

Multiple Agency Fiscal Note Summary

Bill Number: 5319 SB	Title: Unemployment insurance prog
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Estimated Cash Receipts

Agency Name	2009-11		2011-13		2013-15	
	GF- State	Total	GF- State	Total	GF- State	Total
Employment Security Department	0	(120,600,000)	0	0	0	0
Community and Technical College System	0	11,515,000	0	0	0	0
Total \$	0	(109,085,000)	0	0	0	0

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

Estimated Expenditures

Agency Name	2009-11			2011-13			2013-15		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Higher Education Coordinating Board	Fiscal note not available								
Employment Security Department	9.3	0	179,512,000	8.1	0	31,028,000	8.1	0	31,028,000
Community and Technical College System	.0	17,378,000	17,378,000	.0	0	0	.0	0	0
Total	9.3	\$17,378,000	\$196,890,000	8.1	\$0	\$31,028,000	8.1	\$0	\$31,028,000

Local Gov. Courts *									
Local Gov. Other **									
Local Gov. Total									

[illegible]

* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

class	"TOTAL	
	\$45 Reimbursable Impact"	
OTHER STATES		\$6,290,000
NON PROFIT 501(C)(3)		\$4,157,000
LOCAL GOVERNMENT		\$1,408,000
POLITICAL SUBDIVISION		\$2,175,000
NATIVE AMERICAN TRIBE		\$1,117,000
STATE AGENCIES		\$2,309,000
FEDERAL AGENCIES		\$1,458,000
MILITARY		\$2,986,000
Total Reimbursables		\$21,900,000

Definitions:

112–Political Subdivisions: water districts, fire departments, schools grades 1-12, emergency services, etc.

153–State Agencies: State Agencies, Community Colleges, Vocational Colleges, Junior Colleges, and State Universities

Other States: Claimants who have worked for employers in states outside of Washington. The individual states are billed and reimburse Washington and bill their employers.

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Phone:
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Date Published:
Final

* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

Individual State Agency Fiscal Note

Bill Number: 5319 SB	Title: Unemployment insurance prog	Agency: 540-Employment Security Department
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2010	FY 2011	2009-11	2011-13	2013-15
Unemployment Compensation Account-Non-Appropriated 620-6	(120,600,000)		(120,600,000)		
Total \$	(120,600,000)		(120,600,000)		

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	10.5	8.1	9.3	8.1	8.1
Fund					
Unemployment Compensation Administration Account-Federal 119-2	898,000	628,000	1,526,000	1,256,000	1,256,000
Unemployment Compensation Account-Non-Appropriated 620-6	150,500,000	27,486,000	177,986,000	29,772,000	29,772,000
Total \$	151,398,000	28,114,000	179,512,000	31,028,000	31,028,000

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.

Legislative Contact: Monica Jenkins	Phone: 360-902-0561	Date: 01/22/2009
Agency Preparation: Christopher Smith	Phone: 360-902-9694	Date: 01/30/2009
Agency Approval: Randi Warick	Phone: 360-902-9423	Date: 01/30/2009
OFM Review: Tammy Hay	Phone: 360-902-0553	Date: 01/30/2009

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.

The purpose of this Governor's request bill is to provide economic stimulus through use of the unemployment insurance program. The bill temporarily increases the weekly benefit amount for unemployed workers by \$45 per week, adding approximately \$186 million in funds for unemployed families to meet their financial needs. These increased benefits are not charged to taxable employers. The bill also decreases employer taxes by approximately \$190 million by reducing the flat social tax to sixteen-hundredths of one percent for 2009, which is intended to assist businesses during this period of economic downturn.

This bill also modifies the Shared Work Program by allowing employers to enroll the number of employees they feel is appropriate rather than requiring a minimum of 10% of their workforce. In addition, claimants are no longer limited to 26 weeks of shared work benefits during their claim but instead may continue to receive these benefits for the duration of their claim year. These modifications will provide greater flexibility to employers seeking to retain their trained workers and allow shared work plans to go into effect more quickly.

