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FISCAL NOTE

Drafting Number: LLS 19-0378 **Date:** April 8, 2019
Prime Sponsors: Rep. Esgar **Bill Status:** House SVMA
 Sen. Garcia; Pettersen **Fiscal Analyst:** Ariel Hammerquist | 303-866-3469
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Bill Topic: CO PARTNERSHIP FOR QUALITY JOBS AND SERVICES ACT

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill creates the Colorado Partnership for Quality Jobs and Services Act, which requires the state to enter into partnership agreements with certified employee organizations. This bill increases state expenditures on an ongoing basis.

Appropriation Summary: In FY 2019-20, this bill requires an appropriation of \$574,504 to the Department of Personnel and Administration.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 19-1273

		FY 2019-20	FY 2020-21
Revenue		-	-
Expenditures	General Fund	\$574,504	\$661,530
	Centrally Appropriated	\$86,254	\$108,564
	Total	\$660,758	\$770,094
	Total FTE	6.5 FTE	8.0 FTE
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

This bill creates the Colorado Partnership for Quality Jobs and Services Act, which requires the state to establish partnership agreements with certified employee organizations. The bill codifies Executive Order D 028 07, which was signed into law by Governor Bill Ritter on November 2, 2007, with various modifications.

Partnership units and certified employee organizations. The bill specifies that state employee partnership units are a group of covered employees who share a specified occupational group with similar job classifications. The bill requires a certified employee organization to represent the interests of all covered employees in a partnership unit, regardless of membership. Further, an employee organization that wants to represent an unrepresented partnership unit may file a petition with the Department of Labor and Employment (CDLE) requesting that an election be held to allow covered employees in the partnership unit to elect an employee organization to represent it. Existing partnership units under Executive Order D 028 07 will continue to be represented by current certified employee organizations.

Partnership agreements. A certified employee organization and the state are required under the bill to discuss and draft written partnership agreements within 60 days of an employee organization being certified. If a dispute arises during the formation of a partnership agreement, the certified employee organization and the state are required to engage in a dispute resolution process.

Duties of the state. The director of the Department of Personnel and Administration (DPA) must enforce certain aspects of the partnership agreement process, promulgate rules, and determine appropriate remedies to address violations under the bill. After the state and a certified employee organization reach a partnership agreement, the Governor must request sufficient appropriations as part of the initial supplemental budget request.

Court review. The bill establishes the circumstances under which the DPA director or a party to a partnership agreement may request court review of final action. Court review may be requested as follows:

- the director may request that the court of appeals enforce orders issued in connection with partnership agreements.
- any person or party affected by a final order may appeal to the district court; and
- the State or a certified employee organization may challenge a final judgement resolving a dispute of a partnership agreement.

Background

The DPA estimates that approximately 26,529 state employees would qualify as covered employees under this bill.

State Expenditures

This bill increases General Fund expenditures by \$660,758 and 6.5 FTE in FY 2019-20, and \$770,094 and 8.0 FTE in FY 2020-21. These costs in the DPA and the CDLE are shown in Table 2 and discussed below.

**Table 2
 Expenditures Under HB 19-1273**

	FY 2019-20	FY 2020-21
Department of Personnel and Administration		
Personal Services	\$374,493	\$408,539
Operating Expenses and Capital Outlay Costs	\$34,203	\$5,985
Legal Services	\$165,808	\$145,082
Centrally Appropriated Costs*	\$86,254	\$95,873
FTE – Personal Services	5.6 FTE	6.3 FTE
FTE – Legal Services	0.9 FTE	0.8 FTE
DPA Subtotal	\$660,758	\$655,479
Department of Labor and Employment		
Personal Services	-	\$51,675
Operating Expenses and Capital Outlay Costs	-	\$5,653
Printing Costs	-	\$1,998
Postage Costs	-	\$42,598
Centrally Appropriated Costs*	-	\$12,691
FTE – Personal Services	-	0.9 FTE
CDLE Subtotal	-	\$114,615
Total Cost	\$660,758	\$770,094
Total FTE	6.5 FTE	8.0 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Department of Personnel and Administration. The DPA will have costs of \$660,758 and 5.6 FTE in FY 2019-20 and \$655,479 and 6.3 FTE in FY 2020-21 and future years to implement the bill. These costs are summarized below.

- *Personal services and operating expenses.* To manage this program, DPA requires 6.3 FTE which includes a director of partnership agreements, two human resources specialists, a program administrator, a program analyst, and an administrative assistant. These staff will be responsible for promulgating rules, overseeing partnership agreements, assisting agencies during negotiations and ensuring compliance with the bill. Standard operating and capital outlay costs are included for these staff and first year costs are prorated to reflect the General Fund paydate shift.
- *Legal services.* The DPA will require legal services from the Department of Law for rule promulgation and ongoing counsel and support. These costs are estimated to be \$165,808 and FY 2019-20 and \$145,082 in FY 2020-21 and future years, representing 1,600 hours and 1,400 hours of legal services, respectively. To provided legal services, the Department of Law requires reappropriated funds and 0.9 FTE in the first year and 0.8 FTE in the second and future years.

Department of Labor and Employment. Beginning in FY 2020-21, the CDLE requires 1.0 FTE for a compliance investigator at a cost of \$51,675. This staff will monitor compliance for partnership agreements. Costs reflect the General Fund paydate shift and include standard operating and capital outlay costs. In addition, the CDLE will have costs of \$44,596 for printing, envelopes, and postage for mailings sent to all covered employees.

Judicial Department. This bill will increase trial court workload as individuals may seek judicial review in district court regarding actions talking regarding partnership units or agreements. Any increase is assumed to be minimal and can be accomplished within existing appropriations.

Other state agencies. State executive branch agencies may experience an increase in costs and workload to adhere to the partnership agreements. These impacts will depend on the extent to which agencies are required to engage in the dispute process or align internal processes with the bill. Costs may also increase for employee salaries or other employee benefits to the extent that collective bargaining enhances benefits beyond what they would have been absent this bill. It is assumed that these impacts will be addressed through the annual budget process as necessary.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$86,254 in FY 2019-20 and \$108,564 in FY 2020-21.

Effective Date

The bill takes effect July 1, 2019.

State Appropriations

For FY 2019-20, this bill requires a General Fund appropriation of \$574,504 to the Department of Personnel and Administration and an allocation of 5.6 FTE. Of this amount, \$165,808 is reappropriated to the Department of Law for legal services with an allocation of 0.9 FTE.

State and Local Government Contacts

Governor	Higher Education	Information Technology
Judicial	Labor	Law
Personnel	Transportation	