduct research and document existing system calculations.
- In addition, DRS is currently procuring a new pension administration solution, which is DRS' primary system for calculating benefits. A contract for this new solution is expected to be in place no later than June of 2023. Based on the timeline, the scope of that project would need to be expanded to include documenting all of the required elements necessary to prepare an algorithmic accountability report prior to go-live. Special AAG services would be used to amend the contract
- This work would begin on July 1, 2023, and be an ongoing effort through January 2026.

## 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	760,000	746,000	1,506,000	95,000	0
888-6	Deferred Compensation Administrative Account	Non-Appropriated	32,000	31,000	63,000	4,000	0
<b>Total \$</b>			<b>792,000</b>	<b>777,000</b>	<b>1,569,000</b>	<b>99,000</b>	<b>0</b>

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.



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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.6		0.8		
A-Salaries and Wages	159,000	150,000	309,000	75,000	
B-Employee Benefits	51,000	48,000	99,000	24,000	
C-Professional Service Contracts	577,000	579,000	1,156,000		
E-Goods and Other Services	5,000		5,000		
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-					
<b>Total \$</b>	792,000	777,000	1,569,000	99,000	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### 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
Contracts/Rules	86,940	0.1		0.1		
IT Business Analyst-Journey	96,888	1.5		0.8		
<b>Total FTEs</b>		1.6		0.8		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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 126-State Investment Board
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Celina Verme	Phone: (360) 956-4740	Date: 01/13/2023
Agency Approval: Allyson Tucker	Phone: 360-956-4710	Date: 01/13/2023
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 01/13/2023

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.

No fiscal impact. The State Investment Board does not currently own systems with automated decision technology.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

☐

No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
<b>Account</b>					
GF-STATE-State 001-1	16,500	115,500	132,000	231,000	231,000
<b>Total \$</b>	16,500	115,500	132,000	231,000	231,000

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

☒

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

☐

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

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Angela Kleis	Phone: 603-786-7469	Date: 01/12/2023
Agency Preparation: Melissa Howes	Phone: 603-534-1518	Date: 01/25/2023
Agency Approval: Valerie Torres	Phone: 603-534-1521	Date: 01/25/2023
OFM Review: Cheri Keller	Phone: (603) 584-2207	Date: 01/26/2023

Request # 5356-1-1

## 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 fiscal note only addresses sections 4, 5, and 7 through 9 of the bill, which impact the Department of Revenue (department).

#### CURRENT LAW:

The development, procurement, and use of automated decision systems by government agencies is unregulated.

#### PROPOSAL:

By January 1, 2023, the office of the state chief information officer (WaTech) must consult with the Office of Equity to:

- Adopt guidance regarding the development, procurement, and use of an automated decision system (ADS) by public agencies.
- Develop a prioritization framework for public agencies to use when determining the order of analysis of (ADS).

WaTech will create an Algorithmic Accountability Review Board (Board) to carry out the requirements of this bill. An agency intending to develop, procure or use an ADS must file an algorithmic accountability report with the Board. This report assesses and evaluates the potential impact of the ADS on:

- The risk to rights and freedoms of people.
- The existence or risk of bias or inaccuracy in the results of the system.
- Whether the workings of the systems are transparent to the public.

An agency with an existing ADS in use must:

- Provide a list of all existing ADS to the Board by January 1, 2024.
- Use the prioritization framework outlined in this bill to or implement an interim prioritization framework to identify the order in which to complete an algorithmic accountability report on each existing ADS by January 1, 2026.
- File an algorithmic accountability report with the Board by January 1, 2026.

An agency intending to newly develop or procure an ADS for use between the effective date of this bill and January 1, 2026, must file an algorithmic accountability report with the Board at least one month prior to procurement or implementation of the ADS.

An agency intending to newly develop or procure an ADS for implementation after January 1, 2026, must submit and obtain a finding on an algorithmic accountability report as a condition of use of the ADS.

The Board will post all algorithmic accountability reports on its website and make them available for public comment.

Should the Board find that an ADS does not meet the minimum required standards for use an agency can revise and resubmit the algorithmic accountability report.

The Board audits agencies who file algorithmic accountability reports either:

- Annually beginning January 1, 2026.
- Selectively as determined by the algorithmic accountability review office for reports filed between the effective date of this bill and January 1, 2026.

Beginning January 1, 2025, each agency using an ADS must publish on its website annual metrics regarding the number of requests for human review of a decision rendered by the ADS it received and the outcome of the human review.

Beginning January 1, 2026, agencies must conduct an annual audit on each ADS that has a legal effect on people and report the findings to the Board.

EFFECTIVE DATE:

This bill contains an emergency clause and takes effect immediately upon the Governor’s approval.

**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.*

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

**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.*

ASSUMPTIONS:

- The Office of the State Chief Information Officer (OCIO) adopts guidance for agencies regarding the development, procurement, and use of automated decisions systems (ADS).
- Expenditures are based on the current OCIO certification process. Specific requirements for audits, reports, and independent assessments not known at this time could impact the department's costs.

FIRST YEAR COSTS:

The department will incur total costs of \$16,500 in fiscal year 2024. These costs include:

Labor Costs - Time and effort equate to 0.1 FTE.

- Monitor requirements for ADS, begin assessment of ADS, and develop information to provide info to OCIO.

SECOND YEAR COSTS:

The department will incur total costs of \$115,500 in fiscal year 2025. These costs include:

Labor Costs - Time and effort equate to 0.1 FTE.

- Monitor requirements for ADS, complete assessment of ADS and develop information to provide info to OCIO.
- Prepare data and metrics for posting on the department’s website.

Object Costs - \$100,000.

- Contract auditing and independent assessment of ADS.

ONGOING COSTS:

Ongoing costs for the 2025-27 biennium equal \$231,000 and include similar activities described in the second-year costs. Time and effort equate to 0.1 FTE.

## Part III: Expenditure Detail

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
A-Salaries and Wages	10,700	10,700	21,400	21,400	21,400
B-Employee Benefits	3,500	3,500	7,000	7,000	7,000
C-Professional Service Contracts		100,000	100,000	200,000	200,000
E-Goods and Other Services	1,600	1,000	2,600	2,000	2,000
J-Capital Outlays	700	300	1,000	600	600
<b>Total \$</b>	\$16,500	\$115,500	\$132,000	\$231,000	\$231,000

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
IT SYS ADM-SR IT MGR	107,484	0.1	0.1	0.1	0.1	0.1
<b>Total FTEs</b>		0.1	0.1	0.1	0.1	0.1

### III. C - 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

## Part V: New Rule Making Required



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 142-Board of Tax Appeals
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Lisa Piper	Phone: 360-584-3009	Date: 01/18/2023
Agency Approval: Lisa Piper	Phone: 360-584-3009	Date: 01/18/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/18/2023

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.

The purpose of this bill is to establish guidelines for government procurement and use of automated decision systems to protect consumers, improve transparency, and create more market predictability. This bill adds a new section to chapter 49.60 RCW and adds a new chapter to Title 43 RCW and declares an emergency.

Section 1 (3) indicates that automated decision systems can cause a lack of governmental transparency and accountability. To promote good governance, Section 1 (6) indicates that agencies must consider whether the technology they use improperly advantages or disadvantages Washington residents.

Section 2 (1) defines “agency” as any state executive office, agency, department, board, commission, committee, educational institution, or other state agency created by or pursuant to statute other than courts and the legislature. Section 2 (5)(a) defines “automated decision system” as any algorithm that uses data-based analysis or calculations to support government decisions, judgments, or conclusions that cause a Washington resident or business to be treated differently than another Washington resident or business or results in statistically significant disparities. Section 2 (6) defines “automated final decision system” as an automated decision system that makes final decisions, judgments, or conclusions without human intervention. Section 2 (7) defines “automated support decision system” as an automated decision system that provides information to inform the final decision, judgment, or conclusion of a human decision maker.

Section 4 outlines the types of automated decision systems: 1) those that are already in place; 2) those being developed by the agency for use; and 3) those that are being considered for use by the agency. The Board of Tax Appeals does not currently use, is not developing for use, and is not considering for use such a system that will replace the agency’s final decision-making process as outlined in Section 2 (5)(a), Section 2 (6), and Section 2 (7). Therefore, there is no fiscal impact to Board of Tax Appeals’ budget.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

**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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 147-Office of Minority and Women's Business Enterprises
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## Part I: Estimates

☒ **No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

<b>Legislative Contact:</b> Angela Kleis	<b>Phone:</b> 360-786-7469	<b>Date:</b> 01/12/2023
<b>Agency Preparation:</b> Paul Bitar	<b>Phone:</b> 360-407-8129	<b>Date:</b> 01/18/2023
<b>Agency Approval:</b> Paul Bitar	<b>Phone:</b> 360-407-8129	<b>Date:</b> 01/18/2023
<b>OFM Review:</b> Amy Hatfield	<b>Phone:</b> (360) 280-7584	<b>Date:</b> 01/18/2023

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.

OMWBE does not expect this bill to have a fiscal impact because OMWBE does not have automated decision systems and does not plan to use those systems in the future.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 148-Housing Finance Commission
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Lucas Loranger	Phone: 206-254-5368	Date: 01/19/2023
Agency Approval: Fenice Taylor	Phone: 206-287-4432	Date: 01/19/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 01/20/2023

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.

No Fiscal Impact: Because the Commission is a non-appropriated, non-allocated agency, all the costs associated with the contemplated legislation connected to the Commission will flow through the Commission’s operating funds, therefore the Commission believes it has no fiscal impact on the state’s budget.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 160-Office of Insurance Commissioner
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Michael Walker	Phone: 360-725-7036	Date: 01/16/2023
Agency Approval: Michael Wood	Phone: 360-725-7007	Date: 01/16/2023
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 01/18/2023

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.

No fiscal impact. The Office of Insurance Commissioner does not currently use, and has no plans to develop or procure, an automated decision system.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 163-Consolidated Technology Services
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Consolidated Technology Services	2,452,000	1,617,000	4,069,000	3,234,000	3,234,000
Revolving Account-State 458-1					
<b>Total \$</b>	2,452,000	1,617,000	4,069,000	3,234,000	3,234,000

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	5.0	5.0	5.0	5.0	5.0
<b>Account</b>					
Consolidated Technology Services	2,452,000	1,617,000	4,069,000	3,234,000	3,234,000
Revolving Account-State 458-1					
<b>Total \$</b>	2,452,000	1,617,000	4,069,000	3,234,000	3,234,000

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Christina Winans	Phone: 360-407-8908	Date: 01/18/2023
Agency Approval: Tim Gallivan	Phone: (360) 407-8215	Date: 01/18/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/18/2023

## 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.*

SB 5356 places requirements on state agencies and public agencies related to procuring and using automated decision systems (ADS). It includes establishing an algorithmic accountability review board within WaTech that is responsible for maintaining algorithmic accountability review reports and posting them publicly. These various responsibilities extend to both state agencies and public agencies.

Section 1 is an intent section describing the broad intent of the bill.

Section 2 includes definitions. Relevant definitions include agency or public agency, which means “any state executive office, agency, department, board, commission, committee, educational institution, or other state agency created by or pursuant to statute, other than courts and the legislature”; automated decision system, which is defined as “any algorithm, including one incorporating machine learning or other artificial intelligence techniques, that uses data-based analysis or calculations to make or support government decisions, judgments, or conclusions that cause a Washington resident or business to be treated differently than another Washington resident or business or results in statistically significant disparities with other classes of persons or businesses in the nature or amount of governmental interaction...”; and office, which refers to the office of the state chief information officer (OCIO) within Consolidated Technology Services (WaTech).

Section 3 requires OCIO, in consultation with the office of equity, to:

- (1) Adopt guidance for agencies regarding the development, procurement, and use of automated decision systems, based on minimum standards and procedures outlined in sections 4 and 5 of the bill;
- (2) Develop guidance for agencies to use when prioritizing analysis of automated decision systems. The analysis must include a prioritization framework(s) for identifying the order in which to examine existing proposed automated decision systems. A list of prioritization criteria that may be included is listed in the section.

Section 4 outlines the minimum standards that should be applied to an agency’s development, procurement, or use of an automated decision system:

- (1) Directs agencies and OCIO, in consultation with the office of equity, to adopt interim and then long-term prioritization frameworks for allocating resources to address existing and future automated decision systems and to address any deficiencies found in compliance with this section. Frameworks should be used to determine resources to be devoted first.
- (2) Agencies should assess new automated decision systems procured by them as part of the procurement process. Assessment should include evaluation of potential impacts of the systems on: the risk to rights & freedoms of a natural person; the existence or risk of bias or inaccuracy in the results of the system; and whether the workings of the system are transparent to the public.
- (3) Systems currently in use should be assessed according to the prioritization framework.
- (4) Agencies should provide transparency of use, procurement, and development of automated decision systems.
- (5) Ongoing monitoring should be performed on automated decision systems that have legal effects to ensure they do not have differential effects of subpopulations over time.
- (6) Agencies should provide training of state employees who develop, procure, operate, or use an automated decision system systems about the risks.
- (7) Agencies must follow conditions set forth in the relevant accountability report for the systems.
- (8) Details the minimum requirements related to these systems, including: giving clear notice in plain language to people impacted by an automated decision system of elements outlined in the bill (i)-(vi); ensure to the maximum extent practicable that the system and data used to develop the system are made freely available by the vendor before, during and after deployment for testing, auditing, or research; ensure that any decision made by an automated decision system is subject to appeal through a timely process not to exceed 20 days; and ensure the agency can explain the basis for its decision in terms understandable to a layperson.
- (9) Requires procurement contracts entered into after the effective date of this law to adhere to the minimum standards

outlined above.

Section 5 contains the vast majority of provisions under the bill, including the requirements for when an agency must complete an algorithmic accountability report and the contents of those reports. This section provides the structure for agencies to examine their existing and proposed automated decision systems and to provide information to the legislature, governor and the public on whether or not that examination is incomplete or reveals that any examined automated decision system fails to meet the requirements of section 4 above. Subject to that intent, the following is incorporated:

(1) Agencies already using automated decision systems as of the effective date of the law must provide a list of automated decision systems to the algorithmic accountability review board by January 1, 2024, and use the prioritization framework (or adopt or implement an interim framework) established in section 3 by OCIO (in collaboration with the office of equity) to identify the order in which to complete an algorithmic accountability report on each existing automated decision systems by January 1, 2026. Algorithmic accountability reports and information developed under this subsection must include:

(a) Clear and understandable statements based on information already available to the agency.

(b) It must accurately report only the actual direct knowledge contained in the files.

(c) Agencies may include information not already contained in their files.

(d) The list or systems and prioritization frameworks must be available to the public and may include criteria as described in Sec. 5(1)(d).

(e) For high-risk systems, as defined in the prioritization framework, the report must include an evaluation of accuracy and bias by a qualified independent third party. Reports that don't exist must be prepared and included to meet the timelines required in the bill.

(f) If an algorithmic accountability report is not completed for each automated decision system by January 1, 2026, an agency must cease use of the unevaluated system unless the agency has been evaluating their systems in good faith based on the established prioritization framework and is granted an extension by the algorithmic accountability review board.

(g) Extension requests for systems as described above must include a timeline for when each algorithmic accountability report will be provided by the agency.

(h) The algorithmic accountability review board shall grant extensions for continued use of the system if the agency has established a reasonable timeline for completion of the algorithmic accountability report and there is no apparent likelihood of bias in the system.

(i) The algorithmic accountability review board must report annually on agency compliance with this subsection and any extensions granted. The report must be available to the public.

(2) This section governs newly developed or procured automated decision systems for public agencies. For systems developed or procured after January 1, 2026, an algorithmic accountability report as described above must be filed at least one month prior to procurement of or implementation of such a system and file it with the office that report. Agencies must also conduct "reasonable investigatory due diligence" when developing their algorithmic accountability review reports. For high-risk systems as outlined in the prioritization framework, agencies must include an evaluation of accuracy and bias by a qualified independent third party.

(3) This section governs the newly developed or procured automated decision systems for agencies. For systems developed or procured after January 1, 2026, an algorithmic accountability report as described above must be filed at least one month prior to procurement of or implementation of such a system and file it with the office that report. Agencies must also conduct "reasonable investigatory due diligence" when developing their algorithmic accountability review reports. For high-risk systems as outlined in the prioritization framework, agencies must include an evaluation of accuracy and bias by a qualified independent third party. The following requirements also apply to automated decision systems developed or procured by agencies:

(a) OCIO must post the algorithmic accountability reports to their public website and invite public comment for a period of no less than 30 days.

(b) The algorithmic accountability review board may adopt scoring criteria for determining whether the agency's algorithmic accountability report reasonably shows that the automated decision system meets the minimum standards set forth in Sec. 4 of the bill.

(c) Public comments and the algorithmic accountability report must be reviewed by the algorithmic accountability review board to determine whether the agency's report fails to reasonably show that the automated decision system meets the minimum provisions of the act.

