



Legislative  
Council Staff

*Nonpartisan Services for Colorado's Legislature*

**FISCAL NOTE**

**Drafting Number:** LLS 20-0018  
**Prime Sponsors:** Rep. Esgar  
 Sen. Garcia; Pettersen  
**Date:** January 27, 2020  
**Bill Status:** House SVMA  
**Fiscal Analyst:** Katie Ruedebusch | 303-866-3001  
 Katie.Ruedebusch@state.co.us

**Bill Topic:** COLORADO PARTNERSHIP FOR QUALITY JOBS AND SERVICES ACT

- Summary of Fiscal Impact:**
- State Revenue
  - State Expenditure
  - State Transfer
  - TABOR Refund
  - Local Government
  - Statutory Public Entity

The bill creates the Colorado Partnership for Quality Jobs and Services Act, which creates a collective bargaining system between covered state employees and the state's executive branch. The bill requires the state to enter into a partnership agreement with certified employee organizations, defines duties of the parties, and creates standards and procedures related to disputes. This bill increases state expenditures on an ongoing basis.

**Appropriation Summary:** In FY 2020-21, the bill requires appropriations totaling \$2.0 million to various state agencies. See the State Appropriations section.

**Fiscal Note Status:** The fiscal note reflects the introduced bill and should be considered preliminary.

**Table 1  
State Fiscal Impacts Under HB 20-1153**

		FY 2020-21	FY 2021-22
<b>Revenue</b>		-	-
<b>Expenditures</b>	General Fund	\$2,012,784	\$5,787,344
	State Highway Fund	-	\$424,732
	Centrally Appropriated	\$192,334	\$277,248
	<b>Total</b>	<b>\$2,205,118</b>	<b>\$6,489,324</b>
	<b>Total FTE</b>	<b>15.4 FTE</b>	<b>50.7 FTE</b>
<b>Transfers</b>		-	-
<b>TABOR Refund</b>		-	-

## **Summary of Legislation**

The bill creates the Colorado Partnership for Quality Jobs and Services Act to enable the creation of collective bargaining system between covered state employees and the state's executive branch. The bill requires the state to establish a partnership agreement with certified employee organizations.

**Covered employees.** The bill covers employees in the state personnel system, with some exceptions. The following employees are not covered under the bill: confidential, managerial, and executive employees as defined in the bill; the State Personnel Director; the director of the Division of Standards and Statistics in the Department of Labor and Employment (CDLE); certain employees appointed by the Governor; any employees working to implement the bill; administrative law judges; legislative employees; and temporary appointees.

**Partnership agreements and certified employee organizations.** The bill specifies that there is a single partnership agreement that includes all covered employees, with a number of secondary partnership agreements or department-specific agreements within the master partnership agreement. Existing partnership units under Executive Order D 028 07 will continue to be represented by current certified employee organizations and merged with into the single statewide partnership unit. Further, an employee organization that wants to represent an unrepresented partnership unit may file a petition with the CDLE requesting that an election be held to allow covered employees in the partnership unit to elect an employee organization to represent it.

**Certified employee organizations.** The bill requires a certified employee organization to represent the interests of all covered employees in a partnership unit, regardless of membership. Certified employee organizations have the right to reasonable access to covered employees through methods of communication outlined in the bill. Certified organizations are also provided access by the state to new employees during work time. Certified employee organizations may not strike or conduct other actions that disrupt the daily functioning of any state agency.

**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. The agreements are binding on the state. 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.** By September 2020, the state must notify covered employees that they can request that the state not to share certain information with a certified employee organization. The director of the Department of Personnel and Administration (DPA) and the CDLE 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.

**Unfair labor practices.** The bill authorizes the CDLE to adjudicate unfair labor practices charges and issues. In addition, CDLE may adjudicate disputes as to whether employees are appropriately classified as covered employees.

**Court review.** The bill establishes the circumstances under which the state and certified employee organizations may seek judicial review.

**Background**

The fiscal note assumes that approximately 25,786 state employees will qualify as covered employees under this bill. The fiscal note assumes that CDLE will handle approximately 93 unfair practices disputes each year, with 84 appeals per year.

**State Expenditures**

The bill requires a General Fund appropriation to several state agencies totaling \$2,205,118 and 15.4 FTE in FY 2020-21 and \$6,489,324 and 50.7 FTE in FY 2021-22. These expenditures is shown in Table 2 and discussed below.

**Table 2  
Expenditures Under HB 20-1153**

<b>Cost Components</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
<b>Department of Personnel and Administration</b>		
Personal Services	\$438,568	\$676,822
Operating Expenses	\$6,750	\$13,500
Capital Outlay Costs	\$31,000	-
Legal Services	\$383,760	\$383,760
Centrally Appropriated Costs*	\$85,717	\$163,527
FTE – Personal Services	4.5 FTE	9.0 FTE
FTE – Legal Services	2.0 FTE	2.0 FTE
<b>(Subtotal)</b>	<b>\$945,795</b>	<b>\$1,237,609</b>
<b>Department of Labor and Employment</b>		
Personal Services	\$430,447	\$433,892
Operating Expenses	\$7,425	\$7,425
Capital Outlay Costs	\$37,200	-
Centrally Appropriated Costs*	\$88,780	\$94,075
FTE – Personal Services	5.0 FTE	5.5 FTE
<b>(Subtotal)</b>	<b>\$563,852</b>	<b>\$535,392</b>
<b>Governors Office</b>		
Personal Services	\$94,444	\$103,030
Operating Expenses	\$1,350	\$1,350
Capital Outlay Costs	\$6,200	-
Centrally Appropriated Costs*	\$17,837	\$19,646
FTE – Personal Services	0.9 FTE	1.0 FTE
<b>(Subtotal)</b>	<b>\$119,831</b>	<b>\$124,026</b>

