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HB 20-1153

**REVISED
FISCAL NOTE**

(replaces fiscal note dated January 27, 2020)

Drafting Number: LLS 20-0018
Prime Sponsors: Rep. Esgar
 Sen. Garcia; Pettersen
Date: February 3, 2020
Bill Status: House Appropriations
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Bill Topic: COLORADO PARTNERSHIP FOR QUALITY JOBS & 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 the 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, as amended by the House SVMA Committee.

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

		FY 2020-21	FY 2021-22
Revenue		-	-
Expenditures	General Fund	\$1,957,259	\$4,793,178
	State Highway Fund	\$52,980	\$738,101
	Centrally Appropriated*	\$247,934	\$794,638
	Total	\$2,258,173	\$6,325,917
	Total FTE	15.4 FTE	46.6 FTE
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The bill creates the Colorado Partnership for Quality Jobs and Services Act to enable the creation of a 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 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.

Assumptions

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. In addition, the fiscal note assumes that each state agency will require the same number of legal services hours as currently utilized for State Personnel Board matters. Funding for legal services are calculated based on the percentage of covered employees in each agency.

State Expenditures

The bill requires a General Fund appropriation to several state agencies totaling \$2,258,173 and 15.4 FTE in FY 2020-21 and \$6,325,917 and 46.6 FTE in FY 2021-22. These expenditures are shown in Table 2 and discussed below. See Appendix A for detailed expenditures in each department.

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

Cost Components	FY 2020-21*	FY 2021-22*
Department of Personnel and Administration	\$945,795	\$1,272,484
Department of Labor and Employment	\$645,028	\$667,744
Governors Office	\$130,768	\$160,483
Department of Corrections	\$118,646	\$1,131,051
Department of Human Services	\$96,132	\$1,010,235
Department of Transportation	\$52,980	\$738,101
Department of Natural Resources	\$25,904	\$246,162
Department of Revenue	\$26,479	\$245,175
Department of Public Safety	\$18,996	\$206,334
All Other Agencies	\$197,445	\$648,148
Total	\$2,258,173	\$6,325,917
Total FTE	15.4 FTE	46.6 FTE

* Centrally appropriated costs are included in each agency's total expenditures in Table 2.

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 payday 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 provide 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 \$645,028 and 5.0 FTE in FY 2020-21 and \$667,744 and 5.5 FTE in FY 2021-22 and future years to implement the bill. These costs are summarized below.

- *Personal services.* CDLE requires a program manager to create a union labor program to investigate and adjudicate claims. In addition, CDLE requires a compliance investigator; an administrative 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 payday shift and include standard operating and capital outlay costs.
- *Legal services.* CDLE requires \$23,026 in FY 2020-21 and \$76,752 in FY 2021-22 and future years for legal services, representing 216 and 720 hours, respectively.
- *Election-related costs.* Beginning in FY 2022-23, CDLE will have costs associated with the administration of certified employee organization elections of approximately \$44,485. It is assumed that funding for employee organization elections will be requested through the annual budget process.

Governors Office. The Governors Office requires \$130,768 and 0.9 FTE in FY 2020-21 and \$160,483 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. In addition, the office requires \$10,937 in FY 2020-21 and \$36,457 in FY 2021-22 and future years for legal services representing 103 and 342 hours, respectively. Costs reflect the General Fund payday shift, and include standard operating and capital outlay costs.

Department of Corrections. Beginning in FY 2021-22, the Department of Corrections will require \$1.1 million and 5.9 FTE to implement the bill. Specifically, DOC requires specific human resources staff with labor relations expertise and an administrative assistant in order to handle negotiations on department-specific agreements and to ensure compliance with the bill. In addition, DOC requires \$118,646 in FY 2020-21 and \$393,354 in FY 2021-22 and future years for legal services, representing 1,113 and 3,690 hours, respectively. Costs reflect the General Fund payday shift, and include standard operating, capital outlay, and centrally appropriated costs.

Department of Human Services. Beginning in FY 2021-22, the Department of Human Services (DHS) will require \$1.0 million and 5.8 FTE to implement the bill. Specifically, DHS requires human resources staff with labor relations expertise and two administrative assistants in order to handle negotiations on department-specific agreements and to ensure compliance with the bill. In addition, DHS requires \$96,132 in FY 2020-21 and \$320,440 in FY 2021-22 and future years for legal services, representing 902 and 3,006 hours, respectively. Costs reflect the General Fund paydate shift, and include standard operating, capital outlay, and centrally appropriated costs.

Department of Transportation. Beginning in FY 2021-22, the Department of Transportation (CDOT) will require \$738,101 and 4.0 FTE to implement the bill. Specifically, CDOT requires human resources staff with labor relations expertise in order to handle negotiations on department-specific agreements and to ensure compliance with the bill. In addition, CDOT requires \$52,980 in FY 2020-21 and \$176,530 in FY 2021-22 and future years for legal services, representing 497 and 1,656 hours, respectively. Costs include standard operating, capital outlay, and centrally appropriated costs. Expenditures for CDOT are from the State Highway Fund.