The bill amends the Training Benefits Program by increasing the application and enrollment deadlines, removing barriers for participation such as requiring that individuals have worked during three years out of the previous five years in a particular occupation, and to expand eligibility for the program beyond dislocated workers to military veterans, disabled workers, and certain low-income workers who are identified as needing training to obtain suitable employment. These modifications will enhance the skills of individual workers and increase the number of job-ready workers to local employers.

SECTION 1 amends RCW 50.20.120 adding \$45 to the weekly benefit amount established under current law. The additional \$45 is payable for all weeks of regular, extended, emergency, supplemental, or additional benefits for claims effective May 3, 2009, through December 27, 2009.

For claims effective prior to May 3, 2009, the additional \$45 is payable as follows:

- For individuals with a balance of regular benefits, the \$45 is payable for all remaining regular benefits and extended, emergency unemployment compensation, supplemental, or additional benefits.
- For individuals who have exhausted regular benefits but have a balance of Training Benefits, the \$45 is payable only for all remaining weeks of Training Benefits unless. The \$45 may be applied to other benefits if specifically authorized in federal or state law.

The maximum benefits payable and maximum amount payable weekly on the individual's claim are increased to include the additional \$45. Terms and conditions that affect payment of the regular benefit amount (earnings deductions, federal taxes, child support intercept, etc.) apply to the additional \$45.

Amendments in this section expire on January 2, 2010.

SECTION 2 amends RCW 50.29.021 requiring that the \$45 increase in the weekly benefit amount under RCW 50.20.120 (2) (b), and Training Benefits paid under Section 5, are automatically not charged to the experience rating account of any contribution-paying employer.

SECTION 3 amends RCW 50.29.025 as follows:

- The flat social rate for all employers for rate year 2009 is set at sixteen-hundredths of 1 percent.
- The \$45 in additional benefits will not be used to calculate the flat social cost factor for rate years 2010 and 2011.

SECTION 4 amends RCW 50.22.150, pertaining to the Training Benefits Program, to apply only to claims with an effective date prior to April 5, 2009.

SECTION 5 adopts a new section in Chapter 50.22 RCW providing training benefits for individuals with claims effective on or after April 5, 2009. Benefits are payable to dislocated workers. The definition of declining occupations and skills sets is determined by the Workforce Development Councils in cooperation with the Labor Market and Economic Analysis Division of the Employment Security Department.

For claims with an effective date on or after July 5, 2009, benefits are also available to individuals who:

1. were recently discharged honorably from military service who need training to find a suitable job;
2. are disabled workers who are unable to return to their jobs and need training; and
3. are low-income individuals.

Low-income individuals are those earning less than one hundred-thirty percent of the state minimum wage during their base year and, after assessment, it is determined the individual's earning potential will be enhanced through training.

Individuals must apply for training with 90 days of notification of the program and enroll within 120 days of notification. The Commissioner may waive these deadlines for good cause. Training must be full-time except when the individual is disabled. The individual must make satisfactory progress in training. Individuals are not eligible for the program if they are on standby or have a definite recall date with their regular employer within 6 months.

A training program must be vocational and for a high demand occupation, likely to enhance the individual's skills and earning power and meet the performance standards established by the Workforce Training and Education Coordinating Board. This section further defines terms as they relate to the training benefits program.

Benefits are payable for 52 weeks, reduced by the amount of regular and extended benefits paid. Benefits may not be paid more than two years after the end of the claimant's benefit year.

When a claimant's benefit year ends before training benefits are exhausted, the claimant has the option of remaining on the original claim or filing a new claim. Individuals who previously received training benefits may not receive them again for five years. An individual may not receive trade adjustment allowances or emergency unemployment compensation while receiving training benefits.

Base period employers are interested parties to the approval of training and granting of benefits. Local Workforce Development Councils must identify declining and high demand occupations in cooperation with the Labor Market and Economic Analysis Division of the Employment Security Department and update this list at least annually. The Commissioner is authorized to adopt rules to implement this section.

SECTION 6 amends RCW 50.60.020. The definition of “affected unit” is changed to “affected employee,” in accordance with Section 7. The Shared Work Compensation Plan will apply to any number of employees within the organization.

SECTION 7 amends RCW 50.60.030. The requirement that the Shared Work Compensation Plan apply to at least 10 percent of employees in a work unit is eliminated. The plan applies to any number of employees within an organization.