- (d) The algorithmic accountability review board will make a finding that the report either reasonably demonstrates the minimum standards or fails to do so.
- (e) Reports of failure must provide a detailed description of the reasons for the finding and may be accompanied by a statement of what further information or changes or both may be necessary to result in a finding that the automated decision system meets minimum standards.
- (f) Agencies who receive findings that fail the minimum standards are entitled to revise their reports and resubmit them to the algorithmic accountability review board.
- (g) All findings by the algorithmic accountability report will be posted to WaTech's (the office's) website. Copies of reports finding a failure shall be independently transmitted to the legislature and governor.
- (4) This section details the requirements of an algorithmic accountability report, listed below:
  - (a) The automated decision system's name, vendor, and version;
  - (b) A description of the automated decision system's general capabilities, including reasonably foreseeable capabilities outside the scope of the agency's proposed use and whether the automated decision system is used or may be used to deploy or trigger any weapon;
  - (c) A description of the purpose and proposed use of the automated decision system, including:
    - (i) What decision or decisions the system will be used to make or support;
    - (ii) Whether it is an automated final decision system or automated support decision system; and
    - (iii) Its intended benefits, including any data or research demonstrating those benefits and whether and where such data or research may be viewed by the public;
  - (d)
    - (i) The type or types of data inputs that the technology uses;
    - (ii) how that data is generated, collected, and processed; and (iii) the type or types of data the system is reasonably likely to generate;
  - (e) Whether there was an examination of potential inaccuracies or bias, or both created during the automated decision system's development, design, or implementation as a result of the nature of the data used to inform the system or the system design. If such an examination was performed, a description of the individual or entity who performed the examination, the nature of the examination with sufficient specificity to allow evaluation of its validity, and the results including any steps taken to address the potential inaccuracies or bias, or both must also be included in the report;
  - (f) Whether implementation of the system has produced known erroneous results. If erroneous results were produced, a description of those errors, including the results of any audits conducted to check for erroneous results, together with any steps taken to address the reasons for the erroneous results must also be included in the report;
  - (g) Whether and how people affected by a system decision can review and challenge the basis for that system decision, and a description of the results of any such challenges;
  - (h) A description of any public or community engagement held, whether people and communities affected by the system were consulted, what actions were taken in response to public and community input, and any future public or community engagement plans in connection with the design or use of the automated decision system;
  - (i) Whether the decision algorithm is available for examination by the agency or the public, or both, and to what extent;
  - (j) A description of how the agency plans to comply with each requirement set forth in section 4 of this act;
  - (k) Whether the automated decision system makes decisions affecting the constitutional or legal rights, duties, or privileges of any Washington resident;
  - (l) Whether the system's decisions intentionally differentially affect members of protected classes, such as by selecting persons with disabilities for certain benefits;
  - (m) Whether any of the decision criteria are mandated by statute and, if so, which criteria and by what statutes;
  - (n) Whether there exists a clear use and data management policy, including specific protocols for the following:
    - (i) How and when the automated decision system will be deployed or used and by whom including, but not limited to: The factors that will be used to determine where, when, and how the technology is deployed; and other relevant information, such as whether the technology will be operated continuously or used only under specific circumstances. If the automated decision system will be operated or used by another entity on the agency's behalf, the algorithmic accountability report must explicitly include a description of the other entity's access and any applicable protocols;
    - (ii) Any additional rules that will govern use of the automated decision system and what processes will be required prior to each use of the automated decision system;
    - (iii) How automated decision system data will be securely stored and accessed, and whether an agency intends to share



- access to the automated decision system or the data from that automated decision system with any other entity, and why; and
- (iv) How the agency will ensure that all personnel who operate the automated decision system or access its data are properly trained and able to ensure compliance with the use and data management policy prior to the use of the automated decision system; and
- (o) A description of the fiscal impact of the automated decision system, including:
- (i) Initial acquisition costs;
- (ii) A reasonable estimate of ongoing operating costs such as maintenance, licensing, personnel, legal compliance, use auditing, data retention, and security costs;
- (iii) A reasonable estimate of cost savings that would be achieved through the use of the technology; and
- (iv) Any current or currently identified potential sources of funding, including any subsidies, incentives, or free products being offered by vendors or governmental entities.

Section 6 creates the algorithmic accountability review board within WaTech (the office). It is chaired by the director, with six members appointed by the governor representing various outside organizations. Two members of both the house and senate representing each major caucus are also appointed. Members are appointed to three-year terms after half are initially appointed for one year, and half are appointed for two years. Initial appointments must be made by January 1, 2023. OCIO must provide staff support to the board.

Section 7 (1) requires that OCIO shall make an inventory of all algorithmic accountability reports on automated decision systems public. The reports must be updated at least quarterly and published beginning December 1, 2023. (2) requires that metrics on approvals, conditional approvals, and denials of algorithmic accountability reports and written explanations for systems must also be published, beginning January 1, 2024. (3) requires that the algorithmic accountability review board shall conduct selective audits on automated decision systems implemented prior to January 1, 2026. The office is required to establish guidelines by January 1, 2024, for the number of percentage of algorithmic accountability reports to be audited by the algorithmic accountability review board. (4) requires an annual review of agency audits and compile that information into a report with elements described in the subsection. The first report on agency audits must be made publicly available by March 1, 2025, and each March 1 thereafter. (5) requires each agency using an automated decision system to publish on its website annual metrics regarding the number of requests for human review of a decision rendered by the system and the outcome of the human review. (6) requires that agencies conduct annual audits on automated decision systems that have legal effects on people, with the elements required in the subsection. These audits must start on January 1, 2026.

Section 8 notes that an individual injured by a material violation is entitled to injunctive relief under the chapter.

Section 9 makes discrimination by an automated decision system an unfair practice under RCW 49.60.

Section 10 creates these provisions as a new chapter in Title 43 RCW.

Section 11 is an emergency clause, which causes the bill to take effect immediately.

## **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.*

The Office of the Chief Information Officer (OCIO) is funded by an appropriation from the Consolidated Technology Services Revolving Account (458-1.) Revenues for the OCIO are collected from state agencies who receive allocations through the Office of Financial Management (OFM) central services model (CSM). It is assumed that the allocations in the CMS will be adjusted by the Legislature to ensure WaTech revenues are sufficient to support the required expenditures.

## **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.*

## Policy Assumptions

This bill directs WaTech, in collaboration with the Office of Equity, to develop guidance for agencies regarding the procurement and use of automated decision system (ADS) technology. The bill further establishes the need for an accountability report to be created by any agency who procures or uses this technology.

The bill establishes the algorithmic accountability review board (the Board) within OCIO. The Board is required to review and approve state agency algorithmic accountability reports; perform audits on selected completed state algorithmic accountability reports until January 1, 2026, and annual audits beginning January 1, 2026, of all state algorithmic accountability reports.

It is assumed that WaTech will need one EMS3 at \$202,000 (\$174,000 salary and benefits, \$6,000 for goods and services, training and travel, and \$22,000 for agency overhead and shared services), two EMS2 – one Technical Architect and one agency liaison at \$186,000 (\$160,000 salary and benefits, \$6,000 for goods and services, training and travel, and \$20,000 for agency overhead and shared services), one Management Analyst (MA4) at \$138,000 (\$117,000 salary and benefits, \$6,000 for goods and services, training and travel, and \$15,000 for agency overhead and shared services), and one Administrative Assistant 4 (AA4) at \$104,000 (\$87,000 salary and benefits, \$6,000 for goods and services, training and travel, and \$11,000 for agency overhead and shared services) to manage state agency workload as follows:

Section 3 requires the OCIO, in collaboration with the office of equity, to establish guidance for the procurement and use of ADS technology, as well as a prioritization framework. These tasks will be primarily led by the EMS 3.

Section 4 lays out the minimum standards that should apply to public agency's development and procurement of ADS technology. The OCIO is directed to adopt prioritization frameworks under this section. The development of the prioritization framework and guidance for the additional requirements will be developed by the EMS 3.

Section 5 requires that public agencies intending to use, or already using, an automated decision system produce an algorithmic accountability report for that system as follows :

- Section 5(1) requires public agencies to complete an algorithmic accountability report for existing systems by January 1, 2024.
- Section 5(2) instructs public agencies to file an algorithmic accountability report for any new automated decision system one month prior to procurement until January 1, 2026.
- Section 5(3) to section 5 (4) provides instructions for public agencies intending to procure an automated decision system after January 1, 2026.

The OCIO workload to publish algorithmic accountability reports, take public comment on new systems, and determine if the automated decision system meets the minimum standards set forth in Section 5, costs as follows:

- One EMS2 technical architect, working 50% to analyze the initial submissions of proposed and existing automated decision systems and for ongoing reviews of accountability reports. The balance of time for this position will be used to conduct annual audits as described in Section 7. This position will support the work of the Board.
- One MA4 FTE working 40% to support the initial influx of accountability reviews and ongoing reviews, public comment processes, analyzing data, and publishing required reports and metrics. The balance of time for this position will be used to conduct annual audits as described in Section 7.
- Contractor(s), using expert knowledge of automated decision systems and associated impacts, to assist OCIO staff with developing the prioritization framework and reviewing the expected accountability reports. The number of accountability reports to be received by state agencies in FY 2024 is expected to be at least 350; OCIO estimates at least 3,300 hours of contractor time will be required at a cost of \$1.25 Million in FY 2024 and \$625,000 each year thereafter. Additionally,

overhead and shared services at the rate of 12% of direct costs will be added.

- It is assumed that Web/Cloud Software products will be required to manage and analyze accountability reports and publish annual audits and metrics. The cost is estimated to be \$150,000 for software and development plus \$30,000 annually for maintenance and cloud subscription costs. Additionally, overhead and shared services at the rate of 12% of direct costs will be added.

Section 6 establishes the Board, with the OCIO providing staff support. Staff support costs are described in the work requirements for the other sections of this bill with fiscal impact noted. It is assumed that one AA4 will be required to support the Board including requesting the travel reimbursements when necessary. It is also assumed that Attorney General Office (AGO) will bill WaTech \$60,000 per fiscal year to provide legal support to the Board.

Section 7 requires the Board to publish reports and conduct audits on the algorithmic accountability reports.

As defined in Section 2 “automated decision system” encompasses many critical systems used by public agencies, including but not limited to:

- Budgeting software that allocates funding to communities, programs or groups based on rank-order prioritization or “bucketing”
- Case management software that prioritizes cases for action based on data
- HR systems that scan resumes or applications for jobs
- Fraud prevention software using geospatial analysis
- Learning management systems that assign grades
- Statistics systems that prioritize or produce “buckets” of cases
- HR systems that calculate employee performance or keep track of discipline
- Eligibility systems that determine access to benefits
- Licensing systems that block or grant licenses
- Actuarial systems that use personal and financial risk factors to calculate premiums

Section 7(1) requires that the Board to make publicly available on its website an inventory of all automated decisions systems by December 1, 2023, and beginning January 1, 2024, post metrics on all approvals, denials, and written explanations of each decision.

Section 7((3)(a) requires the Board to perform selective audits of reports filed by state agencies through January 1, 2026, and annual audits of these systems and reports after that date. Ongoing technical analysis of systems, maintaining application inventories, and performing audits is a significant increase in workload for the OCIO.

- One EMS3 would be required to manage program processes and conduct annual state agency application audits (the balance of time would be used to lead rulemaking, algorithmic accountability report review, and public comment and community outreach as described above).
- One EMS2 would be required to be a liaison to support work needed to be performed with all agencies.
- One EMS2 working 50% will be required to complete a review of state agency applications in the OCIO inventory to determine which applications require algorithm accountability reports; for the initial creation of the website and for the approval, review and publishing of algorithmic accountability reports.
- One MA4 working 10% to assist the EMS2 (above) in review and publishing of algorithmic accountability reports.
- One MA4 FTE working 50% will be required to support audit processes, assist in analyzing accountability reports, collate data for metrics, and post required reports and metrics to websites (the balance of time would be used to support processes and analysis as described above).

#### Operational Assumptions

Section 5 requires that agencies complete an accountability report for any automated decision-making software and submit that report to the Board. Changes to this section include completion of algorithmic accountability reports for existing systems by January 1, 2026.

The WaTech operational support team would be required to:

- Complete an algorithmic accountability report for any existing applications that meet the definitions in Section 2. Currently, WaTech does not have applications meeting the definition. WaTech assumes that security applications to ensure security of the state's network and systems are excluded under Sec. 2 (5)(b)
- For any new application, the cost to develop the algorithmic accountability report would be factored into the overall project cost.

Although WaTech is both a consumer and provider of services, it is assumed that agencies (e.g., small and mid-size agencies) will consult with OCIO to comply with the provisions of this bill.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
458-1	Consolidated Technology Services Revolving Account	State	2,452,000	1,617,000	4,069,000	3,234,000	3,234,000
<b>Total \$</b>			2,452,000	1,617,000	4,069,000	3,234,000	3,234,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	5.0	5.0	5.0	5.0	5.0
A-Salaries and Wages	517,000	517,000	1,034,000	1,034,000	1,034,000
B-Employee Benefits	181,000	181,000	362,000	362,000	362,000
C-Professional Service Contracts	1,250,000	625,000	1,875,000	1,250,000	1,250,000
E-Goods and Other Services	239,000	119,000	358,000	238,000	238,000
G-Travel	2,000	2,000	4,000	4,000	4,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	263,000	173,000	436,000	346,000	346,000
9-					
<b>Total \$</b>	2,452,000	1,617,000	4,069,000	3,234,000	3,234,000

### 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
Administrative Assistant 4	60,156	1.0	1.0	1.0	1.0	1.0
EMS 2	120,000	2.0	2.0	2.0	2.0	2.0
EMS 3	132,000	1.0	1.0	1.0	1.0	1.0
Management Analyst 4	85,020	1.0	1.0	1.0	1.0	1.0
<b>Total FTEs</b>		5.0	5.0	5.0	5.0	5.0

### 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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 165-Board of Accountancy
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Paul Bitar	Phone: 360-407-8129	Date: 01/13/2023
Agency Approval: Paul Bitar	Phone: 360-407-8129	Date: 01/13/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/16/2023

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 is a no fiscal impact bill for Board of Accountancy. The agency does not currently own or plan to use systems with automated decision technology.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 166-Board of Registration for Professional Engineers & Land Surveyors
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## Part I: Estimates

☒ **No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

<b>Legislative Contact:</b> Angela Kleis	<b>Phone:</b> 360-786-7469	<b>Date:</b> 01/12/2023
<b>Agency Preparation:</b> Paul Bitar	<b>Phone:</b> (360) 407-8129	<b>Date:</b> 01/13/2023
<b>Agency Approval:</b> Paul Bitar	<b>Phone:</b> (360) 407-8129	<b>Date:</b> 01/13/2023
<b>OFM Review:</b> Kyle Siefering	<b>Phone:</b> (360) 995-3825	<b>Date:</b> 01/13/2023

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 is a no fiscal impact bill for the Board of Registration for Professional Engineers and Land Surveyors (BRPELS). The agency does not currently own or plan to use systems with automated decision technology.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 167-Forensic Investigations Council
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Bret Skipworth	Phone: 3608906657	Date: 01/18/2023
Agency Approval: Bret Skipworth	Phone: 3608906657	Date: 01/18/2023
OFM Review: Tiffany West	Phone: (360) 890-2653	Date: 01/18/2023

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.

S-4012.1 Establishes the guidelines for the procurement and use of automated decision systems by state entities. The various sections of this legislation detail the proper use of automated decision systems and provide legal recourse for those impacted by the misuse of such systems.

The Forensic Investigations Council does not use automated decision systems and has no plans to procure any such system in the future. Therefore, no fiscal impact is expected to result from this legislation.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 179-Department of Enterprise Services
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Ivy Huynh	Phone: (360) 407-8763	Date: 01/18/2023
Agency Approval: Ashley Howard	Phone: (360) 407-8159	Date: 01/18/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/18/2023

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.

Section 3 is a new section that requires the director of the office of the chief information officer (OCIO) in consultation with the Office of Equity (OE) to adopt guidance by January 1, 2023 regarding the development, procurement, and use of automated decision systems by a public agency and to develop guidance to include a prioritization framework for identifying the order in which to examine automated decision systems. The guidance must include minimum standards and procedures as outlined in sections 4 and 5 of this bill. The prioritization framework must include identification of significantly high-risk systems. The director of the OCIO must consult with communities that are disproportionately impacted. Guidance established by the OCIO under this section will be followed and implemented through routine business processes, therefore this has no fiscal impact to Department of Enterprise Services (DES).

Section 4 is a new section and sets provisions that apply to a public agency's development, procurement, or use of an automated decision system. Subsection 6 of this section calls out the requirement for agencies to provide training to state employees who develop, procure, operate, or use automated decision system as to risk of automation bias. DES assumes the evaluation of DES' current systems, active contracts, and training that relate to the use of automated decision making systems can be completed through routine business processes. Therefore, these have no fiscal impact to DES.

Section 5 is a new section that requires agencies that are already using any automated decision systems to provide a list of automated decision systems in use to the algorithmic accountability review board of the OCIO by January 1, 2024, and use the prioritization framework established under section 4 of this act or adopt and implement an interim prioritization framework by January 1, 2026. Otherwise, agencies must immediately cease use of the automated decision system until compliance is met. The list of systems and prioritization frameworks must be available to public. This section also details and provides examples of what information needs to be submitted in the Algorithmic Accountability Report at minimum. The Department of Enterprise Services does not have automated decision making systems, however, if one or more of our systems were to be identified as a system subject to the processes and guidance set forth in this bill, DES could meet the requirements established in this section through routine business processes, therefore this has no fiscal impact to DES.

Section 7 (5) of this bill states that beginning January 1, 2025, it requires each agency using an automated decision system to publish on its website annual metrics regarding the number of requests for human review of a decision rendered by the automated decision system it received and the outcome of the human review. In addition, subsection 6 of this section also states that beginning January 1, 2026, it requires agencies to conduct an annual audit on automated decision systems that have legal effects on people to ensure the effects are not different between subpopulations that result over time and report to the algorithmic accountability review board any findings. This subsection also details what information needs to be included in the report at minimum. The Department of Enterprise Services does not have automated decision making systems, however, if one or more of our systems were to be identified as a system subject to the processes and guidance set forth in this bill, DES could meet the requirements established in this section through routine business processes, therefore this has no fiscal impact to DES.

