Individual State Agency Fiscal Note

Bill Number: 2611 HB	Title: Bioeconomy	Agency: 360-University of Washington

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.0	6.1	3.0	6.1	0.0
Account					
General Fund-State 001-1	0	551,063	551,063	1,066,626	0
Total $	0	551,063	551,063	1,066,626	0

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.

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Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

HB 2611 (SB 6435) charges the University of Washington with completing a study that will support development of Washington State's bioeconomy by expanding the use of biological resources for the production of fuels, chemicals, and high value materials. To complete the study we will need to hire research associates and research assistants to carry out all the tasks required by the legislation. UW faculty will also participate in the study as PI and to provide technical support. In addition, since there will be considerable experimental work, we will need supplies and one piece of equipment – a high-pressure laboratory reactor.

The budget estimate is to complete all four tasks specified in the bill. The project is scalable with Section 2(a) being the backbone of the study. Section 2(a) will establish the economic viability and quantify many of the environmental benefits (such as reduced carbon emissions) of bioeconomy enterprises. Sections 2(b) – 2(d) are necessary for a complete study and to establish all the environmental benefits of a strong Washington state bioeconomy.

It should be noted that this study would be complementary to the feasibility study for establishment of a biorefinery in Lewis County. We envision faculty and students on both projects to work closely with each other in support of creating a robust bioeconomy in Washington.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

There will be no cash receipts associated with this study.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The salaries and benefits are primarily for the research associates and research assistants that would be carrying out the project. The following is an approximation of expenditures for each section of the bill:

Section 2(a): $820,000
Section 2(b): $400,000
Section 2(c): $200,000
Section 2(d): $200,000

Included in the budget is an expenditure for staff support required for fiscal management and personnel services for the project. Research supplies for the experimental work are located in the "Goods and Services" category and the high-pressure reactor necessary to carry out the experimental work is located in the "Capital Outlays" category. A small travel budget enables us to travel to various locales in the state and attend meetings to present results. All the salaries and benefits are calculated using standard University of Washington fiscal values.

For the full study it is assumed that the work will require one month (0.08 FTE) of the primary investigator ($193,000 annual salary, 23.9% benefits rate), three full-time (3.0 FTE) research associates ($54,000 annual

salary, 23.9% benefits rate), four research assistants (0.5 FTE each for a total of 2.0 FTE, $59,616 annual salary, 21.2% benefits rate), and 1 FTE of professional staff ($64,000 annual salary, 32.1% benefits rate). In addition, graduate students would receive a waiver of tuition for FY21 through FY23. Therefore, we have included tuition and fee waivers of $16,653 per student per year ($66,612 total).

We assume that the project will start July 1, 2020 and end June 30, 2023. Hence, we have personnel on the project for FY21 through FY23. Staff support levels are consistent with School of Environmental and Forest Science policies for research projects that don't carry indirect costs.

A limited study that only addresses item 2(a) would require approximately 1.5 FTE of a research associate, and two research assistants (both at 50% FTE) over the same three year timeline.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
001-1	General Fund	State	0	551,063	551,063	1,066,626	0
		Total $	0	551,063	551,063	1,066,626	0

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		6.1	3.0	6.1	
A-Salaries and Wages		361,293	361,293	722,586	
B-Employee Benefits		89,658	89,658	179,316	
C-Professional Service Contracts					
E-Goods and Other Services		12,000	12,000	24,000	
G-Travel		1,500	1,500	7,500	
J-Capital Outlays		20,000	20,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-Other: tuition waivers		66,612	66,612	133,224	
Total $	0	551,063	551,063	1,066,626	0

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 2020	FY 2021	2019-21	2021-23	2023-25
Professor (faculty)	192,723		0.1	0.0	0.1	
Research assistant (graduate students, 4x0.5 FTE)	54,000		2.0	1.0	2.0	
Research associate (faculty)	59,616		3.0	1.5	3.0	
Staff support	64,000		1.0	0.5	1.0	
Total FTEs			6.1	3.0	6.1	0.0

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

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

Part V: New Rule Making Required