SECTION 8 amends RCW 50.60.060. Shared work plans are effective on the date agreed upon by the department and employer but no later than the Sunday of the second calendar week after the date of the Commissioner’s approval, unless the employer requests a later effective date.

SECTION 9 amends RCW 50.60.070. Technical changes are made consistent with Section 6.

SECTION 10 amends RCW 50.60.090. Technical changes are made consistent with Section 6.

SECTION 11 amends RCW 50.60.100 eliminating the 26 week limitation on receiving shared work payments.

SECTION 12 declares an emergency and provides that sections 1-3 take effect May 3, 2009.

SECTION 13 declares an emergency and provides that sections 4-3 take effect April 5, 2009.

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.

SECTION 3 amends RCW 50.29.025 as follows:

- The flat social rate for all employers for rate year 2009 is set at sixteen-hundredths of 1 percent.
- The \$45 in additional benefits will not be used to calculate the flat social cost factor for rate years 2010 and 2011.

Lowering the social tax component of employer’s unemployment taxes from .5 percent of payroll to .16 percent reduces revenue by \$190,000,000. The social tax rate will vary from 0.12% for employers in rate class 1 to 0.19% for employers in rate class 11 or higher utilizing the graduation factor required by RCW 50.29.025 (2)(D) (ii) (A).

The reduced social tax is effective rate year 2009, which is January 2009 through December 2009. The department currently collects the social tax quarterly. The first quarter of 2009, (January 2009 through March 2009), is payable April 2009.

FY 2009, (not included in cash receipts summary), reduced revenue is estimated at \$47,500,000 (1/4 of total revenue reduction).

FY 2010, reduced revenue is estimated at \$142,500,000, three quarters of revenue.

SECTION 1 amends RCW 50.20.120 adding \$45 to the weekly benefit amount established under current law.

Beginning May 3, 2009, through January 2, 2010, all existing and new claims for regular unemployment benefits would receive the additional \$45 per week throughout the duration of their claim. This includes any training, extended or emergency benefits that they receive. In some cases, a person's extended and/or emergency benefits may be limited by a cap on the total unemployment benefits that individual is entitled to receive.

Currently, some nonprofit organizations, federal agencies (including military), states and political subdivisions of the state, and Indian tribes reimburse the Employment Security Department for unemployment benefits actually paid to separated employees instead of paying unemployment taxes.

Note: Political Subdivisions includes water districts, fire departments, schools grades 1-12, and emergency services. State agencies include state agencies, community colleges, vocational colleges, junior colleges and state universities.

The department estimates that reimbursable employers will pay \$21,900,000 in Fiscal Year 2010 for the \$45 increase in weekly unemployment benefits. \$7 million, of the \$21.9 million, would impact Washington's state and local governments, and the native american tribes. The remaining \$14.9 million would impact non-profits, federal agencies, the military, and other states. To calculate the impact to the reimbursable employers, the department multiplied the total estimated payout, \$186,000,000, (outlined in the II.C. Expenditure section of this Fiscal Note), by the percentage of 2007 reimbursable claims, 11.76%.

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.

Please note: in order to implement this legislation by May 3, 2009, expenditures must start in Fiscal Year 2009. To implement the department will re-prioritize the workload of current staff, and utilize additional resources provided by the federal government.

ATTACHMENT A – Summarizes the department anticipated costs by both Fiscal Years and start-up / on-going costs.

TEMPORARILY INCREASE UNEMPLOYMENT WEEKLY BENEFITS

SECTION 1 amends RCW 50.20.120 adding \$45 to the weekly benefit amount established under current law. The additional \$45 is payable for all weeks of regular, extended, emergency, supplemental, or additional benefits for claims effective May 3, 2009, through December 27, 2009.

Implementing the \$45 increase to unemployment weekly benefits will require modification of automated systems, forms revisions, and training for TeleCenter staff, central office UI staff, and WorkSource liaisons. While eligibility for unemployment benefits is not impacted, agents will require sufficient training to enable them to accurately explain claim options to claimants. (For example, individuals receiving training benefits have the option to remain on their current claim or filing a new claim. Agents must be able to explain how the additional \$45 will impact each option in order to assist the claimant in making an informed choice.) Calls to the TeleCenter and WorkSource offices will increase as claimants seek information about why they are eligible or ineligible for the additional \$45. It is anticipated the number of monetary appeals will increase.