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.



Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 185-Horse Racing Commission
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Seth Flory	Phone: (360) 407-8165	Date: 01/17/2023
Agency Approval: Seth Flory	Phone: (360) 407-8165	Date: 01/17/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 01/20/2023

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.

Senate Bill 5356 seeks to establish guidelines to protect consumers, improve transparency, and create more market predictability when state agencies procure and utilize automated decision systems.

The WA Horse Racing Commission (WHRC) does not use automated decision systems and has no plans to procure any such system in the future. Therefore, no fiscal impact to the agency is expected to result from the adoption of this legislation.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 195-Liquor and Cannabis Board
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Colin O'Neill	Phone: (360) 664-4552	Date: 01/17/2023
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/17/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/18/2023

## 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 places restrictions on agency development, procurement, or use of, an automated decision system. "Automated decision system" means any algorithm, including one incorporating machine learning or other artificial intelligence techniques, that uses data-based analysis or calculations to make or support government decisions, judgments, or conclusions that cause a Washington resident or business to be treated differently than another Washington resident or business or results in statistically significant disparities with other classes of persons or businesses in the nature or amount of governmental interaction with that individual or business including, without limitation, benefits, protections, required payments, penalties, regulations, timing, application, or process requirements.

### 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.*

“Core Decision” is not defined in the bill. Section 1 (2) indicates that automated decision systems are being adopted to make core decisions. The agency assumes this means a final decision is being made based off of data points and a denial/approval is possible without human interaction.

The Washington State Liquor and Cannabis Board ("Board") currently has systems where a decision is made by the system, but can be manipulated or bypassed by human interaction:

#### CURRENT SYSTEMS:

- Beer and Wine Taxes system – If reporting of taxes is late, the system automatically makes the decision to add late fees. The fees may be removed manually by human decision.
- Spirits Fee Reporting system – If reporting of taxes is late, the system automatically makes the decision to add late fees. The fees may be removed manually by human decision.
- GP Dynamics – Cannabis system – If payment or reporting of excise taxes is late, the system posts late fees. The fees may be removed manually by human decision.
- The Banquet Permits system – The banquet permits system grants permits based on submission of data and a fee. A permit is granted and emailed without opportunity for human interaction.

The assumption with each of these systems is decisions are able to be bypassed or manipulated by human interaction and do not fall under this bill.

#### FUTURE SYSTEMS:

The agency is in the middle of a systems upgrade project known as LEAADS (Licensing, Enforcement, Education, and Administrative Data Systems) which will replace existing Licensing and Enforcement systems. In LEAADS, it is anticipated that there are auto issue requirements for Banquet Permits and Household Move permits.

Banquet permits have requirements around allowing the Board to blacklist specific individuals and manipulate the system to not auto issue. Household Moves, although the applicant receives something back from the Board, the system is not making a decision. The user is only informing the Board of an action (intent to move liquor along with their household move).

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 205-Board of Pilotage Commissioners
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Lisa Piper	Phone: 360-584-3009	Date: 01/17/2023
Agency Approval: Lisa Piper	Phone: 360-584-3009	Date: 01/17/2023
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 01/18/2023



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.

The purpose of this bill is to establish guidelines for government procurement and use of automated decision systems to protect consumers, improve transparency, and create more market predictability. This bill adds a new section to chapter 49.60 RCW and adds a new chapter to Title 43 RCW and declares an emergency.

Section 1 (3) indicates that automated decision systems can cause a lack of governmental transparency and accountability. To promote good governance, Section 1 (6) indicates that agencies must consider whether the technology they use improperly advantages or disadvantages Washington residents.

Section 2 (1) defines “agency” as any state executive office, agency, department, board, commission, committee, educational institution, or other state agency created by or pursuant to statute other than courts and the legislature. Section 2 (5)(a) defines “automated decision system” as any algorithm that uses data-based analysis or calculations to support government decisions, judgments, or conclusions that cause a Washington resident or business to be treated differently than another Washington resident or business or results in statistically significant disparities. Section 2 (6) defines “automated final decision system” as an automated decision system that makes final decisions, judgments, or conclusions without human intervention. Section 2 (7) defines “automated support decision system” as an automated decision system that provides information to inform the final decision, judgment, or conclusion of a human decision maker.

Section 4 outlines the types of automated decision systems: 1) those that are already in place; 2) those being developed by the agency for use; and 3) those that are being considered for use by the agency. The Board of Pilotage does not currently use, is not developing for use, and is not considering for use such a system that will replace the agency’s final decision-making process as outlined in Section 2 (5)(a), Section 2 (6), and Section 2 (7). Therefore, there is no fiscal impact to Board of Pilotage’s budget.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

**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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 215-Utilities and Transportation Commission
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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	0.0	0.2	0.1	0.1	0.1
<b>Account</b>					
Public Service Revolving Account-State 111-1	6,153	60,134	66,287	53,611	31,392
<b>Total \$</b>	6,153	60,134	66,287	53,611	31,392

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Kim Anderson	Phone: 360-664-1153	Date: 01/18/2023
Agency Approval: Kim Anderson	Phone: 360-664-1153	Date: 01/18/2023
OFM Review: Tiffany West	Phone: (360) 890-2653	Date: 01/18/2023

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.

At minimum, this bill requires senior IT staff to assess all UTC-internal and third-party applications to identify any processes that entail Automated Decision Systems (ADS) or during the first year (FY 2024). Assuming one or more systems are identified that use automated decision algorithms, the UTC is required to conduct algorithmic accountability assessments, as prescribed by the bill, of each qualifying system. After the initial assessment is completed (by FY 2026), the agency will need to conduct annual audits of any qualifying applications, to ensure their algorithms continue to meet the standards defined by the OCIO framework for algorithmic accountability.

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.

No cash receipts.

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.

- Identify processes and procedures that include automated decision systems, \$12,307, one-time, FY 2024
  - Chief Information Officer - .02 FTE
  - Application Development Supervisor - .02 FTE
  - IT Application Developer – Journey - .04 FTE
- Assess, Report Algorithmic Accountability of automated decision systems, \$60,134, one-time, FY 2025-2026. Assuming we identify five (5) qualifying applications, and assuming we seek a contract with an independent assessor to conduct the assessment and provide the report:
  - Chief Information Officer - .03 FTE
  - Application Development Supervisor - .05 FTE
  - IT Application Developer – Journey - .05 FTE
  - IT Project Manager - .06 FTE
  - Attorney General - .02 FTE
  - Contract with a third-party resource to assist with assessment - \$25,000 (\$250/hr. x 5 applications, at 20 hours each application)
- Annual Algorithmic Accountability Audits of Qualifying Systems, \$15,696, annual, FY 2026-2029 (and beyond)
  - Application Development Supervisor - .04 FTE
  - IS Project Manager - .04 FTE
  - Chief Information Officer - .02 FTE

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
111-1	Public Service Revolving Account	State	6,153	60,134	66,287	53,611	31,392
Total \$			6,153	60,134	66,287	53,611	31,392

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.2	0.1	0.1	0.1
A-Salaries and Wages	4,186	23,901	28,087	27,968	21,356
B-Employee Benefits	1,465	8,365	9,830	9,788	7,474
C-Professional Service Contracts		25,000	25,000	12,500	
E-Goods and Other Services	502	2,868	3,370	3,355	2,562
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	6,153	60,134	66,287	53,611	31,392

### 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
Application Development Supervisor	100,032	0.0	0.1	0.0	0.1	0.0
Chief Information Officer	118,500	0.0	0.0	0.0	0.0	0.0
IS Project Manager	107,676		0.1	0.0	0.1	0.0
IT App Development - Journey	100,032	0.0	0.1	0.0	0.0	
<b>Total FTEs</b>		0.0	0.2	0.1	0.2	0.1

### 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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 220-Board for Volunteer Firefighters and Reserve Officers
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## Part I: Estimates

☒ **No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

<b>Legislative Contact:</b> Angela Kleis	<b>Phone:</b> 360-786-7469	<b>Date:</b> 01/12/2023
<b>Agency Preparation:</b> Hailey Bryant	<b>Phone:</b> (360) 753-7318	<b>Date:</b> 01/17/2023
<b>Agency Approval:</b> Hailey Bryant	<b>Phone:</b> (360) 753-7318	<b>Date:</b> 01/17/2023
<b>OFM Review:</b> Marcus Ehrlander	<b>Phone:</b> (360) 489-4327	<b>Date:</b> 01/19/2023

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.

Agency does not use automated decision making tools; as a result this bill does not have a fiscal impact to the agency.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 225-Washington State Patrol
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Yvonne Ellison	Phone: 360-596-4042	Date: 01/20/2023
Agency Approval: Mario Buono	Phone: (360) 596-4046	Date: 01/20/2023
OFM Review: Tiffany West	Phone: (360) 890-2653	Date: 01/23/2023

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.

The proposed legislation is expected to have an indeterminate impact on the Washington State Patrol (WSP).

Section 3 requires OCIO, in consultation with the office of equity, to adopt guidance for agencies regarding the development, procurement, and use of automated decision systems, and develop guidance for agencies to use when prioritizing analysis of these systems. The analysis must include a prioritization framework for identifying the order in which to examine existing and proposed automated decision systems.

Section 4 identifies the minimum standards that should apply to an agency’s development, procurement, or use of an automated decision system, to include:

Directs agencies and WaTech, in consultation with the office of equity, to adopt interim and long-term prioritization frameworks for allocating resources to address existing and future automated decision systems and to address any deficiencies found in compliance with this section.

Assess new automated decision systems as part of the procurement process for potential impacts on the risk to rights and freedoms of an identified or identifiable natural person, the existence or risk of bias or inaccuracy in the results of the system, and whether the workings of the system are transparent to the public.

Assess automated systems currently in use according to the prioritization framework for the existence or risk of bias or inaccuracy, and for the level of transparency to the public.

Provide transparency of use, procurement, and development of automated decision systems.

Perform ongoing monitoring on automated decision systems that have legal effects on identified or identifiable natural persons to ensure they do not have differential effects on subpopulations over time.

Provide training about risks for state employees who develop, procure, operate, or use automated decision systems.

Follow conditions outlined in the relevant accountability report for the systems.

Give clear notice to people impacted by the automated decision system that the system is in use and provide information about the system, the decisions it will be used for, how it will impact those decisions and how the decisions may be contested.

Ensure to the maximum extent practicable that the system and data used to develop the system are made freely available by the vendor before, during and after deployment for testing, auditing, or research, ensuring that any decision made by an automated decision system is subject to appeal through a timely process not to exceed 20 days, and ensuring the agency can explain the basis for its decision in terms understandable to a layperson.

Require procurement contracts entered into after the effective date of the proposed legislation to adhere to the minimum standards outlined in the section.

Section 5(1) requires agencies already using automated decision systems as of the effective date of the legislation to provide a list of automated decision systems to the algorithmic accountability review board by January 1, 2024, and use either the prioritization framework established by WaTech, or adopt and implement an interim framework to identify the order in which to complete an algorithmic accountability report, as outlined in the section, on each existing automated

decision system by January 1, 2026.

Section 5(1)(f) states that if an algorithmic accountability report is not completed for each automated decision system by January 1, 2026, an agency must cease the use of the unevaluated system unless the agency has been evaluating their systems in good faith based on the established prioritization framework and is granted an extension by the algorithmic accountability review board.

Section 5(1)(g) requires any request for extension of the deadline must include a timeline for when each algorithmic accountability report will be provided by the agency.

Sections 5(2) and 5(3) require agencies that newly develop or procure systems to produce and file with the office an algorithmic accountability report as described above at least one month before the procurement of or implementation of such a system. Agencies must also conduct “reasonable investigatory due diligence” when developing their algorithmic accountability review reports. For high-risk systems as outlined in the prioritization framework, agencies must include an evaluation of accuracy and bias by a qualified independent third party. Agencies that receive findings that fail the minimum standards are entitled to revise their reports and resubmit them.

Section 7(5) requires each agency using an automated decision system to publish on its website annual metrics regarding the number of requests for human review of a decision rendered by the system and the outcome of the human review.

Section 7(6) requires that beginning January 1, 2026, agencies conduct annual audits on automated decision systems that have legal effects on people to ensure that they do not have differential effects on subpopulations that result over time.

Section 8 allows any person injured by a material violation to seek injunctive or declaratory relief under the chapter.

Section 9 makes discrimination by an automated decision system an unfair practice under RCW 49.60.010 except to the extent an automated decision system utilizes criterion specifically mandated by state or federal law or regulation.

Section 11 is an emergency clause, making the legislation effective immediately if passed and signed into law.

## **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.*

NONE

## **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.*

It is unclear to what extent the proposed legislation may impact the WSP. The WSP uses several systems that could broadly be considered automated support decision systems, to include criminal history and background check systems, forensic evidence databases, and threat assessment tools. We do not believe the proposed legislation will impact these systems as their use is either authorized in statute, utilizing the information identified in statute, or they do not include any information of identified or identifiable natural persons. If it is determined that the proposed legislation does apply to any of these systems, we will have indeterminate fiscal impacts related to completing the required assessments and reporting. If it is determined that any of the systems can no longer be used we will have significant impacts.

It is also unknown if the proposed legislation will impact any statewide systems utilized by the WSP. If it does, we may have indeterminate impacts related to that.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 227-Criminal Justice Training Commission
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Brian Elliott	Phone: 206-835-7337	Date: 01/18/2023
Agency Approval: Brian Elliott	Phone: 206-835-7337	Date: 01/18/2023
OFM Review: Cynthia Hollimon	Phone: (360) 810-1979	Date: 01/18/2023

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 has no fiscal impact on the Washington State Criminal Justice Training Commission as the commission currently has no automated decision making systems or plans to purchase one.

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.

This bill has no cash receipt impact.

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.

This bill has no expenditure impact.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 228-Traffic Safety Commission
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Mark McKechnie	Phone: 3607259889	Date: 01/17/2023
Agency Approval: Mark McKechnie	Phone: 3607259889	Date: 01/17/2023
OFM Review: Tiffany West	Phone: (360) 890-2653	Date: 01/17/2023



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.

SB 5356 requires the development of rules and accountability procedures related to the use of automated systems that replace human action and decision making. The Washington Traffic Safety Commission (WTSC) projects no fiscal impact to the agency related to SB 5356

AN ACT Relating to establishing guidelines for government procurement and use of automated decision systems in order to protect consumers, improve transparency, and create more market predictability

Sec. 1: New. Legislative findings regarding automated decision systems

Sec 2: New. Definitions regarding audomated decision systems

Sec. 3: Directs office of CIO to consult with office of equity and develop guidance for state agencies regarding automated decision systems

Sec. 4 Requires state agencies to develop priorities and timelines for compliance with automated systems guidelines

Sec. 5 Agencies already using automated decision systems must report on their use

Sec. 6 Creates algorithmic accountability review board in office of CIO

Sec. 7 Office of CIO to make public an inventory of automated decision systems used by state agencies

Sec. 8 Regarding injury to person resulting from use of automated decision systems that are not in compliance with regulations

Sec. 9 Specifies that it is an unfair practice for automated decision systems to discriminate against individuals

Sec. 10 Sections 1-8 of this act constitute a new chapter in Title 43 RCW

Sec. 11 Emergency clause: effective immediately upon Governor's signature

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.

No impact

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.

No impact

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

**III. B - Expenditures by Object Or Purpose**

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

**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

No impact

**Part V: New Rule Making Required**

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

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 229-Office of Independent Investigations
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## Part I: Estimates

☒ **No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

<b>Legislative Contact:</b> Angela Kleis	<b>Phone:</b> 360-786-7469	<b>Date:</b> 01/12/2023
<b>Agency Preparation:</b> Tracy Sayre	<b>Phone:</b> 3608905279	<b>Date:</b> 01/18/2023
<b>Agency Approval:</b> Jamie Langford	<b>Phone:</b> (360) 902-0422	<b>Date:</b> 01/18/2023
<b>OFM Review:</b> Cheri Keller	<b>Phone:</b> (360) 584-2207	<b>Date:</b> 01/18/2023

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.

OII assumes that none of its current systems/applications qualify as an automated decision system.

All the other requirements in the bill would only have an impact if OII decided to develop or procure an automated decision system. In that situation and depending on costs, OII possibly could absorb the additional compliance work in those processes, similar with other OCIO technology compliance requirements such as a security design review.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 235-Department of Labor and Industries
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Bobby Kendall	Phone: 902-6980	Date: 01/18/2023
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 01/18/2023
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 01/19/2023

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.

See Attached.

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.

None.

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.

See Attached.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.  
NONE

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

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.*

See attached



## **Part II: Explanation**

This bill requires the director of the office of the chief information officer (OCIO), in consultation with the office of equity, to adopt guidance by January 1, 2023, regarding the analysis, development, procurement, and the use of an automated decision system (ADS) by each agency. An ADS is a computerized system that uses data to help the state agency make decisions, judgement, or conclusions either with or without a human decision maker. The bill outlines minimum standards that should be applied to an agencies development, procurement and use of an ADS.

An algorithmic accountability review board is created along with appointee and term requirements. The review board will review ADS systems currently in use and new ADS systems being procured or developed by public agencies to ensure compliance with the provisions in this bill. The review board is required to post, on its public website, quarterly reports regarding current ADS inventory use, proposals, and approvals by public agencies.

A person injured by a public agency's material violations of the provisions in this bill may institute proceedings against the public agency deploying ADS in a court of competent jurisdiction.

