

**SB 1067 A STAFF MEASURE SUMMARY**

**Carrier:** Rep. Nathanson

**Joint Committee On Ways and Means**

---

**Action Date:** 07/03/17

**Action:** Do Pass the A-Eng bill.

**House Vote**

**Yeas:** 6 - Gomberg, Holvey, Nathanson, Rayfield, Smith Warner, Williamson

**Nays:** 2 - Huffman, McLane

**Exc:** 3 - Smith G, Stark, Whisnant

**Senate Vote**

**Yeas:** 8 - Devlin, Frederick, Johnson, Manning Jr, Monroe, Roblan, Steiner Hayward, Winters

**Nays:** 4 - DeBoer, Girod, Hansell, Thomsen

**Fiscal:** Fiscal impact issued

**Revenue:** No revenue impact

**Prepared By:** Theresa McHugh, Budget Analyst

---

**WHAT THE MEASURE DOES:**

The measure makes several changes to state government programs and processes to contain costs and reduce future costs; including:

- Requires legislative review of reclassification of positions by state agencies
- Requires legislative review of agency long-term vacancies
- Requires additional reporting on collective bargaining changes
- Reduces the cap on state government FTE from 1.5% to 1.0% of the state population
- Requires the Legislative Fiscal Office (LFO) to study the Lottery Commission administrative costs and transfer rate prior to the odd-numbered year session
- Requires a study of state procurement practices to achieve savings
- Authorizes LFO to update current service level assumptions from what is used to prepare the Governor's budget proposal
- Sets a target of 2% of replacement value to be spent on deferred maintenance each biennium
- Modifies the law regarding PERS side accounts (pre-paid employer contributions) and requires the Governor's budget proposal to include recommendations on funds available for additional side account deposits
- Limits PERS contingency reserve fund to \$50 million
- Ensures that communications regarding the PERS unfunded accrued liability includes information on side accounts
- Requires the Legislature to establish a minimum project amount to be eligible for bond financing; projects below that amount need to be funded with cash
- Centralizes debt collection activity in state government in the Department of Revenue and further specifies changes to debt collection processes
- Requires PEBB and OEBB to establish an executive committee to develop a plan for the merger of the boards and to begin to combine administrative functions and operations
- Requires PEBB and OEBB to adopt methodologies designed to limit growth in premium or per member health plan costs to 3.4% per year
- Eliminates "double coverage" for PEBB and OEBB employees who have family members also employed by a PEBB or OEBB employer.
- Ties hospital rates for PEBB and OEBB to a percentage of Medicare rates for most hospitals
- Establishes effective dates

**ISSUES DISCUSSED:**

This Summary has not been adopted or officially endorsed by action of the committee.

**SB 1067 A STAFF MEASURE SUMMARY**

Provisions of the measure and potential impact on hospitals.

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

A legislative work group was convened during the 2017 session to examine potential cost reduction and prevention options in order to help reduce cost increases in future budgets and to institute prudent financial practices and principles for state government. The measure is a compilation of actions related to that work and other proposals that also had the same intent.