Department of Natural Resources. Beginning in FY 2021-22, the Department of Natural Resources (DNR) will require \$246,162 and 1.2 FTE to implement the bill. Specifically, DNR requires human resources staff with labor relations expertise in order to handle negotiations on department-specific agreements and to ensure compliance with the bill. In addition, DNR requires \$25,904 in FY 2020-21 and \$86,346 in FY 2021-22 and future years for legal services, representing 243 and 810 hours, respectively. Costs reflect the General Fund paydate shift, and include standard operating, capital outlay, and centrally appropriated costs.

Department of Revenue. Beginning in FY 2021-22, the Department of Revenue (DOR) will require \$26,479 and 1.2 FTE to implement the bill. Specifically, DOR requires human resources staff with labor relations expertise in order to handle negotiations on department-specific agreements and to ensure compliance with the bill. In addition, DOR requires \$26,479 in FY 2021-22 and \$88,265 in FY 2020-21 and future years for legal services, representing 248 and 828 hours, respectively. Costs reflect the General Fund paydate shift, and include standard operating, capital outlay, and centrally appropriated costs.

Department of Public Safety. Beginning in FY 2021-22, the Department of Public Safety (DPS) will require \$206,334 and 1.0 FTE to implement the bill. Specifically, DPS requires human resources staff with labor relations expertise in order to handle negotiations on department-specific agreements and to ensure compliance with the bill. In addition, DPS requires \$18,996 in FY 2020-21 and \$63,320 in FY 2021-22 and future years for legal services, representing 178 and 594 hours, respectively. Costs reflect the General Fund paydate shift, and include standard operating, capital outlay, and centrally appropriated costs. It should be noted that state troopers are not covered employees under the bill, however other DPS staff are not exempt.

Legal services for all other departments. Excluding the agencies listed above, all remaining state agencies will require \$197,445 in FY 2020-21 and \$648,148 in FY 2021-22 for legal services concerning classified personnel, unfair labor practice proceedings, and the adjudicative arbitration process. This funding will be reappropriated to the Department of Law, which will require 1.1 FTE in FY 2020-21 and 3.5 FTE in FY 2021-22 to provide these services. These costs are in addition to the legal services for the state agencies discussed above.

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.

Department of Law. Based on the legal services for all state agencies under the bill, the Department of Law requires a total of 5.0 FTE in FY 2020-21 and 12.0 FTE in FY 2021-22. As discussed previously, costs for staff providing legal services in the Department of Law will be paid using reappropriated funds from state agencies.

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, supplemental employee retirement payments, and indirect cost assessments, are estimated to be \$247,934 in FY 2020-21 and \$794,638 in FY 2021-22.

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, \$383,760 is reappropriated to the Department of Law for legal services with an additional allocation of 2.0 FTE;
- \$500,648 to the Department of Labor and Employment and an allocation of 5.0 FTE. Of this amount, \$23,026 is reappropriated to the Department of Law for legal services with an additional allocation of 0.1 FTE;
- \$112,931 to the Governor's Office and an allocation of 0.9 FTE. Of this amount, \$10,937 is reappropriated to the Department of Law for legal services with an additional allocation of 0.1 FTE;
- \$118,646 to the Department of Corrections for reappropriation to the Department of Law for legal services with an allocation of 0.6 FTE;
- \$96,132 to the Department of Human Services for reappropriation to the Department of Law for legal services with an allocation of 0.5 FTE;
- \$25,904 to the Department of Natural Resources for reappropriation to the Department of Law for legal services with an allocation of 0.1 FTE;
- \$26,479 to the Department of Revenue for reappropriation to the Department of Law for legal services with an allocation of 0.1 FTE;
- \$18,996 to the Department of Public Safety for reappropriation to the Department of Law for legal services with an allocation of 0.1 FTE; and
- \$197,445 and an allocation of 1.1 FTE to Department of Law for representation of all other executive branch agencies.

In addition, for FY 2020-21, the bill requires an appropriation of \$52,980 from the State Highway Fund to the Department of Transportation. Of this amount, \$52,980 is reappropriated to the Department of Law for legal services with an allocation of 0.3 FTE

Effective Date

The bill takes effect July 1, 2020.