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

**Section 4** Outlines the minimum standards that should be applied to an agency’s development, procurement, or use of an automated decision system:

**Section 4(1)** Directs agencies and the OCIO, in consultation with the office of equity, to adopt interim and then long-term prioritization frameworks for allocating resources to address existing and future automated decision systems and to address any deficiencies found in compliance with this section. Frameworks should be used to determine resources to be devoted first.

**Section 4(2)** Agencies should assess new automated decision systems procured by them as part of the procurement process. Assessment should include evaluation of potential impacts of the systems on the risk to rights & freedoms of a natural person; the existence

or risk of bias or inaccuracy in the results of the system; and whether the workings of the system are transparent to the public.

**Section 4(3)** Systems currently in use should be assessed according to the prioritization framework.

**Section 4(4)** Agencies should provide transparency of use, procurement, and development of automated decision systems.

**Section 4(5)** Ongoing monitoring should be performed on automated decision systems that have legal effects to ensure they do not have differential effects on subpopulations over time.

**Section 4(6)** Agencies should provide training about risks for state employees who develop, procure, operate, or use automated decision systems.

**Section 4(7)** Agencies must follow conditions outlined in the relevant accountability report for the systems.

**Section 4(8)** Details the minimum requirements related to these systems, including giving clear notice in plain language to people impacted by an automated decision system of elements outlined in the bill (i)-(vi); ensure to the maximum extent practicable that the system and data used to develop the system are made freely available by the vendor before, during and after deployment for testing, auditing, or research; ensure that any decision made by an automated decision system is subject to appeal through a timely process not to exceed 20 days; and ensure the agency can explain the basis for its decision in terms understandable to a layperson.

**Section 4(9)** Requires procurement contracts entered into after the effective date of this law to adhere to the minimum standards outlined above.

**Section 5** Outlines the requirements for when an agency must complete an algorithmic accountability report and the contents of those reports. This section provides the structure for agencies to examine their existing and proposed automated decision systems and to provide information to the legislature, Governor, and the public on whether or not that examination is

incomplete or reveals that any examined automated decision system fails to meet the requirements of section 4 above. Subject to that intent, the following is incorporated:

**Section 5(1)** Agencies already using automated decision systems as of the effective date of the law must provide a list of automated decision systems to the algorithmic accountability review board by January 1, 2024, and use the prioritization framework or adopt or implement an interim framework established in section 3 by the OCIO to identify the order in which to complete an algorithmic accountability report on each existing automated decision systems by January 1, 2026.

**Section 5(2)** This section governs newly developed or procured automated decision systems for public agencies. For systems developed or procured before January 1, 2026, an algorithmic accountability report as described above must be filed at least one month before the procurement of or implementation of such a system and filed with the office of that report. Agencies must also conduct “reasonable investigatory due diligence” when developing their algorithmic accountability review reports. For high-risk systems as outlined in the prioritization framework, agencies must include an evaluation of accuracy and bias by a qualified independent third party.

**Section 5(3)** This section governs the newly developed or procured automated decision systems for agencies. For systems developed or procured after January 1, 2026, an algorithmic accountability report as described above must be filed at least one month before the procurement of or implementation of such a system and filed with the office of that report. Agencies must also conduct “reasonable investigatory due diligence” when developing their algorithmic accountability review reports. For high-risk systems as outlined in the prioritization framework, agencies must include an evaluation of accuracy and bias by a qualified independent third party.

**Section 5(4)** This section details the requirements of an algorithmic accountability report, listed below:

- (a) The automated decision system's name, vendor, and version;

- (b) A description of the automated decision system's general capabilities, including reasonably foreseeable capabilities outside the scope of the agency's proposed use and whether the automated decision system is used or may be used to deploy or trigger any weapon;
- (c) A description of the purpose and proposed use of the automated decision system.
- (d) The type or types of data inputs that the technology uses, how that data is generated, collected, and processed and the type or types of data the system is reasonably likely to generate;
- (e) Whether there was an examination of potential inaccuracies or bias, or both created during the automated decision system's development, design, or implementation as a result of the nature of the data used to inform the system or the system design. If such an examination was performed, a description of the individual or entity who performed the examination, the nature of the examination with sufficient specificity to allow evaluation of its validity, and the results including any steps taken to address the potential inaccuracies or bias, or both must also be included in the report;
- (f) Whether the implementation of the system has produced known erroneous results. If erroneous results were produced, a description of those errors, including the results of any audits conducted to check for erroneous results, together with any steps taken to address the reasons for the erroneous results must also be included in the report;
- (g) Whether and how people affected by a system decision can review and challenge the basis for that system decision, and a description of the results of any such challenges;
- (h) A description of any public or community engagement held, whether people and communities affected by the system were consulted, what actions were taken in response to public and community input, and any future public or community

engagement plans in connection with the design or use of the automated decision system;

(i) Whether the decision algorithm is available for examination by the agency or the public, or both, and to what extent;

(j) A description of how the agency plans to comply with each requirement outlined in section 4 of this act;

(k) Whether the automated decision system makes decisions affecting the constitutional or legal rights, duties, or privileges of any Washington resident;

(l) Whether the system's decisions intentionally differentially affect members of protected classes, such as by selecting persons with disabilities for certain benefits;

(m) Whether any of the decision criteria are mandated by statute and, if so, which criteria and by what statutes;

(n) Whether there exists a clear use and data management policy;

(o) A description of the fiscal impact of the automated decision system.

**Section 6** Creates the algorithmic accountability review board within the OCIO. It is chaired by the director, with six members appointed by the governor representing various outside organizations. Two members of both the house and senate representing each major caucus are also appointed. Members are appointed to three-year terms after half are initially appointed for one year, and half are appointed for two years. Initial appointments must be made by January 1, 2023. The OCIO must provide staff support to the board.

**Section 7** Lists reporting and administrative requirements the OCIO and agencies using ADS must comply with.

**Section 7(1)** Requires that the OCIO shall make an inventory of all algorithmic accountability reports on automated decision systems public. The reports must be updated at least quarterly and published beginning December 1, 2023.

**Section 7(2)** Requires that metrics on approvals, conditional approvals, and denials of algorithmic accountability reports and written explanations for systems must also be published, beginning January 1, 2024.

**Section 7(3)** Requires that the algorithmic accountability review board shall conduct selective audits on automated decision systems implemented before January 1, 2026. The office is required to establish guidelines by January 1, 2024, for the percentage of algorithmic accountability reports to be audited by the algorithmic accountability review board.

**Section 7(4)** Requires an annual review of agency audits and compile that information into a report with elements described in the subsection. The first report on agency audits must be made publicly available by March 1, 2025, and each March 1 thereafter.

**Section 7(5)** Requires each agency using an automated decision system to publish on its website annual metrics regarding the number of requests for human review of a decision rendered by the system and the outcome of the human review.

**Section 7(6)** Requires that agencies conduct annual audits on automated decision systems that have legal effects on people, with the elements required in the subsection. These audits must start on January 1, 2026.

**Section 8** Notes that an individual injured by a material violation is entitled to injunctive relief under the chapter.

**Section 9** Makes discrimination by an automated decision system an unfair practice under RCW 49.60.

## **II. B – Cash Receipt Impact**

None.

## II. C – Expenditures

The estimate for this bill is **indeterminate**. For purposes of this fiscal note, the department of Labor & Industries (L&I) assumes that it would continue to use existing systems and the following cost estimate is based on staff time to conduct the system assessments only.

L&I would need to do assessments for all 375 applications by January 1, 2024. L&I will need contractor staff to augment its current FTEs to accomplish this work over the next 4 years. This does not include the feasibility report and any application development effort.

Other costs for and independent third party accuracy and bias evaluation, printing and mailing notices to customers, specialized training for ADS, administrative hearings, and attorney general costs are anticipated but are also indeterminate until a full system inventory and ADS analysis is complete.

A partial list of automated decision systems currently in use to support industrial insurance operations are:

- Automated adjudication of claims that involve only medical expenses
- Annual premium rate notices
- Retrospective rating
- Time-loss warrants
- Pension warrants
- Supplemental pension cost-of-living adjustments
- Medical Information Payment System (MIPS) warrants
- MIPS Point-of-Sale for Pharmacy
- Rejection orders issued by account managers
- Premium delinquency letters

L&I assumes that the definitions in the bill requires review of all computer programs applications and systems employed by L&I, so this list is only a partial example.

It is also unknown what additional guidance will be in the rules the director of the office of the chief information officer is charged with adopting. Given the number of existing systems, it will be significant work to complete the algorithmic accountability reports under the timeline in the bill.

In addition to the requirements for current systems, the language also addresses procurement of new systems (which would implicate any plans to contract for a workers' compensation replacement system).

#### **Part IV: Capital Budget Impact**

None.

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

This legislation would result in rule changes to:

- WAC 296-14-8810-Pension tables

It is anticipated other rulemaking sessions are likely due to the broad scope of this bill. However, this is indeterminate until a full analysis of IT applications is complete.



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 240-Department of Licensing
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Kim Buechel	Phone: 360-902-3639	Date: 01/18/2023
Agency Approval: Gerrit Eades	Phone: (360)902-3863	Date: 01/18/2023
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 01/18/2023

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.

The Department of Licensing assumes that the level of diligence and the form of reporting provided by agencies in doing the preliminary assessment of existing systems for the OCIO applications inventory in 2022 will be sufficient to satisfy requirements of Section 5 (1) of the bill with existing resources.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 245-Military Department
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Serina Roberts	Phone: 2535127388	Date: 01/13/2023
Agency Approval: Regan Hesse	Phone: 253-512-7698	Date: 01/13/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/13/2023

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 will require agencies using automated decision systems to provide a list of these systems to the algorithmic accountability review office by January 1, 2023, and adopt the prioritization framework established in the bill. The Military Department does not own or use automated decision systems, so there is no anticipated fiscal impact to the department.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 275-Public Employment Relations Commission
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Dario de la Rosa	Phone: 360-570-7328	Date: 01/13/2023
Agency Approval: Dario de la Rosa	Phone: 360-570-7328	Date: 01/13/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/13/2023

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.

Senate Bill 5356 concerns the fair, transparent, and accountable use of automated decision systems. The Public Employment Relations Commission does not utilize or plan to utilize automated decision systems and therefore estimates no fiscal impact.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 300-Department of Social and Health Services
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
General Fund-Federal 001-2	1,610,000	1,379,000	2,989,000	1,126,000	1,126,000
<b>Total \$</b>	1,610,000	1,379,000	2,989,000	1,126,000	1,126,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	17.3	21.3	19.3	7.8	7.8
<b>Account</b>					
General Fund-State 001-1	3,920,000	2,511,000	6,431,000	2,816,000	2,816,000
General Fund-Federal 001-2	1,610,000	1,379,000	2,989,000	1,126,000	1,126,000
<b>Total \$</b>	5,530,000	3,890,000	9,420,000	3,942,000	3,942,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Bill Jordan	Phone: 360-902-8183	Date: 01/24/2023
Agency Approval: Dan Winkley	Phone: 360-902-8236	Date: 01/24/2023
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/10/2023

## 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.*

Section 2 - (5) (a) Defines "Automated Decision System" (ADS) as any algorithm, including one incorporating machine learning or other artificial intelligence techniques, that uses data-based analysis or calculations to make or support government decisions, judgments, or conclusions that cause a Washington resident or business to be treated differently than another Washington resident or business. (8) A definition is added for "automation bias" which is the tendency for humans to overestimate the accuracy of decision support and decision-making systems and ignore contradictory information made without automation.

Section 3 - (1) The Office of the Chief Information Officer (OCIO) will adopt guidance for agencies rather than rules. (2) The OCIO will develop guidance for agencies to use when prioritizing analysis of Automated Decision Systems (ADS).

Section 4 - (1) Agencies shall adopt interim and then long-term prioritization frameworks for allocating resources to examine and address existing and future ADS. (2) As a part of the procurement process, agencies should assess new automated decision systems procured by them. (3) Automated decision systems currently in use by the state that discriminates produce legal effects on identified or identifiable natural persons should be assessed according to the prioritization framework. (4) Agencies should provide transparency of use, procurement, and development of automated decision systems, including monitoring or testing for accuracy and bias, that produce legal effects on identified or identifiable natural persons. (5) Ongoing monitoring or auditing should be performed on automated decision systems that have legal effects. (6) Removes the language prohibiting the development, procurement or use of an ADS and replaces it with: Agencies should provide training to state employees who develop, procure, operate, or use automatic decision systems as to risk of automation bias. (8) Requires a public agency to notify user of the specifics related to the system and how it operates, whether a human verifies or confirms decisions made, and how people may contest a decision.

Section 5 - This section provides a structure to the way in which public agencies examines their existing and proposed ADS and to identify for the legislature, the Governor, and the public, instances in which such examination is either incomplete or reveals that the applicable system fails to meet the minimum requirements of section 4 of this act. (1) (f) If an agency does not complete an algorithmic accountability report for each automated decision system already in use by January 1, 2025, then, unless the agency has been evaluating their systems in good faith based on the established prioritization framework and is granted an extension by the algorithmic accountability review board, the agency must cease use of the unevaluated automated decision system until such time as an extension is granted or the algorithmic accountability report is provided.

Section 7 - (5) Beginning January 1, 2025, each agency using an automated decision system must publish on its website annual metrics regarding the number of requests for human review of a decision rendered by the automated decision system it received and the outcome of the human review. (6) Beginning January 1, 2026, agencies shall conduct an annual audit on automated decision systems that have legal effects on people to ensure that they do not have differential effects on subpopulations that result over time and report to the algorithmic accountability review board any findings.

Section 8 - Any person who is injured by a material violation of this chapter may institute proceedings against the public agency deploying the ADS in a court of competent jurisdiction for injunctive and/or declaratory relief to compel compliance with this chapter and if successful shall be entitled to recover their reasonable attorneys' fees and costs.

Section 9 - Except to the extent an automated decision system utilizes a criterion specifically authorized or mandated by state or federal law or regulation, it is an unfair practice under this section for any ADS to discriminate against an individual, or to treat an individual less favorably than another, in whole or in part, on the basis of one or more factors enumerated in RCW 49.60.010.

Section 11 States this act will take effect immediately.

## 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.*

Cash receipts from Medicaid, Title 19 and Food Stamps

## 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.*

The fiscal impact of this bill is indeterminate due to the unknown definition of automated decision systems (ADS), automated support decisions, and automated final decision systems.

The Department of Social and Health Services (DSHS) utilizes many different automated systems with varying levels of decision-making functions to meet state and federal requirements for our Medicaid and non-Medicaid programs. The requirements of this bill could potentially slow down or even cease vital human services operations, which a significant number of Washington residents rely on from DSHS daily.

State Plan concerns - The Division of Child Support (DCS) must comply with the rules promulgated by the federal Office of Child Support Enforcement under U.S.C. 666(a)(10). In order to comply states are required to use automated methods (including automated comparisons with wage or State income tax data) to identify orders eligible for review, conduct the review, identify orders eligible for adjustment, and apply the appropriate adjustment to the orders.

Failure to comply with the State Plan puts DCS at risk of losing Federal Funding Participation for the IV-D program (approximately \$100 million per year) and loss of the IV-A block grant (approximately \$400 million per year).

Example: The DCS Support Enforcement Management System (SEMS) uses an automated program to identify cases that meet criteria for additional review by the assigned Support Enforcement Officer (SEO), notifying the SEO by setting a review code. Cases that do not meet criteria do not get additional review but do receive an automatically generated form telling them that their case does not meet criteria for further DCS review and giving some options to the parties for further action. Because SEMS sends the review denial form automatically without human intervention and the denial of the modification is a decision impacting a party's legal rights, DCS would not be able to automate this process as required to comply with the State Plan. Failure to comply with the State Plan puts DCS at risk of losing Federal Funding Participation for the IV-D program and loss of the IV-A block grant.

State Plan concerns - The bill does not take legacy systems into account. Multiple parts of SEMS meet the definition of an ADS, and the system will not function without all of those parts. If DCS must stop using those parts of SEMS until an algorithmic accountability report is filed and approved, DCS will have to stop using all of SEMS for at least the amount of time it takes to reprogram and recertify the system, or get the report approved. DCS is required to have a computerized support enforcement system. DCS Information Technology (IT) reports it is a significant investment in resources to document all the algorithms and provide reports.

Example: The distribution program could no longer be used. It calculates how support is distributed to cases based on an algorithm prescribed in the IV-D State Plan 45 CFR 302.51. Custodial parents (CP) have a property interest in how payments are applied to their case(s), and every CP has the right to request an administrative hearing on every cent DCS retains towards child support assigned to DSHS. DCS would have to manually calculate for each individual payment received by DCS how much support goes to each case and within each case how much is distributed to the family versus how much is retained toward debt assigned to the state. DCS is required to get the money out of the door within two business days. This jeopardizes DCS ability to comply with the IV-D State Plan and would unnecessarily delay payments to families. To restate, failure to comply with the State Plan puts DCS at risk of losing Federal Funding Participation for the

IV-D program and loss of the IV-A block grant.

This bill will have significant impact to DSHS in terms of time and resources needed due to the volume of ADS currently being utilized. The follow are examples only and not all-inclusive:

- Automated Client Eligibility System (ACES) Complex
- Support Enforcement Management System (SEMS)
- Electronic JOBS Automated System (eJAS)
- Data Warehouse (DW)
- ESA Management Accountability and Performance Statistics (EMAPS)
- BarCode which includes over 20 subsystems that handle a variety of work, such as document management, workflow, eligibility determination for Child Care Subsidy Programs, administrative fair hearing requests, FRED (Fraud Accountability) referral, etc.

ESA estimates needing 2.0 FTEs in FY24 and 1.5 each year thereafter, \$1,360,000 (\$830,000 GF-State) in FY24 and \$939,000 (\$573,000 GF-State) each year thereafter. Included in the costs are Information Technology (IT) professionals and contractors who will perform procurement of a consultant, developing the algorithmic accountability report research, planning and completion.

