

Multiple Agency Fiscal Note Summary

Bill Number: 2246 HB	Title: Vacation leave accrual
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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 Financial Management	0	0	14,000	0	0	0	0	0	0
Total \$	0	0	14,000	0	0	0	0	0	0

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
Office of Financial Management	.0	0	0	14,000	.0	0	0	0	.0	0	0	0
Department of Retirement Systems	.0	0	0	0	.0	0	0	0	.0	0	0	0
SWF Statewide Fiscal Note - OFM	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Total \$	0.0	0	0	14,000	0.0	0	0	0	0.0	0	0	0

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Department of Retirement Systems	.0	0	0	.0	0	0	.0	0	0
SWF Statewide Fiscal Note - OFM	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

Prepared by: Marcus Ehrlander, OFM

Phone:
(360) 489-4327

Date Published:
Final 1/23/2024

Individual State Agency Fiscal Note

Bill Number: 2246 HB	Title: Vacation leave accrual	Agency: 105-Office of Financial Management
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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
Statewide Information Tech System Maintenance & Operations Revolving Account-Non-Appropriated 472-6		14,000	14,000		
Total \$		14,000	14,000		

Estimated Operating Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
Statewide Information Tech System Maintenance & Operations Revolving Account-Non-Appropriated 472-6	0	14,000	14,000	0	0
Total \$	0	14,000	14,000	0	0

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Kelly Leonard	Phone: 360-786-7147	Date: 01/18/2024
Agency Preparation: Kathy Cody	Phone: (360) 480-7237	Date: 01/23/2024
Agency Approval: Jamie Langford	Phone: 360-902-0422	Date: 01/23/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/23/2024

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 and 2 amends RCW 43.01.040 and RCW 41.01.044 to extend the annual leave maximum for state employees from 240 hours to 280 hours.

Section 3 amends RCW 41.40.010 to remove the reference to RCW 43.01.041 and 43.01.044 which would result in remuneration for unused annual leave at retirement to remain up to 240 hours.

Section 4 amends RCW 43.43.120, State Patrol Retirement, to allow for lump sum payments of unused accumulated vacation and annual leave in excess of 240 hours, plus hours earned since the member's anniversary date. Washington State Ferries would continue to accrue up to 320 hours of vacation leave.

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.

OFM distributes statewide costs incurred in fund 472 Statewide Information Tech System M&O Revolving account through the central service model. Assumed state-wide costs incurred in the account would be matched by an increase in the OFM Enterprise Application Fee.

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 requires civil service rule changes and changes to the payroll system (Human Resource Management System - HRMS). Statewide Human Resources will be required to amend civil service rules, oversee any agency communications and updates to HRMS/MyPortal user procedures, and assist with OFM IT staff to implement the changes within HRMS. OFM SHR can accomplish these tasks within current resources and doesn't have a fiscal impact.

The increase in vacation leave accrual limit at anniversary date for state employees from 240 to 280 hours will require modifications to HRMS to change the maximum vacation leave allowed at anniversary date. Information technology will need to contract an Advanced Business Application Programming (ABAP) developer to make modifications to HRMS. It is estimated at 80 hours of contract ABAP developer time at \$171.00 per hour for a one-time cost of \$13,680.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
472-6	Statewide Information Tech System Maintenance & Operations Revolving Account	Non-Appropriated	0	14,000	14,000	0	0
Total \$			0	14,000	14,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts		14,000	14,000		
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	14,000	14,000	0	0

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

Bill Number: 2246 HB	Title: Vacation leave accrual	Agency: 124-Department of Retirement Systems
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

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: Kelly Leonard	Phone: 360-786-7147	Date: 01/18/2024
Agency Preparation: Mike Ricchio	Phone: 360-664-7227	Date: 01/19/2024
Agency Approval: Mark Feldhausen	Phone: 360-664-7194	Date: 01/19/2024
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 01/21/2024

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 modifies various statutes to increase the vacation leave accrual for state employees, from 240 to 280 hours. Amounts accrued in excess of 240 hours would continue to be excluded from a member's benefit calculation. This change does not have a cost impact on the Department of Retirement Systems (DRS) as there is already a process in place for an employer to report leave cash outs above 240 hours to DRS.

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

Bill Number: 2246 HB	Title: Vacation leave accrual	Agency: SWF-SWF Statewide Fiscal Note - OFM
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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: Kelly Leonard	Phone: 360-786-7147	Date: 01/18/2024
Agency Preparation: Kathy Cody	Phone: 360-480-7237	Date: 01/22/2024
Agency Approval: Kathy Cody	Phone: 360-480-7237	Date: 01/22/2024
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 01/22/2024

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 & 2: Amends RCW 43.01.040 (Vacations – Computation and Accrual – Transfer – Statement of necessity required for extension of unused leave) and RCW 41.01.044 (Vacations – Accumulation of leave in excess of two hundred forty hours authorized without statement of necessity – Requirements of statement of necessity) by increasing the maximum vacation leave accrual from 240 hours to 280 hours.

Section 3: Amends RCW 41.40.010 (Washington Public Employees' Retirement System - Definitions) to remove the reference to RCW 43.01.041 (Accrued Vacation Leave – Payment Upon Termination of Employment) and RCW 43.01.044 which would result in remuneration for unused annual leave at retirement up to 240 hours.

Section 4: Amends RCW 43.43.120 (Patrol Retirement System - Definitions) for members commissioned prior to July 1, 2001, and excludes lump sum payments of unused accumulated vacation and annual leave in excess of 240 hours, plus hours earned since the member's anniversary date.

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.

OFM cannot determine how much leave employees will accrue and therefore the costs associated with this bill are indeterminate.

- Section 1 allows employees to increase their overall leave balances from 240 to 280.
- Section 2 allows employees to exceed 280 hours of vacation leave by filing a statement of necessity.
- Section 4: For State Patrol members commissioned prior to July 1, 2001, this section excludes the following from the definition of salary;
 - Lump sum payments of unused accumulated vacation/annual leave more than 240 hours.
 - Hours earned since the member's anniversary date.

In FY22, the amount paid out for hours over 240 was approximately \$4,224,000, out of total cash-out payments of approximately \$51,514,000.

Fiscal Year Hours Forfeited

2018	35,908
2019	63,887
2020	55,500
2021	75,718
2022	74,406
2023	77,406

According to OFM's State Human Resources Workforce Data and Trends, the median employee rate of pay for 2023 was

\$77,460/year. Based on the medium rate of pay, the excess vacation hours are worth approximately \$3 million each year, without including the cost of benefits such as employer social security and retirement system contributions. (77,406 hours forfeited/2088 hours per year *\$77,460 median salary = \$2,871,585 or \$3,000,000 rounded)

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.