BENEFIT OUTLAYS:The department estimates the increase to benefit outlays from the Unemployment Trust Fund to

total \$186,000,000 based on the following assumptions, (SEE ATTACHMENT B):

Fiscal Year 2009, (not included in expenditure summary), benefit outlays is estimated at \$22,900,000

Fiscal Year 2010 benefit outlays is estimated at \$150,500,000

Fiscal Year 2011 benefit outlays is estimated at \$12,600,000

1. An additional benefit amount of \$45 for weeks compensated between May 2009 to December 2009
2. An unemployment rate of 7.5%
3. Total weeks paid based on the November Trust Fund Forecast. The forecast estimates about 2.3 million weeks from May 2009 to December 2009 and 4.1 million regular weeks in 2010. Estimates include 500,000 weeks of Extended Benefits in 2009 and 700,000 weeks in 2010.
4. Emergency Unemployment Compensation (EUC) ends in April 2009 and the state does not pay any share of the EUC.
5. State pays only fifty percent of the increased weekly amount for Extended Benefits (EB).
6. Estimates are reduced in 2010 by an adjustment factor based on actual experience of weeks paid in 2008.

INCREASE IMPLEMENTATION: To ensure implementation of this legislation by May 3, 2009 the department will update the automated unemployment systems in three phases: The following is an outline of each phase:

Phase 1 - Implement increase in Weekly Benefit Amount (WBA) and Maximum Benefits Payable (MBP) for new claims by May 3, 2009.

Phase 2 – Modify applications necessary to implement temporary benefit charging change included in this legislation on existing claims by the May 3, 2009 deadline.

- Calculate and Datafix WBA and MBP for existing claims
- Lock existing claims for weeks prior to 5/3/2009
- Monetary changes for WBA and MBP increase for current claims

Phase 3 – Perform a permanent fix and non-charging by September 30, 2009.

- Establish non charging-reimbursable employers are charged; taxable employers are non-charged
- Determine priority of charging-new pool account required to socialize costs
- Charge benefit payments-\$45 non-charged
- Establish overpayment charging
- Benefit charge interface with the department's Unemployment Insurance Tax Information System (TAXIS)
- Recalculate claims established and charge appropriately

FISCAL YEAR 2009, (not included in expenditure summary), ONE- TIME COSTS for implementation of Sections 1 and 2 include:

4.4 FTE's of information technology staff time for:

- Project oversight, requirements analysis and design
- Analysis, construction, and unit testing
- Requirements, business lead, test lead, documentation, analysis, construction and unit testing
- Testing conditions and scripts, system testing
- Code migration, batch support, and region sync up

\$96,000 for contractor programming at \$100 per hour for 960 hours.

.1 FTE of an Employment Security Program Coordinator 3 staff time to:

- Create monetary messages
- Revise publications and charts
- Issue Unemployment Insurance Update.

40 hours of a Management Analyst 4 to create and update publications material.

FISCAL YEAR 2010 ONE-TIME COSTS for implementation of Section 1 and 2

2.4 FTE's of information technology staff time for phase 3 continued modifications to the Unemployment Insurance Systems.

\$24,000 for contractor programming at \$100 per hour for 240 hours.

SOCIAL TAX CALCULATION COSTS

Automated systems will need to be modified to calculate the flat social cost for rate years for 2010 and 2011. Since notices for rate year 2009 have already been mailed, rates must be recalculated and new notices mailed to employers.

FISCAL YEAR 2009, (not included in expenditure summary), ONE-TIME COSTS for implementation of Section 3 include:

.1 FTE of information technology staff time for:

- Project Oversight, requirements analysis and design
- Analysis, construction, and unit testing
- Requirements, business lead, test lead, documentation, analysis, construction and unit testing
- Testing conditions and scripts, system testing
- Code migration, batch support, and Region sync up

5 hours of a Management Analyst 4 to update the on-line employer handbook

.1 FTE of a Program Coordinator 2 to prepare, deliver and receive training.

.7 FTE of a Tax Service Specialist 4 to test tax rates.