Based on Senate Bill 5356 intent and the “automated decision system” definition, the requirements listed on this bill will have significant impacts to TIA-ESA time and resources needed to review and coordinate with the OCIO and the Office of Equity an analysis of our eligibility and case management systems which we anticipate that includes ACES Complex, eJAS and BarCode which includes over 20 subsystems that handle a variety of work, such as document management, workflow, eligibility determination for Child Care Subsidy Programs, administrative fair hearing requests, FRED referral, etc.

The proposed bill states that agencies must adopt OCIO standards on the use and purchase of automated decision systems and develop a plan to analyze and examine existing and proposed automated decision systems, and to comply with all provisions of the bill by January 1, 2026, or must immediately cease use of the unevaluated automated decision system unless an extension by the Algorithmic Accountability Review Board is granted or the algorithmic accountability report is provided. This will adversely impact the department ability to deliver automation support necessary to support federal and state law changes or other high priorities or projects on the HHS Coalition portfolio.

Due to the “algorithmic accountability report” requirement, this bill will impact policy and operations staff especially the documentation of policies and guidelines that apply to each automated decision systems listed above which it is not possible to achieve by January 1, 2026, without additional time and resources.

In addition to the algorithmic accountability report, TIA-ESA will be identifying a plan to modify or update clients’ notifications to comply with Section 4(8).

ESA also estimates the costs below for items other than IT professionals (all costs are included above):

- Consultant - \$516,000 (\$299,000 GF-State) for FY23 and \$1,032,000 (\$597,000 GF-State) for FY24-25.
- Application Architect (ACES) - \$140,000 (\$102,000 GF-State) for FY23 and \$280,000 (\$204,000 GF-State) for FY24-25
- ACES Database Administrator - \$70,000 (\$51,000 GF-State) for FY23 and \$140,000 (\$102,000 GF-State) for FY24-25.
- eJAS Architect - \$70,000 (\$51,000 GF-State) for FY23 and \$140,000 (\$102,000 GF-State) for FY24-25.
- Business Rules Expertise - \$361,000 (\$264,000 GF-State) for FY23 only.

The Administration and Support Services Administration (ADMIN) would need 3.5 FTEs in FY24 and 2.0 FTEs ongoing to perform the inventory and assessment of agency systems within ADMIN. ADMIN estimates a fiscal impact of \$1,061,000 (\$828,000 GF-S) in FY24 and \$356,000 (\$278,000 GF-S) in each year thereafter. The Background Check Unit (BCCU) IT staff would need time to evaluate the Background Check System (BCS), prepare the report, and assess the system by the agency or third-party testers. BCCU might also be required to have BCS independently tested for bias. We estimate the

cost of such testing would be \$25,000 and is included above. Staff time required for evaluation, reporting and posting as required by the bill is estimated to be around 200 hours of BCCU IT staff time. BCCU staff time for implementation of the appeal rights requirements are estimated to be one-time costs of one full FTE for a period of one year. Research and Data Analysis (RDA) will need 1.5 FTEs for FY24 and 1.0 each year thereafter.

The Aging and Long-Term Support Administration (ALTSA) and the Developmental Disabilities Administration (DDA) have approximately 25 applications and would need additional time and resources to review and prepare the algorithmic accountability report. At this time, it is unknown if this bill would be in conflict with Medicaid rules and potentially jeopardize funding.

ALTSA and DDA use many systems that utilize automated algorithms. At this time, it is unclear if this bill would be in conflict with Medicaid rules and potentially jeopardize funding. For the purposes of this fiscal note, if there is no conflict, ALTSA/DDA would need 6.8 FTEs in FY24, 12.8 FTEs in FY25, and 1.3 FTEs in each year thereafter. The estimated fiscal impact is \$1,177,000 (\$647,000 GF-S) in FY24 and \$1,917,000 (\$1,054,000 GF-S) in FY25, and \$189,000 (\$104,000 GF-S) in each year thereafter. ALTSA/DDA assumes the need for 3.0 FTEs to assist with current applications and future applications, coordinating the required reporting, informing stakeholders, processing comments, and performing public engagement strategies. Additionally, a contract will need to be procured for application auditing. ALTSA /DDA has approximately 25 applications and after consulting with a firm specializing in auditing application algorithms, estimates each algorithm will cost \$40,000. These costs are included in the estimate above. This bill does not include an exemption for programs required by federal law to discriminate, as in Medicaid. It also does not include a mechanism for exemptions to be written into the rules to implement the program. As written now, ALTSA would need to either violate this state law or discontinue use of these systems for the purpose of administering Medicaid, a near impossible task.

The Behavioral Health Administration's (BHA) estimates needing 3.0 FTE's and \$537,000 (\$499,000 GF-S) in FY24 and 3.0 FTE's and \$487,000 (\$453,000 GF-S) in each ensuing fiscal year in order to meet the requirements of this legislation. Forensic Data System (FDS) uses an 'admission algorithm' that falls under the definition of an ADS. The algorithm was a key element in the Federal "Trueblood" settlement and was approved by the court. This legislation will require work completing the accountability report. This would require resources to initiate, monitor, and respond to required changes in order to achieve or maintain OCIO approval. This bill specifically creates an auditing process to review these systems moving forward. There will be ongoing work to establish and maintain approval. The legislation requires a third-party assessment of system bias with an estimated cost of \$50,000.

If BHA was not able to achieve compliance with this legislation it would be necessary to pull the algorithm and manually prioritize the list based on age of order, location of defendant (in custody or on personal recognizance), and type of legal authority specified in the court order. The Office of Forensic Mental Health Services estimates a requirement of 5 FTE's ongoing to accomplish the work involved.

It is not known if the BHA Forensic Data System (FDS) would fall under the category of "specifically mandated by law or federal law or regulation". If the FDS does not fall under these categories, then there would be additional costs to update the FDS to meet the requirements of the bill.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	3,920,000	2,511,000	6,431,000	2,816,000	2,816,000
001-2	General Fund	Federal	1,610,000	1,379,000	2,989,000	1,126,000	1,126,000
<b>Total \$</b>			<b>5,530,000</b>	<b>3,890,000</b>	<b>9,420,000</b>	<b>3,942,000</b>	<b>3,942,000</b>

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

**III. B - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	17.3	21.3	19.3	7.8	7.8
A-Salaries and Wages	1,745,000	2,134,000	3,879,000	1,846,000	1,846,000
B-Employee Benefits	582,000	712,000	1,294,000	638,000	638,000
C-Professional Service Contracts	1,477,000	641,000	2,118,000	1,282,000	1,282,000
E-Goods and Other Services	98,000	124,000	222,000	100,000	100,000
G-Travel	3,000	3,000	6,000	6,000	6,000
J-Capital Outlays	162,000		162,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service	7,000	9,000	16,000	8,000	8,000
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	1,456,000	267,000	1,723,000	62,000	62,000
9-					
<b>Total \$</b>	<b>5,530,000</b>	<b>3,890,000</b>	<b>9,420,000</b>	<b>3,942,000</b>	<b>3,942,000</b>

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

**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
IT APP DEVELOPMENT - JOURNE		2.3	4.3	3.3	0.4	0.4
IT ARCHITECTURE - SENIOR / SPECIALIST			0.2	0.1	0.2	0.2
IT ARCHITECTURE - SENIOR IT MANAGER		1.0	1.0	1.0	1.0	1.0
IT BUSINESS ANALYST - JOURNE		3.2	5.2	4.2	1.4	1.4
IT BUSINESS ANALYST - SENIOR SPECIALIST		1.4	1.0	1.2	1.0	1.0
IT BUSINESS ANALYST - SENIOR IT MANAGER		1.0	1.3	1.2	0.3	0.3
IT DATA MANAGEMENT - SENIO IT MANAGER		0.5		0.3		
IT POLICY AND PLANNING - SENIOR IT MANAGER		1.6	1.7	1.7	1.7	1.7
IT PROJECT MANAGEMENT - SENIOR / SPECIALIST		2.3	4.3	3.3	0.5	0.5
IT PROJECT MANAGEMENT - SENIOR MANAGER		1.0	1.0	1.0		
IT QUALITY ASSURANCE - SENIOR / SPECIALIST			0.3	0.2	0.3	0.3
WMS BAND 2		3.0	1.0	2.0	1.0	1.0
<b>Total FTEs</b>		<b>17.3</b>	<b>21.3</b>	<b>19.3</b>	<b>7.8</b>	<b>7.8</b>

**III. D - Expenditures By Program (optional)**

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Behavioral Health Administration (030)	537,000	487,000	1,024,000	974,000	974,000
Adult Services (050)	1,177,000	1,917,000	3,094,000	378,000	378,000
Economic Services (060)	1,360,000	939,000	2,299,000	1,878,000	1,878,000
Administration (110)	1,061,000	356,000	1,417,000	712,000	712,000
Technology Innovation Administration (150)	1,395,000	191,000	1,586,000		
<b>Total \$</b>	<b>5,530,000</b>	<b>3,890,000</b>	<b>9,420,000</b>	<b>3,942,000</b>	<b>3,942,000</b>

## 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.*

No new rule making would be required.



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 303-Department of Health
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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	1.6	0.0	0.8	0.0	0.0
<b>Account</b>					
General Fund-State 001-1	294,000	0	294,000	64,000	0
<b>Total \$</b>	294,000	0	294,000	64,000	0

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

☒

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

☐

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

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Damian Howard	Phone: 3602363000	Date: 01/20/2023
Agency Approval: Kristin Bettridge	Phone: 3607911657	Date: 01/20/2023
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 01/22/2023

## 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.*

Section 4 outlines the minimum standards that should be applied to an agency's development, procurement, or use of an automated decision system.

Section 4(1) Directs agencies and WaTech (the office), in consultation with the office of equity, to adopt interim and then long-term prioritization frameworks for allocating resources to address existing and future automated decision systems and to address any deficiencies found in compliance with this section. Frameworks should be used to determine resources to be devoted first.

Section 4(2) Agencies should assess new automated decision systems procured by them as part of the procurement process. Assessment should include evaluation of potential impacts of the systems on the risk to rights & freedoms of a natural person; the existence or risk of bias or inaccuracy in the results of the system; and whether the workings of the system are transparent to the public.

Section 4(3) Systems currently in use should be assessed according to the prioritization framework.

Section 4(4) Agencies should provide transparency of use, procurement, and development of automated decision systems.

Section 4(5) Ongoing monitoring should be performed on automated decision systems that have legal effects to ensure they do not have differential effects on subpopulations over time.

Section 4(6) Agencies should provide training about risks for state employees who develop, procure, operate, or use automated decision systems.

Section 4(7) Agencies must follow conditions outlined in the relevant accountability report for the systems.

Section 4(8) Details the minimum requirements related to these systems, including giving clear notice in plain language to people impacted by an automated decision system of elements outlined in the bill (i)-(vi); ensure to the maximum extent practicable that the system and data used to develop the system are made freely available by the vendor before, during and after deployment for testing, auditing, or research; ensure that any decision made by an automated decision system is subject to appeal through a timely process not to exceed 20 days; and ensure the agency can explain the basis for its decision in terms understandable to a layperson.

Section 4(9) Requires procurement contracts entered into after the effective date of this law to adhere to the minimum standards outlined above.

Section 5 contains the vast majority of provisions under the bill, including the requirements for when an agency must complete an algorithmic accountability report and the contents of those reports. This section provides the structure for agencies to examine their existing and proposed automated decision systems and to provide information to the legislature, Governor, and the public on whether or not that examination is incomplete or reveals that any examined automated decision system fails to meet the requirements of section 4 above. Subject to that intent, the following is incorporated:

Section 5(1) Agencies already using automated decision systems as of the effective date of the law must provide a list of automated decision systems to the algorithmic accountability review board by January 1, 2024, and use the prioritization framework (or adopt or implement an interim framework) established in section 3 by WaTech (in collaboration with the office of equity) to identify the order in which to complete an algorithmic accountability report on each existing automated

decision systems by January 1, 2026. Algorithmic accountability reports and information developed under this subsection must include:

- (a) Clear and understandable statements based on information already available to the agency.
- (b) It must accurately report only the actual direct knowledge contained in the files.
- (c) Agencies may include information not already contained in their files.
- (d) The list of systems and prioritization frameworks must be available to the public and may include criteria as described in Sec. 5(1)(d).
- (e) For high-risk systems, as defined in the prioritization framework, the report must include an evaluation of accuracy and bias by a qualified independent third party. Reports that don't exist must be prepared and included to meet the timelines required in the bill.
- (f) If an algorithmic accountability report is not completed for each automated decision system by January 1, 2026, an agency must cease the use of the unevaluated system unless the agency has been evaluating their systems in good faith based on the established prioritization framework and is granted an extension by the algorithmic accountability review board.
- (g) Extension requests for systems as described above must include a timeline for when each algorithmic accountability report will be provided by the agency.
- (h) The algorithmic accountability review board shall grant extensions for continued use of the system if the agency has established a reasonable timeline for completion of the algorithmic accountability report and there is no apparent likelihood of bias in the system.
- (i) The algorithmic accountability review board must report annually on agency compliance with this subsection and any extensions granted. The report must be available to the public.

Section 5(2) This section governs newly developed or procured automated decision systems for public agencies. For systems developed or procured after January 1, 2026, an algorithmic accountability report as described above must be filed at least one month before the procurement of or implementation of such a system and filed with the office of that report. Agencies must also conduct "reasonable investigatory due diligence" when developing their algorithmic accountability review reports. For high-risk systems as outlined in the prioritization framework, agencies must include an evaluation of accuracy and bias by a qualified independent third party.

Section 7(5) requires each agency using an automated decision system to publish on its website annual metrics regarding the number of requests for human review of a decision rendered by the system and the outcome of the human review.

Section 7(6) requires that agencies conduct annual audits on automated decision systems that have legal effects on people, with the elements required in the subsection. These audits must start on January 1, 2026.

## **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.*

None

## **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.*

DOH will:

- Identify applications where system automated decisions are being made, as defined in the bill.
- Determine information required for collection and reporting. These data will be added to the portfolio and populated for reporting.
- Determine the process of how to give clear notice in plain language to the people impacted by the automated decision

system and all related activities.

- Work with Contracts and Procurement office to update processes to include this assessment within the evaluation criteria of bringing in new systems
- Work with DOH Equity team to ensure our processes for assessment and providing notice are fair and equitable
- Evaluate and update project management processes to include assessment evaluation of any system that we are planning to build or procure
- Conduct an annual audit, required to begin January 1, 2026, on automated decision systems in use to ensure they do not have a differential effect on some populations. Contracted resources will fulfill this audit requirement.

Assumptions: Ongoing monitoring is defined as should and not must, therefore DOH is not costing out long-term. No software or system will be used to complete this assessment work, it will be a manual process.

Start-up costs to identify automated decision systems:

(0.1 FTE) IT Architecture – Sr/Spec - one-time FY24

(0.5 FTE) IT Business Analyst – Journey – one-time FY24

(1.0 FTE) IT Project Management – Journey – one-time FY24

On-going costs for audit/reporting requirements:

Contractor/consultant:

Start-up - FY26 - \$51,000

on-going - FY27 and beyond - \$13,000 per year

FY24 Total Cost: \$294,000

FY25 Total Cost: \$0

FY26 Total Cost: \$51,000

FY27 Total Cost: \$13,000

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	294,000	0	294,000	64,000	0
<b>Total \$</b>			294,000	0	294,000	64,000	0

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.6		0.8		
A-Salaries and Wages	175,000		175,000		
B-Employee Benefits	58,000		58,000		
C-Professional Service Contracts				63,000	
E-Goods and Other Services	42,000		42,000	1,000	
J-Capital Outlays	7,000		7,000		
T-Intra-Agency Reimbursements	12,000		12,000		
9-					
<b>Total \$</b>	294,000	0	294,000	64,000	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
IT ARCHITECTURE - SENIOR/SPECIALIST	121,620	0.1		0.1		
IT BUSINESS ANALYST - JOURN	100,032	0.5		0.3		
IT PROJECT MANAGEMENT - JOURNEY	105,060	1.0		0.5		
Total FTEs		1.6		0.8		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

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 305-Department of Veterans Affairs
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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	3.0	3.0	3.0	4.0	4.0
<b>Account</b>					
General Fund-State 001-1	389,000	389,000	778,000	1,048,000	1,048,000
<b>Total \$</b>	389,000	389,000	778,000	1,048,000	1,048,000

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Troy Cerny	Phone: 3607252661	Date: 01/18/2023
Agency Approval: Yacob Zekarias	Phone: 253-545-1942	Date: 01/18/2023
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 01/18/2023

## 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.*

Section 4 imposes minimum standards applying to an agency's development, procurement, or use of Automated Decision Systems (ADS). Section 4, Subsections 4-9 generate fiscal impact to WDVA by requiring the monitoring of ADS, training, reporting, and an appeals process.

Section 7, Subsection 5, generates fiscal impact to WDVA by requiring the department to publish on its website annual metrics regarding the number of requests for human review of a decision rendered by an ADS. Section 7, Subsection 6 generates fiscal impact to WDVA by requiring the department to conduct an annual audit beginning January 1, 2026, on ADS to ensure they do not have differential effects on subpopulations.

Additionally, WDVA finds that the definitions for this bill are still ambiguous for narrowing the scope and intent; analysis will be required to ensure compliance with the current language of this bill if were enacted.

