

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1069 HB AMS LC S2459	<b>Title:</b> Supp. retirement bargaining
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## Estimated Cash Receipts

NONE

## Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of Financial Management	Fiscal note not available											
Department of Retirement Systems	.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
Actuarial Fiscal Note - State Actuary	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Financial Management	Fiscal note not available								
Department of Retirement Systems	.0	0	0	.0	0	0	.0	0	0
Public Employment Relations Commission	.0	0	0	.0	0	0	.0	0	0
Actuarial Fiscal Note - State Actuary	.0	0	0	.0	0	0	.0	0	0
<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>

## Estimated Capital Budget Breakout

NONE

<b>Prepared by:</b> Val Terre, OFM	<b>Phone:</b> (360) 280-3073	<b>Date Published:</b> Preliminary 3/31/2025
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1069 HB AMS LC S2459.1	<b>Title:</b> Supp. retirement bargaining	<b>Agency:</b> 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: Jarrett Sacks	Phone: 360-786-7448	Date: 03/28/2025
Agency Preparation: Mike Ricchio	Phone: 360-664-7227	Date: 03/31/2025
Agency Approval: Mark Feldhausen	Phone: 360-664-7194	Date: 03/31/2025
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 03/31/2025

## 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.*

- Sec. 2(1)(e) clarifies that public employers shall not bargain over retirement plans and retirement benefits administered by the Department of Retirement Systems (DRS).
- Sec. 2(2)(a) provides public employers with the ability to bargain over contributions for supplemental retirement benefits administered by, or on behalf of, an employee organization, including medical plans.
- Sec. 2(2)(b) makes contributions for supplemental retirement benefits covered under Section 2(2)(a) a mandatory subject of bargaining.

The language added by Sec. 2(2) will not have a fiscal impact on DRS because the language in Sec. 2(1)(e) excludes the benefits DRS administers.

### 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> 1069 HB AMS LC S2459.1	<b>Title:</b> Supp. retirement bargaining	<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: Jarrett Sacks	Phone: 360-786-7448	Date: 03/28/2025
Agency Preparation: Dario de la Rosa	Phone: 360-570-7328	Date: 03/31/2025
Agency Approval: Dario de la Rosa	Phone: 360-570-7328	Date: 03/31/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 03/31/2025

## 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.*

Civil Service employees working for state agencies and institutions of higher education enjoy collective bargaining rights under chapter 41.80 RCW. If the civil service employees at an agency or higher education institution form a union for purposes of collective bargaining, the employer is obligated to meet at reasonable times with the employees' exclusive bargaining representative and bargain in good faith to reach agreement with respect to the matters deemed mandatory subjects of bargaining, such as wages, hours, and terms and conditions of employment. The Public Employment Relations Commission (PERC) assists the parties in resolving disputes concerning mandatory subjects of bargaining through mediation or adjudication.

Under a traditional labor law analysis, retirement benefits are considered wages and are therefore mandatory subject of bargaining. For example, employees working for cities, counties, and other municipal corporations in Washington State are not prohibited from bargaining over retirement plans and benefits. When the legislature passed chapter 41.80 RCW in 2002, "retirement plans and retirement benefits" were specifically listed as management rights and the state of Washington was under no obligation to bargain either retirement plans or retirement benefits with their civil service employees.

#### Interest Arbitration

Interest arbitration is an impasse resolution process where a public employer and labor organization negotiating a collective bargaining agreement ask a neutral arbitrator to decide any unresolved mandatory terms and conditions of employment that the parties discussed but could not agree on during negotiations. Prior to seeking arbitration, the employer and labor organization must request and utilize the Public Employment Relations Commission's (PERC) mediation services. If mediation does not successfully resolve the areas of disagreement, PERC's Executive Director, in consultation with the mediator, certifies the issues to be considered by an arbitrator. Currently, certain the civil service employees at the Washington State Department of Corrections and the law enforcement officers at the 4-year institutions of higher education are entitled to use interest arbitration as a process for dispute resolution.

House Bill 1069 (AMS LC S2459.1) amends chapter 41.80 RCW to allow for bargaining over contributions for supplemental retirement benefits administered by, or on behalf of, an employee organization, including medical plans. In the event the employer and exclusive bargaining representative of certain the civil service employees at the Washington State Department of Corrections or the law enforcement officers at the 4-year institutions of higher education are in disagreement about the contributions to a supplemental retirement benefit, that disagreement shall be submitted to interest arbitration for resolution.

### 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.*

Supplemental retirement benefits have not historically been a subject for bargaining for state civil service employees. Workload will be driven by the complexity of negotiations, particularly for those employees who are eligible for interest arbitration. PERC anticipates an increase in caseloads for contract negotiations involving disputed concerning supplemental retirement benefits, including:

- mediation cases to assist the parties in resolving disputes concerning supplemental retirement benefits
- unfair labor practice cases to determine if a party has bargained in good faith concerning supplemental retirement benefits

PERC anticipates it can implement the provisions of HB 1069 without additional funding.

### **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> 1069 HB AMS LC S2459.1	<b>Title:</b> Supp. retirement bargaining	<b>Agency:</b> AFN-Actuarial Fiscal Note - State Actuary
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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.*

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- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jarrett Sacks	Phone: 360-786-7448	Date: 03/28/2025
Agency Preparation: Darren Painter	Phone: 360-786-6155	Date: 03/31/2025
Agency Approval: Michael Harbour	Phone: 360-786-6151	Date: 03/31/2025
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 03/31/2025

## 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 allows collective bargaining for certain supplemental retirement benefits, but it specifically excludes the plans administered by the Department of Retirement Systems. As a result, this bill has no impact to state pensions. The amendment by the Senate Committee on Labor & Commerce (S-2459.1) does not change the determination of no impact to state pensions.

If future collective bargaining changes the Public Employees Benefits Board (PEBB) retiree medical benefits or subsidies, this could impact the Other Postemployment Benefits (OPEB) obligations accounted for by the state. To the extent that this occurs, the Office of the State Actuary (OSA) will update future OPEB actuarial valuations to reflect the impact of these changes on the Total OPEB Liability.

For additional context on these benefits under current law, please see OSA's website for the most recent PEBB OPEB report: <https://leg.wa.gov/studies-audits-and-reports/actuarial-reporting/other-postemployment-benefits-opeb/>

### 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.*

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*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.*