State and Local Government Contacts

All State Agencies

**Appendix A
Expenditures Under HB 20-1153**

Cost Components	FY 2020-21	FY 2021-22
Department of Personnel and Administration		
Personal Services	\$438,568	\$708,801
Operating Expenses	\$6,750	\$13,500
Capital Outlay Costs	\$31,000	-
Legal Services	\$383,760	\$383,760
Centrally Appropriated Costs*	\$85,717	\$166,423
FTE – Personal Services	4.5 FTE	9.0 FTE
FTE – Legal Services	2.0 FTE	2.0 FTE
DPA (Subtotal)	\$945,795	\$1,272,484
Department of Labor and Employment		
Personal Services	\$430,447	\$433,892
Operating Expenses	\$7,425	\$7,425
Capital Outlay Costs	\$37,200	-
Salesforce Licensing	\$2,550	-
Legal Services	\$23,026	\$76,752
Centrally Appropriated Costs*	\$144,380	\$149,675
FTE – Personal Services	5.0 FTE	5.5 FTE
FTE – Legal Services	0.1 FTE	0.4 FTE
CDLE (Subtotal)	\$645,028	\$667,744
Governor's Office		
Personal Services	\$94,444	\$103,030
Operating Expenses	\$1,350	\$1,350
Capital Outlay Costs	\$6,200	-
Legal Services	\$10,937	\$36,457
Centrally Appropriated Costs*	\$17,837	\$19,646
FTE – Personal Services	0.9 FTE	1.0 FTE
FTE – Legal Services	0.1 FTE	0.2 FTE
Governor (Subtotal)	\$130,768	\$160,483

**Appendix A
Expenditures Under HB 20-1153 (Cont.)**

Cost Components	FY 2020-21	FY 2021-22
Department of Corrections		
Personal Services	-	\$577,630
Operating Expenses	-	\$8,640
Capital Outlay Costs	-	\$39,680
Legal Services	\$118,646	\$393,354
Centrally Appropriated Costs*	-	\$111,747
FTE – Personal Services	-	5.9 FTE
FTE – Legal Services	0.6 FTE	2.0 FTE
DOC (Subtotal)	\$118,646	\$1,131,051
Department of Human Services		
Personal Services	-	\$536,544
Operating Expenses	-	\$8,640
Capital Outlay Costs	-	\$39,680
Legal Services	\$96,132	\$320,440
Centrally Appropriated Costs*	-	\$104,931
FTE – Personal Services	-	5.8 FTE
FTE – Legal Services	0.5 FTE	1.7 FTE
DHS (Subtotal)	\$96,132	\$1,010,235
Department of Transportation		
Personal Services	-	\$394,532
Operating Expenses	-	\$5,400
Capital Outlay Costs	-	\$24,800
Legal Services	\$52,980	\$176,530
Centrally Appropriated Costs*	-	\$136,839
FTE – Personal Services	-	4.0 FTE
FTE – Legal Services	0.3 FTE	0.9 FTE
CDOT (Subtotal)	\$52,980	\$738,101

**Appendix A
Expenditures Under HB 20-1153 (Cont.)**

Cost Components	FY 2020-21	FY 2021-22
Department of Natural Resources		
Personal Services	-	\$116,009
Operating Expenses	-	\$1,620
Capital Outlay Costs	-	\$7,440
Legal Services	\$25,904	\$86,346
Centrally Appropriated Costs*	-	\$34,747
FTE – Personal Services	-	1.2 FTE
FTE – Legal Services	0.1 FTE	0.5 FTE
DNR (Subtotal)	\$25,904	\$246,162
Department of Revenue		
Personal Services	-	\$116,009
Operating Expenses	-	\$1,620
Capital Outlay Costs	-	\$7,440
Legal Services	\$26,479	\$88,265
Centrally Appropriated Costs*	-	\$31,841
FTE – Personal Services	-	1.2 FTE
FTE – Legal Services	0.1 FTE	0.5 FTE
DOR (Subtotal)	\$26,479	\$245,175
Department of Public Safety		
Personal Services	-	\$96,675
Operating Expenses	-	\$1,350
Capital Outlay Costs	-	\$6,200
Legal Services	\$18,996	\$63,320
Centrally Appropriated Costs*	-	\$38,789
FTE – Personal Services	-	1.0 FTE
FTE – Legal Services	0.1 FTE	0.3 FTE
DPS (Subtotal)	\$18,996	\$206,334

**Appendix A
 Expenditures Under HB 20-1153 (Cont.)**

Cost Components	FY 2020-21	FY 2021-22
All Other State Agencies		
Legal Services to other state agencies	\$197,445	\$648,148
FTE – Legal Services	1.1 FTE	3.5 FTE
Other Agencies (Subtotal)	\$197,445	\$648,148
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Total Expenditures	\$2,258,173	\$6,325,917
General Fund	\$1,957,259	\$4,793,178
State Highway Fund	\$52,980	\$738,101
Centrally Appropriated	\$247,934	\$794,638
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Total FTE	15.4 FTE	46.6 FTE
Personal Services FTE	10.4 FTE	34.6 FTE
Legal Services FTE	5.0 FTE	12.0 FTE

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit: leg.colorado.gov/fiscalnotes.