### 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.*

Section 4, Subsection 4, requires agencies to provide transparency of use, procurement and development of ADS to include monitoring, testing of bias and accuracy that produce legal effects on persons. WDVA assumes 1.0 FTE impact; 0.2 FTE to provide data of use, procurement, development of testing the bias and accuracy of ADS and 0.8 FTE to test systems for bias and accuracy of ADS.

Section 4, Subsection 5, requires monitoring or auditing to be performed on ADS that have legal effects. WDVA assumes the impact can be absorbed within the 1 FTE outlined in Section 4(4).

Section 4, Subsection 6, requires agencies to provide training to staff who develop, procure, operate, or use ADS on risk of automation bias.

WDVA assumes 1.0 FTE impact to design, develop, and implement trainings, and coordinate trainings pre-determined to meet these criteria as provided by 3rd party vendor supported ADS.

Section 4, Subsection 7, requires agencies to follow conditions as outlined by the algorithmic accountability report.

WDVA assumes 1.0 FTE impact to complete algorithm accountability reports coordinating assessments with various programs in IT, contracts, and other relative business functions to collect and aggregate data to complete the report.

Section 4, Subsection 8, requires agencies to implement an appeals process for any ADS developed or procured for use at the agency and to provide notice of the effects/impacts of the system both in writing to each impacted person by said system, as well as require any procured third party vendor system to be publicly disclosed, without impact to vendor trade secrets. WDVA assumes this subsection can be absorbed within the FTE impact codified in Section 4(6).

Section 4, Subsection 9, states any procurement contract relative to an identified ADS after the effective date of this section

must ensure that the minimum standards are followed and in effect without impairment. WDVA assumes this subsection can be absorbed within the FTE impact codified in Section 4(4).

Section 7, Subsection 5, requires by January 1, 2025, for state agencies to publish on its website annual metrics regarding the number of requests for human review of a decision rendered by ADS and the outcome from that review. WDVA assumes this subsection can be absorbed within the FTE impact codified in Section 4(6).

Section 7, Subsection 6, requires that by January 1, 2026, for agencies to conduct an annual audit on identified ADS that have legal effects on people, to verify subpopulations do not result in differential treatment, and includes the audit criteria for corrective actions. WDVA assumes 1.0 FTE impact to conduct this audit.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	389,000	389,000	778,000	1,048,000	1,048,000
<b>Total \$</b>			389,000	389,000	778,000	1,048,000	1,048,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	3.0	3.0	3.0	4.0	4.0
A-Salaries and Wages	238,000	238,000	476,000	642,000	642,000
B-Employee Benefits	84,000	84,000	168,000	224,000	224,000
C-Professional Service Contracts					
E-Goods and Other Services	5,000	5,000	10,000	14,000	14,000
G-Travel	7,000	7,000	14,000	20,000	20,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	55,000	55,000	110,000	148,000	148,000
9-					
<b>Total \$</b>	389,000	389,000	778,000	1,048,000	1,048,000

### 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
109L: MANAGEMENT ANALYST	80,901				1.0	1.0
481D: IT SUPPORT TECHNICIAN	58,704	1.0	1.0	1.0	1.0	1.0
482AD: IT APPLICATION DEVELOPMENT - ENTRY	93,049	1.0	1.0	1.0	1.0	1.0
482QA: IT QUALITY ASSURANCE ENTRY	86,618	1.0	1.0	1.0	1.0	1.0
<b>Total FTEs</b>		3.0	3.0	3.0	4.0	4.0

### III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
DVA Headquarters (010)	389,000	389,000	778,000	1,048,000	1,048,000
<b>Total \$</b>	389,000	389,000	778,000	1,048,000	1,048,000

## 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.*

**Rollup/Setup**

**SB 5356**

**Fiscal Impact**

☐ None

☐ Indeterminate

**Rulemaking Impact**

☐ None

☐ New or Revised

**Enter Preparer Name(s) Below:**

Troy Cerny

**INSTRUCTIONS**

**funds/objects in balance: YES**

<b>Rollup</b>			FY24	FY25	FY26	FY27	FY28	FY29
<b>Cash Receipts</b>	<u>Fund#</u>	<u>Type</u>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
-			0	0	0	0	0	0
-			0	0	0	0	0	0
-			0	0	0	0	0	0
-			0	0	0	0	0	0
<b>Estimated Expenditure By Fund</b>	<u>Fund#</u>	<u>Type</u>	<b>389,469</b>	<b>389,469</b>	<b>524,052</b>	<b>524,052</b>	<b>524,052</b>	<b>524,052</b>
General Fund State	001	1	389,469	389,469	524,052	524,052	524,052	524,052
-			0	0	0	0	0	0
-			0	0	0	0	0	0
-			0	0	0	0	0	0
<b>Estimated Expenditure By Object</b>			<b>389,469</b>	<b>389,469</b>	<b>524,052</b>	<b>524,052</b>	<b>524,052</b>	<b>524,052</b>
A - Salaries and Wages			238,371	238,371	321,272	321,272	321,272	321,272
B - Employee Benefits			83,602	83,602	112,092	112,092	112,092	112,092
C - Professional Service Contracts			0	0	0	0	0	0
E - Goods and Services			5,400	5,400	7,200	7,200	7,200	7,200
G - Travel			7,200	7,200	9,600	9,600	9,600	9,600
J - Capital Outlays (Equipment)			0	0	0	0	0	0
M - Inter-agency/Fund Transfers			0	0	0	0	0	0
N - Grants, Benefits & Client Services			0	0	0	0	0	0
P - Debt Service			0	0	0	0	0	0
S - Inter-agency Reimbursements			0	0	0	0	0	0
T - Intra-agency Reimbursements			54,896	54,896	73,888	73,888	73,888	73,888
<b>Expenditure All Programs</b>	<u>Prog#</u>		<b>389,469</b>	<b>389,469</b>	<b>524,052</b>	<b>524,052</b>	<b>524,052</b>	<b>524,052</b>
DVA Headquarters	010		389,469	389,469	524,052	524,052	524,052	524,052
<b>FTE</b>	<u>Annual Salary</u>		<b>3.00</b>	<b>3.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>
IT App Dev Entry	93,049		1.00	1.00	1.00	1.00	1.00	1.00
IT Quality Assurance Entry	86,618		1.00	1.00	1.00	1.00	1.00	1.00
IT Support Technician 2	58,704		1.00	1.00	1.00	1.00	1.00	1.00
MANAGEMENT ANALYST 4	82,901		0.00	0.00	1.00	1.00	1.00	1.00
	0		0.00	0.00	0.00	0.00	0.00	0.00
	0		0.00	0.00	0.00	0.00	0.00	0.00
	0		0.00	0.00	0.00	0.00	0.00	0.00
	0		0.00	0.00	0.00	0.00	0.00	0.00
	0		0.00	0.00	0.00	0.00	0.00	0.00
	0		0.00	0.00	0.00	0.00	0.00	0.00
	0		0.00	0.00	0.00	0.00	0.00	0.00
	0		0.00	0.00	0.00	0.00	0.00	0.00
Standard Costs Subtotal			67,496	67,496	90,688	90,688	90,688	90,688

[illegible]

[illegible]

[illegible]

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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 307-Department of Children, Youth, and Families
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
General Fund-Federal 001-2	164,000	161,000	325,000	176,000	176,000
<b>Total \$</b>	164,000	161,000	325,000	176,000	176,000

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	3.0	3.0	3.0	3.0	3.0
<b>Account</b>					
General Fund-State 001-1	1,009,000	984,000	1,993,000	1,078,000	1,078,000
General Fund-Federal 001-2	164,000	161,000	325,000	176,000	176,000
<b>Total \$</b>	1,173,000	1,145,000	2,318,000	1,254,000	1,254,000

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Chris Conn	Phone: 360 725-4441	Date: 01/24/2023
Agency Approval: Crystal Lester	Phone: 360-628-3960	Date: 01/24/2023
OFM Review: Carly Kujath	Phone: (360) 790-7909	Date: 01/31/2023

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.

SB 5356 establishes guidelines for agency procurement, use of, and reporting about automated decision systems in order to protect consumers and improve transparency.

Section 7 (6) directs agencies to conduct an annual audit on automated decision systems that have legal effects on people to ensure that they do not have differential effects on subpopulations.

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.

For Title IV-E, the agency estimates eligible reimbursements of \$141,000 in FY24, \$138,000 in FY25, and \$75,000 in FY26 and ongoing.

For Medicaid, the agency estimates eligible reimbursements of \$23,000 in FY24 and FY25, and \$13,000 in FY26 and ongoing.

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.

The Department of Children, Youth and Families estimates \$2,318,000 (\$1,993,000 GF-S), and 3.0 Full Time Equivalent Staff (FTEs) in the 23-25 Biennial Budget.

Section 7 (6) Section 7 (6)

Total Costs are \$1,173,000 in FY24 and \$1,145,000 in FY25 and 3 FTEs.

This section changes system audits to an annual basis requiring a contract to perform specialized performance analysis estimated to cost \$200,000 per fiscal year. Additionally, DCYF IT would need to contract out for an assessment and upgrades to internal systems estimated to cost \$518,000 for FY24 and FY25.

3.0 Operational Research Specialists are needed to handle the increase in workload due to bill changing system audits to an annual review.

AGO costs would increase due to additional workload created by this section. Costs estimates are \$23,000 for FY24 and \$17,000 for FY25 and ongoing.

Assumptions:

FY 2024 = 170 AAG hours = 0.09 FTE AAG = \$23,000

FY 2025 = 130 AAG hours = 0.07 FTE AAG = approx.. \$17,000

FY 2026 = 130 AAG hours = 0.07 FTE AAG = approx.. \$17,000

FY 2027 = 130 AAG hours = 0.07 FTE AAG = approx.. \$17,000



FY 2028 = 130 AAG hours = 0.07 FTE AAG = approx.. \$17,000

Estimate that there are up to 70 systems that would meet the broad ADS definition in this bill

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	1,009,000	984,000	1,993,000	1,078,000	1,078,000
001-2	General Fund	Federal	164,000	161,000	325,000	176,000	176,000
Total \$			1,173,000	1,145,000	2,318,000	1,254,000	1,254,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	3.0	3.0	3.0	3.0	3.0
A-Salaries and Wages	303,000	303,000	606,000	606,000	606,000
B-Employee Benefits	95,000	95,000	190,000	190,000	190,000
C-Professional Service Contracts	718,000	718,000	1,436,000	400,000	400,000
E-Goods and Other Services	28,000	22,000	50,000	44,000	44,000
G-Travel	7,000	7,000	14,000	14,000	14,000
J-Capital Outlays	22,000		22,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	1,173,000	1,145,000	2,318,000	1,254,000	1,254,000

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
Operations Research Specialist	101,000	3.0	3.0	3.0	3.0	3.0
Total FTEs		3.0	3.0	3.0	3.0	3.0

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

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 310-Department of Corrections
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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
<b>Account</b>					
General Fund-State 001-1	375,000	370,000	745,000	740,000	740,000
<b>Total \$</b>	375,000	370,000	745,000	740,000	740,000

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: John Ching	Phone: (360) 725-8428	Date: 01/30/2023
Agency Approval: Ronell Witt	Phone: (360) 725-8428	Date: 01/30/2023
OFM Review: Cynthia Hollimon	Phone: (360) 810-1979	Date: 01/30/2023

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 proposed legislation adds a new section to RCW 49.60 and a new chapter to RCW Title 43 and establishes guidelines for government procurement and use of automated decision systems (ADS).

Section 2(3) defines algorithmic accountability report as a report with content enumerated in section 5(4) of this act.

Section 2(5) defines automated decision system as any algorithm that uses data-based analysis or calculations to make or support government decisions, judgements or conclusions that cause a Washington resident or business to be treated differently than another Washington resident or business or results in statistically significant disparities with other classes of persons or businesses.

Section 2(6) defines automated final decision system as an automated decision system that makes final decisions, judgments, or conclusions without human intervention.

Section 2(7) defines automated support decision system as an automated decision system that provides information to inform the final decision, judgment, or conclusion of a human decision maker.

Section 4(1) states that agencies, the office of the state chief information officer in consultation with the office of equity should adopt prioritization frameworks for allocating resources to address existing and future automated decision systems and their compliance with this legislation.

Section 5 states that agencies already using an automated decision system as of the effective date of this section must provide a list of automated decision systems in use to the algorithmic accountability review board by January 1, 2024. Agencies must use the prioritization framework to implement an interim prioritization framework to identify the order in which to complete an algorithmic accountability report on each existing automated decision system by January 1, 2026.

Section 8 states that any person injured by a violation of this chapter may institute proceedings against the agency deploying the automated decision system in a court to compel compliance with this chapter and all relief available in law.

Section 11 states that this act is necessary for the immediate preservation of the public peace, health or safety or support of the state government and its existing institutions and takes effect immediately.

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.

None

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.

We assume this bill will have a fiscal impact to Department of Corrections (DOC) greater than \$50,000 per Fiscal Year (FY).

DOC systems that could be impacted by requirements of this bill include the WA One (Offenders Needs Evaluation),

Sentence Calculation Business Rule Engine, Trust Accounting System (TAS), and Women’s Risk Needs Assessment (WRNA). More evaluation would be needed to determine what other DOC systems fall within the definition of ADS. DOC would be required to file an algorithmic accountability report with the Office of the Chief Information Officer (OCIO) to determine if these systems fall within the definition of a decision-making system by January 1, 2024.

Given that the required report outcomes are unknown until the report is developed, submitted, and reviewed by the OCIO, DOC is unable to accurately estimate the total fiscal impacts of this proposed legislation. An evaluation of the tool resulting in a decision to discontinue use of the tool would require a policy decision supporting an alternative. Risk assessments for incarcerated individuals impact almost all DOC operations and, by law, DOC must use a tool identified by the Washington State Institute for Public Policy (WSIPP). By January 1, 2026, DOC is required to complete and report to the Algorithmic Accountability Review Board (AARB) an independent evaluation of accuracy and bias or cease use of the system(s).

Other requirements of this bill include working with third party vendors on the independent evaluations and that ensuring they understand their roles and responsibilities. DOC must conduct annual audits and report to the AARB. Results of these audits must be published on DOC’s public website for annual metrics.

The DOC assumes fiscal impact of \$200,000 annually for professional service contract with a third-party vendor and ongoing IT costs to include 1.0 FTE:

- IT Policy & Planning/Senior Specialist, Range 08IT, Step L
  - o Salary \$116,000 and Benefits \$35,000 = \$151,000
  - o Ongoing costs: \$3,000
  - o One-time costs: \$5,000

The job duties of this FTE would include:

- o Managing the relationship with the OCIO and newly form algorithmic accountability review board regarding the new requirements.
- o Completing assessments
- o Coordinating with independent vendors, our existing third-party application vendors, and internal stakeholders
- o Review results and information provided from vendors
- o Preparing the metrics/data that is published in the public facing website
- o Policy creation and review related to these requirements
- o Perform initial analysis of our systems and report to the newly formed board
- o Prepare annual report
- o Conduct and/or coordinate annual audits
- o Coordinate with contracts office on contract changes

The professional service contract for a third-party vendor would stipulate that the vendor performs independent reviews of DOC’s applications for accuracy and bias. Ongoing as needed.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	375,000	370,000	745,000	740,000	740,000
Total \$			375,000	370,000	745,000	740,000	740,000

**III. B - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages	115,000	115,000	230,000	230,000	230,000
B-Employee Benefits	35,000	35,000	70,000	70,000	70,000
C-Professional Service Contracts	200,000	200,000	400,000	400,000	400,000
E-Goods and Other Services	2,000	2,000	4,000	4,000	4,000
G-Travel	1,000	1,000	2,000	2,000	2,000
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	17,000	17,000	34,000	34,000	34,000
9-					
<b>Total \$</b>	<b>375,000</b>	<b>370,000</b>	<b>745,000</b>	<b>740,000</b>	<b>740,000</b>

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

**III. D - Expenditures By Program (optional)**

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Administration & Support Svcs (100)	375,000	370,000	745,000	740,000	740,000
<b>Total \$</b>	<b>375,000</b>	<b>370,000</b>	<b>745,000</b>	<b>740,000</b>	<b>740,000</b>

**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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 315-Department of Services for the Blind
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Lorie Christoferson	Phone: (360) 725-3840	Date: 01/18/2023
Agency Approval: Lorie Christoferson	Phone: (360) 725-3840	Date: 01/18/2023
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 01/19/2023

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.

DSB does not own automated decision systems, nor do we plan to procure an automated decision system in the future. It is possible we are using systems such as HRMS or LMS that could fall under the definition of an automated decision system.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 341-Law Enforcement Officer and Fire Fighters' Plan 2 Retirement Board
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## Part I: Estimates

☒ **No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

<b>Legislative Contact:</b> Angela Kleis	<b>Phone:</b> 360-786-7469	<b>Date:</b> 01/12/2023
<b>Agency Preparation:</b> Seth Flory	<b>Phone:</b> (360) 407-8165	<b>Date:</b> 01/17/2023
<b>Agency Approval:</b> Seth Flory	<b>Phone:</b> (360) 407-8165	<b>Date:</b> 01/17/2023
<b>OFM Review:</b> Marcus Ehrlander	<b>Phone:</b> (360) 489-4327	<b>Date:</b> 01/20/2023

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.

Senate Bill 5356 seeks to establish guidelines to protect consumers, improve transparency, and create more market predictability when state agencies procure and utilize automated decision systems.

The Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board (LEOFF) does not use automated decision systems and has no plans to procure any such systems in the future. Therefore, no fiscal impact to the agency is expected to result from this legislation.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 351-State School For The Blind
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Mary Sarate	Phone: (360) 696-6321	Date: 01/17/2023
Agency Approval: Mary Sarate	Phone: (360) 696-6321	Date: 01/17/2023
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 01/25/2023

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.

