

Multiple Agency Fiscal Note Summary

Bill Number: 1069 HB AMS LC S2459	Title: Supp. retirement bargaining
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Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of Financial Management	0	0	424,000	0	0	418,000	0	0	418,000
Total \$	0	0	424,000	0	0	418,000	0	0	418,000

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	1.0	0	0	424,000	1.0	0	0	418,000	1.0	0	0	418,000
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
Total \$	1.0	0	0	424,000	1.0	0	0	418,000	1.0	0	0	418,000

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	.0	0	0	.0	0	0	.0	0	0
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
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

Prepared by: Val Terre, OFM	Phone: (360) 280-3073	Date Published: Final 4/ 3/2025
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Individual State Agency Fiscal Note

Bill Number: 1069 HB AMS LC S2459.1	Title: Supp. retirement bargaining	Agency: 105-Office of Financial Management
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
OFM Labor Relations Service Account-Non-Appropriated 436-6	215,000	209,000	424,000	418,000	418,000
Total \$	215,000	209,000	424,000	418,000	418,000

Estimated Operating Expenditures from:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	1.0	1.0	1.0	1.0	1.0
OFM Labor Relations Service Account-Non-Appropriated 436-6	215,000	209,000	424,000	418,000	418,000
Total \$	215,000	209,000	424,000	418,000	418,000

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: Jarrett Sacks	Phone: 360-786-7448	Date: 03/28/2025
Agency Preparation: Kathy Cody	Phone: (360) 480-7237	Date: 03/31/2025
Agency Approval: Jamie Langford	Phone: 360-902-0422	Date: 03/31/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 04/02/2025

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 amends RCW 41.80.040, permitting bargaining over supplemental benefits administered by, or on behalf of, an employee organization. Supplemental benefits include retirement plans, retirement benefits, and medical plans.

Currently, bargaining over retirement plans, retirement benefits, and health care benefits are prohibited subjects of bargaining. This bill amends the statute by clarifying only those retirement benefits administered by the Department of Retirement Systems are excluded from bargaining.

A new section is added that enables bargaining over contributions for supplemental retirement benefits that are administered by or on behalf of an employee organization, including medical plans.

HB 1069, as amended, now also modifies RCW 41.80.020, scope of bargaining, and amends 41.80.040 adding a subsection (2) establishing a right to bargain over supplemental retirement and medical benefits and making those items mandatory subjects of bargaining. This concern has now been alleviated with the amendment.

During subsequent collective bargaining proceedings, SHR staff may potentially bargain over supplemental benefits (retirement/medical) that are administered by, or on behalf of, an employee organization.

Impacts to staff include:

- Negotiators bargaining over supplemental benefits, potentially expanding on the number of bargaining proposals and requiring bargaining to impasse on a mandatory subject of bargaining which would require the decision be presented to an arbitrator for interest arbitration tables and to a mediator for non-interest arbitration tables.
- Compensation policy analysts providing fiscal modeling on bargaining proposals related to supplemental benefits that could include interest arbitration.
- Salary surveys will have to take into consideration retirement and medical plans available in addition to those otherwise provided by state law.
- Labor relations assistants providing support required due to additional bargaining proposals and modifications to existing collective bargaining agreements, as well as assistance with interest arbitration.
- Additional days of hearing for interest arbitrations to present proposals on supplemental retirement and medical plan benefits requiring more attorney general time and resources.
- HRMS impacts and modifications to include additional benefits.

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.

Expenses incurred in the OFM Labor Relations Service account are funded by quarterly billings to state agencies. Any assumed increase in the account would be matched by an increase in the rate charged by OFM, up to what is allowed per RCW 41.80.140.

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 will be a need for additional bargaining, more proposals, more days of interest arbitration, or mediation for non-interest arbitration tables. We predict that the unions will make these proposals but cannot define how many unions will want these provisions in the contracts. Additional costs and resources can be predicted for bargaining, costing, interest

arbitration days of hearing (more days will be needed), potential survey costs, and changes to the contract that requires training in an area of bargaining that requires a level of expertise not needed in the past.

To implement this amendment, OFM will require the following FTEs:

Labor Negotiator 0.5 FTE - A negotiator with expertise on supplemental retirement and health care plans will be needed to assist with negotiations and hearings related to this new mandatory subject of bargaining.

Comp Policy Analyst 0.5 FTE - New survey information will be needed for bargaining related to supplemental retirement and health care plans and to cost proposals on this new mandatory subject of bargaining.

Cost assumptions per FTE:

- o Goods and services: supplies, communications services, lease space, training, software licensing at \$5,000 per FTE annually.

- o Travel: travel associated with the positions at \$4,000 per FTE annually.

- o Capital Outlays: a workstation, furniture, and computer at \$5,000 per FTE (one-time).

- o Shared Service Costs: administrative support, IT support, budget and accounting services, facilities support, and human resource assistance at \$30,000 per FTE annually.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
436-6	OFM Labor Relations Service Account	Non-Appropriated	215,000	209,000	424,000	418,000	418,000
Total \$			215,000	209,000	424,000	418,000	418,000

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	1.0	1.0	1.0	1.0	1.0
A-Salaries and Wages	134,000	137,000	271,000	274,000	274,000
B-Employee Benefits	40,000	41,000	81,000	82,000	82,000
C-Professional Service Contracts					
E-Goods and Other Services	5,000	5,000	10,000	10,000	10,000
G-Travel	4,000	4,000	8,000	8,000	8,000
J-Capital Outlays	10,000		10,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	22,000	22,000	44,000	44,000	44,000
9-					
Total \$	215,000	209,000	424,000	418,000	418,000

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 2026	FY 2027	2025-27	2027-29	2029-31
Comp Policy Analyst	132,000	0.5	0.5	0.5	0.5	0.5
Labor Negotiator	135,000	0.5	0.5	0.5	0.5	0.5
Total FTEs		1.0	1.0	1.0	1.0	1.0

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

Bill Number: 1069 HB AMS LC S2459.1	Title: Supp. retirement bargaining	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: 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

Bill Number: 1069 HB AMS LC S2459.1	Title: Supp. retirement bargaining	Agency: 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

Bill Number: 1069 HB AMS LC S2459.1	Title: Supp. retirement bargaining	Agency: 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.

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: 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.

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.