**Table 2  
Expenditures Under HB 20-1153 (Cont.)**

<b>Cost Components</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
<b>Department of Law</b>		
Legal Services	\$575,640	\$1,918,800
FTE – Legal Services	3.0 FTE	10.0 FTE
<b>(Subtotal)</b>	<b>\$575,640</b>	<b>\$1,918,800</b>
<b>Professional Trade State Agencies</b>		
Human Resources staffing	-	\$2,248,765
Total FTE	-	22.2 FTE
<b>Total</b>	<b>\$2,205,118</b>	<b>\$6,489,324</b>
<b>Total FTE</b>	<b>15.4 FTE</b>	<b>50.7 FTE</b>

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

**Department of Personnel and Administration.** DPA will have costs of \$945,745 and 4.5 FTE in FY 2020-21 and \$1.2 million and 9.0 FTE in FY 2021-22 and future years to implement the bill. These costs are summarized below.

- *Personal services and operating expenses.* To manage this program, DPA requires 4.5 FTE which includes a chief negotiator, a statewide compensation analyst, a training and education specialist, a human resources specialist, and an administrative assistant. These staff will be responsible for promulgating rules, overseeing the master partnership agreement, assisting agencies during negotiations, and ensuring compliance with the bill. An additional 4.0 FTE is needed in FY 2021-22 and in future years to continue to manage other agreements, as well as 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.* DPA will require legal services from the Department of Law for rule promulgation and ongoing counsel and support. These costs are estimated to be \$383,760 in FY 2020-21 and future years, representing 3,600 hours of legal services. To provided legal services, the Department of Law requires reappropriated funds and 2.0 FTE in the first year and future years.
- *Confidential reporting mechanism.* While not required under the bill, the DPA may need to create a confidential reporting mechanism for state employees to report issues and complaints as a best practice. Costs to create, operate, and maintain a confidential reporting hotline are estimated to be \$100,000 or \$2 per covered employee. It is assumed that funding for the hotline will be requested through the annual budget process, if needed.

**Department of Labor and Employment.** CDLE will require \$563,852 and 5.0 FTE in FY 2020-21 and \$535,392 and 5.5 FTE in FY 2021-22 and future years to implement the bill. Specifically, CDLE requires a program manager to create a union labor program to investigate and adjudicate claims. In addition, CDLE requires a compliance investigator; an admistrative law judge and a

hearing officer to handle and adjudicate appeals; an analyst to handle dockets and elections; and an administrative staff member. Costs reflect the General Fund paydate shift and include standard operating and capital outlay costs.

**Department of Law.** The Department of Law will require \$575,640 and 3.0 FTE in FY 2020-21 and \$1.9 million and 10.0 FTE in FY 2021-22. This cost is in addition to the legal services for DPA. These services are required to represent other state agencies in relation to classified personnel, unfair labor practice proceedings, and the adjudicative arbitration process. Currently, the fiscal note indicates that this is a General Fund expense; however this funding will be a mix of General Fund, cash funds, and federal funding. The fiscal note will be updated to include more information on the funding mix when it is available.

**Governors Office.** The Governor's Office requires \$119,231 and 1.0 FTE in FY 2020-21 and \$124,026 and 1.0 FTE in FY 2021-22 and future years for a deputy legal counsel to assist with the implementation of the legislation, negotiate agreements, and provide other labor-related legal assistance.

**Professional trade state agencies.** Beginning in FY 2021-22, state executive branch agencies with professional trade groups will require \$2.4 million and 22.2 FTE in additional human resource specialist staff to negotiate partnership contracts, handle grievances and disputes, and adhere to any department-specific or professional trade partnership agreements. These departments include the Department of Agriculture, the Department of Corrections, the Department of Human Services, the Department of Natural Resources, the Department of Public Safety, and the Department of Transportation. Cost range between \$13,000 to over \$1.0 million, depending on the agency. All expenditures are from the General Fund, except expenditures for the Department of Transportation which are from the State Highway Fund.

**Judicial Department.** This bill will increase trial court workload as individuals may seek judicial review in district court. Any increase is assumed to be minimal and can be accomplished within existing appropriations.

**Other state agencies and institutions of higher education.** Costs may increase for state executive agencies and institutions of higher education 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 \$192,334 in FY 2020-21. Centrally appropriated costs for FY 2021-22 will be estimated in a revised fiscal note.

## Effective Date

The bill takes effect July 1, 2020.

## State Appropriations

For FY 2020-21, this bill requires the following General Fund appropriations:

- \$860,078 to the Department of Personnel and Administration and an allocation of 4.5 FTE. Of this amount, which \$383,760 is reappropriated to the Department of Law for legal services with an allocation of 2.0 FTE;
- \$475,072 to the Department of Labor and Employment and an allocation of 5.0 FTE;
- \$575,640 and an allocation of 3.0 to Department of Law; and
- \$101,994 to the Governor's Office and an allocation of 0.9 FTE.

## State and Local Government Contacts

All State Agencies