Senate Bill 5356 establishes guidelines for government procurement and use of automated decision systems. Currently, WSSB does not use automated decision systems and does not have any plans to use them in foreseeable future.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 353-Washington State Center for Childhood Deafness and Hearing Loss
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## Part I: Estimates

☒ **No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

<b>Legislative Contact:</b> Angela Kleis	<b>Phone:</b> 360-786-7469	<b>Date:</b> 01/12/2023
<b>Agency Preparation:</b> April Burns	<b>Phone:</b> 360-418-4326	<b>Date:</b> 01/18/2023
<b>Agency Approval:</b> Rick Hauan	<b>Phone:</b> (360) 418-0400	<b>Date:</b> 01/18/2023
<b>OFM Review:</b> Gaius Horton	<b>Phone:</b> (360) 819-3112	<b>Date:</b> 01/25/2023



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.

CDHY does not currently have any automated decision systems at this time. Our agency does work with WaTech and OCIO for many of our systems and will be relying on their expertise when looking at automated decision systems in the future.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 355-Department of Archaeology and Historic Preservation
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## Part I: Estimates



No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

☐

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

☐

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

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Diann Lewallen	Phone: 360-407-8121	Date: 02/01/2023
Agency Approval: Diann Lewallen	Phone: 360-407-8121	Date: 02/01/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/06/2023

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.

SB 5356 Establishes the guidelines for the procurement and use of automated decision systems by state entities.

The various sections of this legislation detail the proper development, procurement, and use of automated decision systems and provide legal recourse for those impacted by the misuse of such systems.

The Washington State Department of Archaeology and Historic Preservation does not use automated decision systems and has no plans to procure any such system in the future. Therefore, no fiscal impact is expected to result from this legislation.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 387-Washington State Arts Commission
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Deane Shellman	Phone: 3606221743	Date: 01/18/2023
Agency Approval: Karen Hanan	Phone: 360-586-2423	Date: 01/18/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/20/2023

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.

5356 SB Establishes the guidelines for the procurement and use of automated decision systems by state entities.

The various sections of this legislation detail the proper use of automated decision systems and provide legal recourse for those impacted by the misuse of such systems.

The Washington Arts Commission does not use automated decision systems and has no plans to procure any such system in the future. Therefore, no fiscal impact is expected to result from this legislation.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 390-Washington State Historical Society
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Teresa Mattson	Phone: (360) 798-5906	Date: 01/19/2023
Agency Approval: Jennifer Kilmer	Phone: 253-798-5900	Date: 01/19/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/19/2023

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.

As a small agency focused on provided history education experiences and resources, WSHS has no intention of implementing or procuring an automated decision system. Consequently, there is no fiscal impact.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 395-Eastern Washington State Historical Society
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Flory Seth	Phone: 360-407-8165	Date: 01/17/2023
Agency Approval: Flory Seth	Phone: 360-407-8165	Date: 01/17/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/19/2023

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.

Senate Bill 5356 seeks to establish guidelines to protect consumers, improve transparency, and create more market predictability when state agencies procure and utilize automated decision systems.

The Eastern Washington State Historical Society (EWSHS) does not use automated decision systems and has no plans to procure any such systems in the future. Therefore, no fiscal impact to the agency is expected to result from this legislation.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 405-Department of Transportation
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Bob Loveless	Phone: 360-705-7860	Date: 01/19/2023
Agency Approval: Kumar Yajamak	Phone: 360-705-7764	Date: 01/19/2023
OFM Review: Maria Thomas	Phone: (360) 229-4717	Date: 01/19/2023

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.

See attached WSDOT fiscal note.

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.

See attached WSDOT fiscal note.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356SB	<b>Title:</b> Automated Decision Systems Procurement	<b>Agency:</b> 405-Department of Transportation
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## Part I: Estimates

Check applicable boxes and follow corresponding instructions, use the fiscal template table provided to show fiscal impact by account, object, and program (if necessary), **add rows if needed**. If no fiscal impact, check the box below, skip fiscal template table, and go to Part II to explain briefly, why the program believes there will be no fiscal impact to the department.

☐ No Fiscal Impact (Explain in section II. A)

*If a fiscal note is assigned to our agency, someone believes there might be, and we need to address that, showing why there is no impact to the department.*

☐ Indeterminate Cash Receipts Impact (Explain in section II. B)

☒ Indeterminate Expenditure Impact (Explain in section II. C)

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

☐ Capital budget impact, **complete Part IV**

☐ Requires new rule making, **complete Part V**

☐ Revised

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

## Agency Assumptions

N/A

## Agency Contacts:

Preparer: Bob Loveless	Phone: 360-878-3201	Date: 01/18/23
Approval: Matt Modarelli/Kumar Yajamanam	Phone: 360-705-7601	Date: 01/18/23
Budget Manager: Siri Olson	Phone: 360-705-7542	Date: 01/18/23

# Individual State Agency Fiscal Note

## Part II: Narrative Explanation

### II. A - Brief description of what the measure does that has fiscal impact

*Briefly describe by section number (sections that will change WSDOT costs or revenue), the significant provisions of the bill, and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency.*

SB 5356 places requirements on state agencies and public agencies related to procuring and using automated decision systems.

Section 5(1) requires agencies already using automated decision systems as of the effective date of the law must provide a list of automated decision systems to the algorithmic accountability review board by January 1, 2024.

Section 5(2) requires agencies to conduct *reasonable investigatory due diligence* when developing their algorithmic accountability review reports.

Section 5 (3) requires agencies to file an algorithmic accountability report one month in advance of developing or procuring a new system after January 1, 2026. Then there are requirements for public posting, public comment, board review, and final decision posting.

Section 5(4) lists all the requirements for the algorithmic accountability report.

### II. B – Cash Receipts Impact

*. 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.*

N/A

### 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 fiscal impact of this bill is indeterminate due to the unknown staff time and resources necessary to accomplish the requirements of this bill.

The definition of *automated decision systems* in the bill is expansive and may apply to an unknown number of systems in the agency. For example, potential existing WSDOT systems that may qualify include automated tolling systems and automated school zone enforcement systems (ticketing for speed). In the case of the tolling system, an automated system reads the Good to Go pass and automatically deducts the toll from a prepaid account. Also, if a vehicle without a pass uses the tolling facility, a photograph is taken, and a toll bill is sent to the licensed owner of the vehicle. In the case of the school zone enforcement systems, the system takes a photo and sends that to a local law enforcement entity. They then decide to issue a ticket or warning. In both cases, the system is programmed to take an action independently.

If these systems qualify as automated decision systems under this bill, the department would need to prepare and submit an algorithmic accountability report and receive approval to use these systems from the board.

# Individual State Agency Fiscal Note

In addition to existing systems, this bill could fiscally impact current and future procurements. A new requirement/certification could slow down existing and near-future procurements currently underway. This could put current IT projects at risk of failure or cost overruns due to project delays. Vendors may require a cost increase due to this additional requirement, which may involve amending current contracts. The amount of additional in-house IT resources needed to work with the OCIO to receive approval is also unknown. Until this new OCIO requirement is fully understood and well defined, these potential fiscal impacts cannot be determined.

Supporting these additional processes will require staff time and knowledge. Currently, this additional overhead is unknown.

## Part III: Expenditure Detail

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

N/A

## Part IV: Capital Budget Impact

N/A

## 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.*

N/A

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 406-County Road Administration Board
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Drew Woods	Phone: 360-753-5989	Date: 01/17/2023
Agency Approval: Drew Woods	Phone: 360-753-5989	Date: 01/17/2023
OFM Review: Maria Thomas	Phone: (360) 229-4717	Date: 01/17/2023

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.

No fiscal impact due to CRAB not using, or intending to use, automated decision systems in its operations.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 407-Transportation Improvement Board
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## Part I: Estimates

☒ **No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

<b>Legislative Contact:</b> Angela Kleis	<b>Phone:</b> 360-786-7469	<b>Date:</b> 01/12/2023
<b>Agency Preparation:</b> Paul Bitar	<b>Phone:</b> 360-407-8129	<b>Date:</b> 01/18/2023
<b>Agency Approval:</b> Paul Bitar	<b>Phone:</b> 360-407-8129	<b>Date:</b> 01/18/2023
<b>OFM Review:</b> Maria Thomas	<b>Phone:</b> (360) 229-4717	<b>Date:</b> 01/18/2023



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 is a no fiscal impact bill for the Transportation Improvement Board. The agency does not currently own or plan to use systems with automated decision technology.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 410-Transportation Commission
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Aaron Halbert	Phone: 360-705-7118	Date: 01/17/2023
Agency Approval: Reema Griffith	Phone: 360-705-7070	Date: 01/17/2023
OFM Review: Maria Thomas	Phone: (360) 229-4717	Date: 01/17/2023

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.

SB 5356 establishes the guidelines for the procurement and use of automated decision systems by state entities. The various sections of this legislation detail the process for a state agency's development and procurement and use of automated decision systems, and includes restrictive conditions. The bill directs the Office of the state's Chief Information Officer to adopt rules and outlines state agencies' required compliance to the standards and conditions outlined in the bill. The bill provides legal recourse for those impacted by the misuse of such systems.

The Washington State Transportation Commission’s (WSTC) procurement process is fully supported and provided by the Department of Transportation. Given this, there will be no fiscal impact to our agency as a result of this legislation.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 411-Freight Mobility Strategic Investment Board
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Doug Clouse	Phone: 360-705-7535	Date: 01/18/2023
Agency Approval: Doug Clouse	Phone: 360-705-7535	Date: 01/18/2023
OFM Review: Erik Hansen	Phone: (360) 810-0883	Date: 01/18/2023

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 establishes guidelines over the development, procurement and use of automated decision systems.

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.

There is no fiscal impact to the Freight Mobility Investment Board (FMSIB). FMSIB relies on the Washington State Department of Transportation for its IT services, including procurement.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 460-Columbia River Gorge Commission
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## Part I: Estimates

☒ **No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

<b>Legislative Contact:</b> Angela Kleis	<b>Phone:</b> 360-786-7469	<b>Date:</b> 01/12/2023
<b>Agency Preparation:</b> Bret Skipworth	<b>Phone:</b> 360 890-6657	<b>Date:</b> 01/18/2023
<b>Agency Approval:</b> Bret Skipworth	<b>Phone:</b> 360 890-6657	<b>Date:</b> 01/18/2023
<b>OFM Review:</b> Lisa Borkowski	<b>Phone:</b> (360) 742-2239	<b>Date:</b> 01/23/2023

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.

Section 4 outlines state agency requirements for the development, procurement, or use of automated decision systems.  
Section 5 outlines requirements for state agencies currently using automated decision systems.

The Columbia River Gorge Commission does not currently use automated decision systems and does not intend to develop automated decision systems.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 461-Department of Ecology
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Allen Robbins	Phone: 360-706-3043	Date: 01/18/2023
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 01/18/2023
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 01/23/2023

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 would establish guidelines for government procurement and use of automated decision systems, and establish the need for an accountability report to be created by any agency who procures or uses this technology.

Section 1 provides the intent of the bill. Section 2 provides definitions.

Section 3 would require the Office of the State Chief Information Officer (OCIO), in consultation with the Office of Equity, to adopt guidance for agencies by January 1, 2023, regarding the development, procurement, and use of automated decision systems by a public agency. This guidance must incorporate the minimum standards and procedures set forth in sections 4 and 5.

Section 4 would establish compliance requirements for public agency development, procurement, or use of an automated decision system.

Section 5 would require agencies already using an automated decision system as of the effective date of this section to provide a list of the systems by January 1, 2024, and comply with all provisions and procedures set forth in this chapter by January 1, 2026. This section would also establish compliance requirements for those agencies establishing new automated decision systems prior to January 1, 2026, and those agencies establishing new automated decision systems after January 1, 2026.

Section 6 would establish the Algorithmic Accountability Review Board (AARB) within the OCIO, and identify the representative members of the board.

Section 7 would require the OCIO to make an inventory of Algorithmic Accountability Reports (AARs) on automated decision systems available on its website by December 1, 2023, and make approval details available beginning January 1, 2024. The AARB would conduct selective audits of AARs filed between the effective date of this section and January 1, 2026. By January 1, 2024, the OCIO would establish guidelines for the number or percentage of systems to be audited. Beginning January 1, 2026, the AARB would need to conduct an annual review of agency audits and compile the information into a report. The first annual audit must be made publicly available on the OCIO’s website by March 1, 2026, and annually thereafter. Beginning January 1, 2025, each agency using an automated decision system must publish on its website annual metrics of requests for human review of a decision. Beginning January 1, 2026, agencies would conduct an annual audit on automated decision systems that have legal effects on people, and report any findings to the AARB.

Section 11 contains an emergency clause that would make the bill take effect immediately.

Based on our interpretation of the bill, Ecology does not believe current applications and systems are being used that meet the definition of Automated Decision Systems. However, Ecology would have to complete a thorough review of all applications and systems to determine if they fall under the provisions of the bill. Ecology assumes this review would be accomplished by current system administrators with no new fiscal impact. If Ecology identifies a current system that meets the definition under the bill, or seeks to develop or procure an automated decision system in the future, we would adhere to the provisions identified in Sections 4 and 5, as well as the guidance established by the OCIO.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 462-Pollution Liability Insurance Program
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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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: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Phi Ly	Phone: 360-407-0517	Date: 01/13/2023
Agency Approval: Cassandra Garcia	Phone: 360-407-0520	Date: 01/13/2023
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 01/15/2023

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.

Senate Bill 5356 seeks to establish guidelines to protect consumers, improve transparency, and create more market predictability when state agencies procure and utilize automated decision systems.

Section 1 details the legislative finding that automated decision systems used in a variety of government functions are currently unregulated posing concerns about public notice and contractual restrictions which impact Washington residents' rights and liberties. The legislature intends to ensure that these automated decision systems do not harm or disadvantage any resident.

Section 2 lists the definitions specific to this chapter.

Section 3 directs the state chief information officer to adopt rules regarding a state agency's development, procurement, and use of automated decision systems. These rules must meet the stated minimum standards and procedures.

Section 4 outlines the process for a state agency's development and procurement of an automated decision system and includes restrictive conditions.

Section 5 requires state agencies' compliance to the standards and conditions outlined in this chapter.

Section 6 establishes the Algorithmic Accountability Review Board tasked with evaluating and auditing the use of algorithm driven decision systems.

Section 7 requires an at least quarterly reporting beginning December 1, 2023, of publicly available algorithmic accountability reviews and metrics to measure whether a system has an apparent likelihood of unintended or discriminatory decisions on affected groups or individuals. This section also sets forth when annual audits will begin.

Section 8 and 9 provide legal recourse for those injured or impacted by unintended consequences from such systems.

Section 10 codifies a new chapter in Title 43 RCW.

Section 11 makes the provision of this bill effective immediately upon ratification.

The Pollution Liability Insurance Agency does not use automated decision systems and has no plans to procure any such system in the future. Therefore, there is no fiscal impact to the agency from this legislation.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE



**III. B - Expenditures by Object Or Purpose**

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

**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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 463-Energy Facility Site Evaluation Council
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Osta Davis	Phone: 360-485-1674	Date: 01/23/2023
Agency Approval: Dave Walker	Phone: 360-664-1345	Date: 01/23/2023
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 01/23/2023

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.

EFSEC nor its vendors use automated decision systems. This legislation has no fiscal impact to the agency.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 465-State Parks and Recreation Commission
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Melinda Gourley	Phone: (360) 902-8539	Date: 01/13/2023
Agency Approval: Van Church	Phone: (360) 902-8542	Date: 01/13/2023
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 01/13/2023

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.

The proposed legislation adds a new section to 49.60 RCW and a new chapter to Title 43 RCW relating to establishing guidelines for government procurement and use of automated decision systems.

The bill provisions Consolidated Technology Services (CTS) as the lead agency to ensure non-discriminatory practices impacting human welfare resulting from Automated Decision Systems and algorithms.

State Parks IT staff have been consulted regarding the presence of any Artificial Intelligence (AI) and Automated Decision Systems at our agency and, none were identified.

This legislation would result in no fiscal impact to State Parks. State Parks does not currently own or have future plans to procure and develop an Automated Decision System.

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.

NONE

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.

NONE

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 467-Recreation and Conservation Funding Board
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Mark Jarasitis	Phone: 360-902-3006	Date: 01/18/2023
Agency Approval: Brock Millierin	Phone: 360-789-4563	Date: 01/18/2023
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 01/19/2023



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.

RCO's PRISM system does not make automated decisions.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 468-Environmental and Land Use Hearings Office
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## Part I: Estimates

☒ **No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

<b>Legislative Contact:</b> Angela Kleis	<b>Phone:</b> 360-786-7469	<b>Date:</b> 01/12/2023
<b>Agency Preparation:</b> Dominga Soliz	<b>Phone:</b> 3606649173	<b>Date:</b> 01/13/2023
<b>Agency Approval:</b> Dominga Soliz	<b>Phone:</b> 3606649173	<b>Date:</b> 01/13/2023
<b>OFM Review:</b> Lisa Borkowski	<b>Phone:</b> (360) 742-2239	<b>Date:</b> 01/15/2023

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.

SB 5356 Defines and establishes regulations on automated decision systems.

Sec. 2 Provides definitions of automated decision systems and other terms related to technology and innovation.

Sec. 3 Requires the state CIO, in consultation with the Office of Equity, to adopt guidance for agencies on the development, procurement, and use of automated decision systems. Guidance must include a prioritization framework for analyzing existing systems.

