

Multiple Agency Fiscal Note Summary

Bill Number: 2125 HB	Title: Contingent faculty benefits
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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
Washington State Health Care Authority	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	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
Washington State Health Care Authority	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Community and Technical College System	17.0	16,944,000	16,944,000	16,944,000	34.0	33,888,000	33,888,000	33,888,000	34.0	33,888,000	33,888,000	33,888,000
Total \$	17.0	16,944,000	16,944,000	16,944,000	34.0	33,888,000	33,888,000	33,888,000	34.0	33,888,000	33,888,000	33,888,000

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
Community and Technical College System	.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

NONE

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Individual State Agency Fiscal Note

Bill Number: 2125 HB	Title: Contingent faculty benefits	Agency: 107-Washington State Health Care Authority
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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: Elizabeth Allison	Phone: 360-786-7129	Date: 01/11/2024
Agency Preparation: Kate LaBelle	Phone: 360-725-1918	Date: 01/18/2024
Agency Approval: Tanya Deuel	Phone: 360-725-0908	Date: 01/18/2024
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.

See attached narrative

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.

See attached narrative

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 narrative

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.

HCA Fiscal Note

Bill Number: **2125 HB**

HCA Request #: 24-049

Title: **Contingent Faculty Benefits**

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 of this bill amends 28B.50.489 (Part-time academic employees—State-mandated benefits—Definitions) to include a new definition of part-time noninstructional workload as the paid hours worked by a part-time academic employee for a community or technical college, excluding in-class teaching hours. It is calculated as a percentage of a 40-hour workweek.

Section 2 of this bill amends RCW 28B.50.4891 (Part-time academic employees—State-mandated benefits—Reporting eligible employees) to include the non-instructional workload hours as part of the determination of eligibility for benefits.

Section 3 of this bill amends RCW 41.05.065 (Public employees' benefits board—Duties—Eligibility—Definitions—Penalties) to include non-instructional workload hours in the determination of half-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. Distinguish between one time and ongoing functions.

Indeterminate cash receipts.

The Health Care Authority (HCA) anticipates that the passage of this bill will result in additional employees becoming eligible for benefits in the Public Employees Benefits Board (PEBB) program. Due to the expanded eligibility criteria, HCA will require employers to contribute the state funding rate, representing the state's contribution to employees' health care for any additional benefits eligible employees. This rate is calculated on a per eligible employee per month basis. Any revenue received will be directly offset by costs as outlined in the expenditures.

It is unknown the actual number of employees that may become eligible for benefits as a result of this bill and therefore the fiscal estimate is indeterminate. Using the fiscal year 2024 funding rate of \$1,145, for every 100 part-time employees of community and technical colleges who become eligible for PEBB benefits, HCA will collect an additional \$1,374,000 from employers per year. This estimate will increase with changes to the funding rate in subsequent years.

HCA Fiscal Note

Bill Number: **2125 HB**

HCA Request #: 24-049

Title: **Contingent Faculty Benefits**

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. Distinguish between one time and ongoing functions.

Public Employees Benefits Board (PEBB) and School Employees Benefits Board (SEBB) Program Impacts

Indeterminate fiscal impact.

Based on information provided by the Washington State Board for Community and Technical Colleges, approximately 2,500 part-time employees of community and technical colleges are currently ineligible for benefits, but it is unknown how many may become eligible as a result of this bill. HCA assumes that only a portion of these employees will meet the eligibility criteria for benefits through the PEBB program, as outlined in this bill. Moreover, eligibility for benefits may vary throughout the year, depending on the staffing levels at each institution.

As a proxy estimate, using the fiscal year 2024 funding rate of \$1,145, for every 100 part-time employees from community and technical colleges who become eligible for PEBB benefits HCA anticipates associated costs of \$1,374,000 per year, directly offset by the revenue projection above. It's important to note that the funding rate is structured to encompass the direct costs linked to providing health coverage for eligible employees.

While HCA's fiscal note would net to zero with revenue projections being equally offset by expenditure projections, any expenditures would appear in the Community and Technical College fiscal note.

Additionally, HCA anticipates that additional community and technical college employees may be eligible for the collective bargained flexible spending arrangement deposit because of being eligible for PEBB benefits. In instances where this provision of the collective bargaining agreement applies, represented PEBB Program employees whose annual rate of pay on November 1 is \$60,000 or less are eligible for a \$250 Medical FSA contribution in the following January. Any increase in expenditure associated with this change would be included in the funding rate.

No Medicaid Impact

No impacts on the Medicaid lines of business because this legislation places the requirements under RCW 41.05.

HCA Fiscal Note

Bill Number: **2125 HB**

HCA Request #: 24-049

Title: **Contingent Faculty Benefits**

Part III: Expenditure Detail

III. A - Operating Budget Expenditure

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.

NONE

Individual State Agency Fiscal Note

Bill Number: 2125 HB	Title: Contingent faculty benefits	Agency: 699-Community and Technica College System
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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	34.0	17.0	34.0	34.0
Account					
General Fund-State 001-1	0	16,944,000	16,944,000	33,888,000	33,888,000
Total \$	0	16,944,000	16,944,000	33,888,000	33,888,000

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: Elizabeth Allison	Phone: 360-786-7129	Date: 01/11/2024
Agency Preparation: Brian Myhre	Phone: 360-704-4413	Date: 01/24/2024
Agency Approval: Stephanie Winner	Phone: 360-704-1023	Date: 01/24/2024
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 01/29/2024

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 would modify the criteria for community and technical college part-time academic employees to become eligible for state-mandated insurance, retirement and sick leave benefits.

SECTION 1

Defines “part-time non-instructional workload” as the number of paid hours a part-time academic employee performs for the institution that is not considered in-class teaching hours or hours served in support of assigned in-class teaching hours, calculated as a percentage of a 40-hour workweek.

SECTION 2

For the purpose of determining eligibility for state-mandated benefits for part-time community and technical college academic employees, eligibility would be based academic workload plus non-instructional workload.

SECTION 3

When calculating whether community and technical college faculty have worked half-time for the purposes determining faculty eligibility, half-time includes part-time noninstructional workload.

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 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 would have an expenditure impact.

The addition of non-instructional hours to determine benefits eligibility would likely expand benefits eligibility across the system to adjunct faculty.

It is estimated that an additional 17% of part-time faculty in the community and technical college system will qualify for health care insurance benefits. The employer costs for health insurance in FY25 is \$1,191 per month or \$14,292 per year.

17% X 5,765 (2022-23 part-time faculty) = 981 benefits eligible part-time faculty

981 part-time faculty X \$14,292 insurance benefit costs = \$14,020,000

Using non-instructional hours to determine benefits eligibility will require additional staff to coordinate with instructional deans and department heads to record and track non-instructional hours for part-time faculty.

On average, this work is estimated to take 1 FTE Human Resource Consultant 2 per college.

34 colleges X \$86,000 (Human Resource Consultant 2 salary and benefits) = \$2,924,000

Total Costs

\$14,020,000 + \$2,924,000 = \$16,944,000 FY25 onward

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	0	16,944,000	16,944,000	33,888,000	33,888,000
Total \$			0	16,944,000	16,944,000	33,888,000	33,888,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		34.0	17.0	34.0	34.0
A-Salaries and Wages		2,176,000	2,176,000	4,352,000	4,352,000
B-Employee Benefits		14,768,000	14,768,000	29,536,000	29,536,000
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	16,944,000	16,944,000	33,888,000	33,888,000

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
Human Resource Consultant 2	64,000		34.0	17.0	34.0	34.0
Total FTEs			34.0	17.0	34.0	34.0

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.