Sec. 4 Sets forth minimum standards for agencies’ automated decision systems, including the assessment of bias or inaccuracy in the results of the system, among other minimum standards.

Sec. 5 Sets forth a structure for agencies to report and examine such existing and proposed systems.

Sec. 6 Establishes the algorithmic accountability review board.

Sec. 7 Requires the CIO to post an inventory of algorithmic accountability reports and the board to conduct audits.

Sec. 8 Provides for declaratory and injunctive relief, as well as attorney fees and costs, to those harmed by state automated decision systems.

ELUHO’s three quasi-judicial boards (Pollution Control Hearings Board, Shorelines Hearings Board, and the Growth Management Hearings Board) do not use these systems. Our Board members are appointed by the Governor and make all decisions about appeals of environmental and land use decisions by state agencies or local jurisdictions. We are building a new case management system in collaboration with WaTech and OCIO, but it does not prioritize cases for action based on data.

There is no fiscal impact to ELUHO from SB 5356.

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.

NONE

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.

NONE

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*  
NONE

**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  
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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 471-State Conservation Commission
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Karla Heinitz	Phone: 360-878-4666	Date: 01/17/2023
Agency Approval: Ron Shultz	Phone: 360-790-5994	Date: 01/17/2023
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 01/17/2023

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.

SB 5356 establishes a regulatory framework for public agencies' governance of automated decision technology. It directs the Office of Chief Information Officer (OCIO) to establish rules governing the procurement and use of that technology. The bill further establishes the need for an accountability report to be created by any agency that procures or uses this technology. OCIO is directed to make accountability reports publicly available on its website and to conduct an annual audit of completed accountability reports submitted by state agencies. SB 5356 creates the algorithmic accountability review board within OCIO.

This bill represents no fiscal impact to SCC, as the agency does not plan to implement any technology that would qualify as an “automated decision system”, as defined in section 2 at this time.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 477-Department of Fish and Wildlife
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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	0.3	0.3	0.3	0.3	0.3
<b>Account</b>					
General Fund-State 001-1	49,000	49,000	98,000	98,000	98,000
<b>Total \$</b>	49,000	49,000	98,000	98,000	98,000

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Barbara Reichart	Phone: 3608190438	Date: 01/18/2023
Agency Approval: Barbara Reichart	Phone: 3608190438	Date: 01/18/2023
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 01/19/2023

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.

Section 5(1) requires agencies already using an automated decision system to provide a list of automated decision systems in use to the algorithmic accountability review board for approval by January 1, 2024, and adopt a prioritization framework by January 1, 2026.

Section 5(2) and 5(3) requires agencies intending to develop or procure an automated decision system to submit an algorithmic accountability report.

Section 7(4) requires the algorithmic accountability review board to conduct an annual audit of automated decision systems used by state agencies starting January 1, 2026.

Section 7(5) requires each agency using an automated decision system to publish on its website annual metrics regarding the number of requests for human review of a decision rendered by the automated decision system it received and the outcome of the human review, beginning January 1, 2025.

Section 7(6) requires each agency to conduct an annual audit on automated decision systems that have legal effects on people.

Section 8 specifies that a person injured by a public agency's material violations of these provisions may take legal action. The Department assumes zero violations, therefore has no fiscal impact.

Section 11 states this bill takes effective immediately.

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.

WDFW currently uses one algorithmic system to randomly select customers for a raffle for hunting and fishing licenses. This raffle is based on customer data such as raffle participation frequency and number of bids.

Sections 5(1)(2)(3), and 7(4) require WDFW to complete an algorithmic accountability report for any new automated decision-making system or any existing automated decision-making system, and provide assistance in the completion of an annual audit of systems. These efforts will require 0.1 FTE Management Analyst 4 to ensure proper reporting and submission with an anticipated workload of no more than a month per year. These costs begin in FY 2024 and are ongoing.

The subtotal of Sections 5(1)(2)(3) and 7(4) is \$16,000 per fiscal year, ongoing.

Section 7(5) requires WDFW to publish annual metrics on the number of requests for human review of a decision rendered by the automated decision system and on the outcome of human review. These efforts will require 0.1 FTE Management Analyst 3 to report on requests for automated decision results and 0.1 FTE IT App Developer–Journey to develop, publish, and manage metrics related to these decisions on the Department’s public-facing website. These costs begin in FY 2024 and are ongoing.

The subtotal of Section 7(5) is \$33,000 per fiscal year, ongoing.

Goods and services, Object E, includes \$6,000 per FTE, per year, for WDFW standard costs, which cover an average employee's supplies, communications, training, and subscription costs per year. An infrastructure and program support rate of 33.5% is included in object T and is calculated based on WDFW's federally approved indirect rate.

The total cost for the Department is \$49,000 per fiscal year, ongoing.

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	49,000	49,000	98,000	98,000	98,000
Total \$			49,000	49,000	98,000	98,000	98,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.3	0.3	0.3	0.3	0.3
A-Salaries and Wages	25,000	25,000	50,000	50,000	50,000
B-Employee Benefits	9,000	9,000	18,000	18,000	18,000
C-Professional Service Contracts					
E-Goods and Other Services	2,000	2,000	4,000	4,000	4,000
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	13,000	13,000	26,000	26,000	26,000
9-					
Total \$	49,000	49,000	98,000	98,000	98,000

#### 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
IT APP DEVELOPMENT - JOURN		0.1	0.1	0.1	0.1	0.1
MANAGEMENT ANALYST 3		0.1	0.1	0.1	0.1	0.1
MANAGEMENT ANALYST 4		0.1	0.1	0.1	0.1	0.1
Total FTEs		0.3	0.3	0.3	0.3	0.3

#### 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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 478-Puget Sound Partnership
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

<b>Legislative Contact:</b> Angela Kleis	<b>Phone:</b> 360-786-7469	<b>Date:</b> 01/12/2023
<b>Agency Preparation:</b> Sheridan Tabor	<b>Phone:</b> 360-706-4955	<b>Date:</b> 01/23/2023
<b>Agency Approval:</b> Sheridan Tabor	<b>Phone:</b> 360-706-4955	<b>Date:</b> 01/23/2023
<b>OFM Review:</b> Matthew Hunter	<b>Phone:</b> (360) 529-7078	<b>Date:</b> 01/23/2023

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.

SB 5356 is proposed to establish guidelines for government procurement and use of automated decision systems. At this time Puget Sound Partnership does not employ any automated decision systems or intend to in the future so there is no fiscal impact for implementation of this bill.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 490-Department of Natural Resources
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## Part I: Estimates

☒ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Nicole Dixon	Phone: 360-902-1155	Date: 01/18/2023
Agency Approval: Brian Considine	Phone: 3604863469	Date: 01/18/2023
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 01/18/2023



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 does not impact the Department of Natural Resources (DNR). DNR does not utilize Automated Decision Making Systems for procurement.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 495-Department of Agriculture
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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	0.1	0.4	0.2	0.4	0.4
<b>Account</b>					
General Fund-State 001-1	229,964	58,806	288,770	117,612	117,612
<b>Total \$</b>	229,964	58,806	288,770	117,612	117,612

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

☒

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

☐

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

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Susie Olsen	Phone: 360-902-2077	Date: 01/27/2023
Agency Approval: Jeannie Brown	Phone: 360-902-1989	Date: 01/27/2023
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 01/27/2023

## 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.*

Senate Bill 5356 establishes guidelines for government procurement and use of automated decision-making systems in order to ensure fairness, transparency and accountability, which if passed, would take effect immediately and provide a framework under which State agencies would have to submit existing automated systems for compliance and submit requests for any new systems for thorough vetting by the Office Chief Information Officer (OCIO) and the newly established Algorithmic Accountability Review Board.

Following are the fiscal impacts to WSDA by bill section(s):

WSDA would need to contract for project management and business analysis services to perform the following assessment and reporting work:

- Section 4.2 requires WSDA perform an assessment of new procured systems as a part of the procurement process.
- Section 4.3 requires WSDA perform an assessment of all currently used systems in the state that produce legal effects.
- Section 4.4 requires WSDA provide transparency of use, procurement and development of such systems as outlined in Section 4.8
- Section 5.1 requires WSDA to provide a list of all automated decision systems in use to the algorithmic accountable review board by January 1, 2024.
- Section 5.1 also requires WSDA use the prioritized framework to identify the order in which to complete an algorithmic accountability report for each automated decision system by January 1, 2026.
- Section 5.3 requires WSDA submit an algorithmic accountability report for any system we intent to develop or procure after January 1, 2026.
- Section 7.1 requires OCIO, by December 1, 2023, make publicly available an inventory of all algorithmic accountability reports that been proposed for or are being used, developed or procured by public agencies.

WSDA would need to contract for project management and business services for two months to develop and implement a training program as required in this bill:

- Section 4.6 requires WSDA develop and implement a training program for employees who develop, procure, operate, or use automated decision systems.

WSDA would need to contract for project management and business analysis services to evaluate our systems, identify changes needed, develop a project plan for changes and complete. Includes working with vendors to evaluate and remediate existing systems:

- Section 4.9 requires WSDA to set and enforce minimum standards for procurement contracts.

WSDA would need .25 IT Policy & Planning Manager to perform the following requirements:

- Section 4.5 requires WSDA perform monitoring or auditing of systems that produce legal effects.
- Section 5.1.e requires WSDA include an evaluation of accuracy and bias by a qualified independent third-party for systems involved in high risk.
- Section 7.6 requires, WSDA, by January 1, 2026, conduct an annual audit of automated decision systems that have legal effects on people.

WSDA would need 10 hours of work from an IT APP Developer, Journey (webmaster) and .10 Management Analyst 5 ongoing to perform work related to the following requirements of the bill:

- Section 7.5 requires WSDA, by January 1, 2025, publish on our website annual metrics regarding the number of requests for human review of decision rendered by automated decision system received.

### 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.

No cash receipts impacts

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.

WSDA has identified at least eight systems which may be high-risk and would warrant independent analyses, including four of which are vendor managed. Examples of what these systems are used for includes selecting hop samples for residue testing, grading grain samples which ultimately help determine the cost of wheat, and selecting fuel pumps for monitoring quality at stations.

To meet the assessment reporting, and compliance elements (4.2, 4.3 4.4, 4.9, 5.1, 5.3, 7.1) in Senate Bill 5356, WSDA would need to contract for project management and business analysis services for three months in FY 2024 to evaluate these systems, identify changes needed, develop a project plan for changes at a cost of 480 hours x \$135 for a project manager and 480 hours x \$135 for business analysis for a total cost of \$129,600.

The cost to remediate any deficiencies found as a part of the analysis is indeterminate at this time.

To meet the training elements (4.6) in Senate Bill 5356, WSDA would need to contract for project management and business services for two months in FY 2024 to develop and implement a training program at a cost of 320 hours x \$135 for a program manager and 320 hours x \$135 for business analysis for a total cost of \$86,400.

To meet the reporting elements (7.5) of Senate Bill 5356, WSDA would need:

- For FY24, IT APP Developer Journey (Webmaster) to create new webpage. This requires ten hours with an expenditure impact of \$711.
- For FY24 and ongoing, .10 of a Management Analyst 5 to prepare and submit the accountability report with an expenditure impact of \$13,253 for each FY

To meet the monitoring and auditing elements (4.5, 5.1.e, 7.6) of Senate Bill 5356, WSDA would need .25 of a IT Policy & Planning Manager starting in FY 2024 and thereafter with an expenditure impact of \$45,553 each FY.

FY 2024

.10 FTE Management Analyst 5 = \$13,253  
10 hours of IT APP Developer = \$711  
Contracted Services = \$216,000  
Total = \$229,964

FY 2025 and ongoing

.25 FTE IT Policy and Planning Manager = \$45,553  
.10 FTE Management Analyst 5 = \$13,253  
Total = \$58,806

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	229,964	58,806	288,770	117,612	117,612
Total \$			229,964	58,806	288,770	117,612	117,612

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.4	0.2	0.4	0.4
A-Salaries and Wages	9,247	40,865	50,112	81,730	81,730
B-Employee Benefits	3,281	12,962	16,243	25,924	25,924
C-Professional Service Contracts	216,000		216,000		
E-Goods and Other Services	1,376	4,771	6,147	9,542	9,542
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service	60	208	268	416	416
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-Agency Admin Overhead					
<b>Total \$</b>	229,964	58,806	288,770	117,612	117,612

### 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
IT APP Developer, Journey (Webmaster)	100,032					
IT Policy and Planning Manager	127,656		0.3	0.1	0.3	0.3
Management Analyst 5	82,896	0.1	0.1	0.1	0.1	0.1
<b>Total FTEs</b>		0.1	0.4	0.2	0.4	0.4

### 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

No capital impacts.

## Part V: New Rule Making Required

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

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5356 SB	<b>Title:</b> Procurement/automated system	<b>Agency:</b> 540-Employment Security Department
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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	1.6	2.0	1.8	2.0	2.0
<b>Account</b>					
General Fund-State 001-1	314,513	342,120	656,633	694,240	684,240
<b>Total \$</b>	314,513	342,120	656,633	694,240	684,240

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Angela Kleis	Phone: 360-786-7469	Date: 01/12/2023
Agency Preparation: Hope Gamez	Phone: 360-763-2919	Date: 01/20/2023
Agency Approval: Lisa Henderson	Phone: 360-902-9291	Date: 01/20/2023
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 01/20/2023

## 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.*

In order to implement this bill, the Employment Security Department (ESD) would need to start a detailed project plan for how our systems will be identified and evaluated. This work would change considerably depending on definitions of what is in and out of scope as an Automated Decision-making System (ADS), the rules created, and the priority framework from the Office of Chief Information Office (OCIO).

Section 1: This section is the legislative finding that supports the bill, and impacts will be related in other sections.

Section 2: This section contains definitions of key terms and language used throughout the bill.

Section 3: This section requires the head of OCIO (State CIO) to develop and adopt guidance and a prioritization framework for analysis of systems.

Section 4 outlines agency responsibilities concerning automated decision systems, including examination, correction, assessing and reporting on those systems.

ESD will require the Attorney General's Office (AGO) when reviewing which systems are impacted, and to what degree.

Section 5 describes the way that agencies examine existing and new systems and requires an "Algorithmic Accountability Report" to be filed by January 1, 2026.

Section 6: Creates the algorithmic accountability review board.

Section 7: office shall make publicly available on its websites of all algorithmic reports. Algorithmic accountability review board will conduct audits on a select basis and annual reviews.

Section 8 allows any person injured by a material violation of this chapter to institute proceedings against the public agency deploying the automated decision system.

Section 9 states that except where state or federal regulation dictate, it is unfair to discriminate against an individual based on factors enumerated in RCW 49.60.010.

Section 10: Sections 1 through 8 of this act constitute a new chapter in Title 43 RCW.

Section 11 states that this bill takes effect immediately.

### 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.*

To implement this bill, the Employment Security Department (ESD) will need to identify all systems that meet the definition of an automated decision system and gather initial information required by the algorithmic accountability report. ESD would need to identify the level of effort as well as address any technical and policy or procedure gaps to be compliant with this



bill. This work would need to start as soon as the bill became effective.

In order to implement this bill, the following one time and ongoing resources are needed:

Information Technology Services Division One Time Costs:

IT Project Manager Senior/Specialist – guide the project, work with system managers. Will also coordinate procurement managers vendor contracts to be in compliance. (FY24: 0.5 FTE; \$92,696)

IT Business Analysts Journey – gather requirements from divisions to incorporate system changes to comply. (FY24: 1.0 FTE; \$162,560)

IT Application Developer Journey – the subject matter expert would advise the business analysts and investigate the requirements about the systems and aid in the creation of reports. (FY24: 0.1 FTE; \$16,257)

Total Agency One-Time Costs:

FY24: \$92,696 + \$162,560 + \$16,257 = \$271,513

AGENCY Ongoing Costs:

IT Business Analyst Journey – Ensure that current and new systems are within audit compliance; address and assist with audits and audit findings; determine if new systems will need to create an algorithmic accountability report. (FY25 and ongoing; 2.00 FTE; \$325,120)

Attorney General Office (AGO) Costs:

The AGO will bill ESD for legal support pertaining to legal requirements and necessary changes to systems to comply. (FY24: \$43,000; FY25: \$17,000; FY26: \$27,000; FY27 and ongoing \$17,000)

Total Ongoing Costs:

FY24: \$43,000

FY25: \$325,120 + \$17,000 = \$342,120

FY26: \$325,120 + \$27,000 = \$352,120

FY27 and ongoing: \$325,120 + \$17,000 = \$342,120

Total Agency Costs:

FY24: \$271,513 + \$43,000 = \$314,513

FY25: \$342,120

FY26: \$352,120

FY27 and ongoing: \$342,120

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	314,513	342,120	656,633	694,240	684,240
Total \$			314,513	342,120	656,633	694,240	684,240

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.6	2.0	1.8	2.0	2.0
A-Salaries and Wages	147,720	176,152	323,872	352,304	352,304
B-Employee Benefits	59,088	70,461	129,549	140,922	140,922
C-Professional Service Contracts					
E-Goods and Other Services	67,240	47,300	114,540	104,600	94,600
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	40,465	48,207	88,672	96,414	96,414
9-					
<b>Total \$</b>	314,513	342,120	656,633	694,240	684,240

### 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
IT APP DEVELOPMENT - JOURN	86,268	0.1		0.1		
IT BUSINESS ANALYST - JOURNEY	86,268	1.0	2.0	1.5	2.0	2.0
IT PROJECT MANAGEMENT - SENIOR/SPECIALIST	99,864	0.5		0.3		
<b>Total FTEs</b>		1.6	2.0	1.8	2.0	2.0

### 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.*