.1 FTE of a Tax Service Specialist 3 to answer calls regarding the new Tax Rate Notices once they are mailed. This estimate assumes each call averages about 4 minutes. There were approximately 2,300 calls about tax rates in December 2008.

Mailing Cost for new tax notices is estimated at \$67,200 (\$0.42 postage x 160,000 notices).

2.0 FTE's at a Tax Service Specialist 3 to process refunds. Since employers may pay their full tax, including the social tax, the department anticipates employers may overpay their taxes for the first quarter 2009. This will result in employer

credits. The department will encourage those employers with credits under \$100 to use their credit when they file their second quarter report. If the overpayment is a hardship for these employers, they will be able to request a refund. Those with credits over \$100 may request a refund. Currently, about 30% of the Tax Audit Unit time is spent processing refunds.

.1 FTE for a Tax Service Specialist 3 to answer employer tax rate questions. This assumes 5 minutes per employer per phone call, using the estimate above of 2300 employer calls.

TRAINING BENEFITS COST, (See Attachment C)

Extension from 60 days to 90 days to submit a training plan

Currently individuals must apply for training benefits within 60 days of notification of program eligibility. This bill allows individuals to apply for training within 90 days of notification of the program and enroll within 120 days of notification. The department assumes 110 additional participants by extending the training plan submittal from 60 days to 90 days. The average weekly benefit is \$357 for an average duration of 26 weeks for a cost of \$1,021,000.

Expanded Eligibility

Expanded eligibility costs are calculated based on three categories; low income, military, and injured worker. The department assumes 2,341 additional participants by expanding eligibility. The average weekly benefits vary by category with an average duration of 26 weeks for a cost is \$13,865,000.

Currently it takes 10-12 weeks or more for a claimant to receive a decision as to their eligibility for commissioner-approved training or training benefits. The department will need three months to train staff, update community college contacts, etc. If the bill passes, the Employment Security Department will do all the changes to forms and publications in the initial 6 weeks. Expanding eligibility for Training Benefits beyond the existing population of dislocated workers cannot be absorbed with current staffing.

FISCAL YEAR 2009, (not included in expenditure summary), ONE-TIME Costs for implementation of Section 3 include:

2.0 FTE's of information technology staff time for:

- Project Oversight, requirements analysis and design
- Analysis, construction, and unit testing
- Requirements, business lead, test lead, documentation, analysis, construction and unit testing
- Testing conditions and scripts, system testing
- Code migration, batch support, and region sync up

.2 FTE of a Washington Management Services Band 2 staff time for major rulemaking.

\$1,200 goods/services for court reporter, transcripts and copies.

\$800 travel, which assumes three stakeholder meetings and three hearings.

.6 FTE of an Employment Security Program Coordinator 3 to:

- Develop and deliver training
- Update forms, publications, and write unemployment insurance decisions

- Liaison work with 34 colleges in 5 hour sessions.
- Travel time

\$2,300 for training travel costs. This includes five overnight trips to 10 colleges and 10 day trips to 24 colleges.

\$66,825 to establish 6 new workstations

On-going costs include:

1.0 FTE of an Office Assistant 3 to support the Training Benefits Program.

5.0 FTE of an Unemployment Insurance Specialist 4 to work on Training Benefits Decisions.

SHARED WORK COSTS

This allows employers to temporarily reduce workers' hours and allows the workers to receive partial unemployment benefits. The amendment to extend Shared Work eligibility beyond the first 26 weeks would have minimal to no impact on the Trust Fund.

FISCAL YEAR 2009, (not included in expenditure summary), ONE-TIME Costs for implementation of Section 3 include:

.4 FTE of information technology staff time for:

- Project Oversight, requirements analysis and design
- Analysis, construction, and unit testing
- Requirements, business lead, test lead, documentation, analysis, construction and unit testing
- Testing conditions and scripts, system testing
- Code migration, batch support, and Region sync up

.1 FTE of a Washington Management Services Band 2 staff time for Minor Rulemaking.

.1 FTE of an Employment Security Program Coordinator 2 staff time to develop and deliver training.

Costs to update forms and publications:

\$2,525 for 3,000 copies of the Shared Work Handbook

\$500 for 1,000 copies of the Shared Work Brochure

\$139 for 3,000 copies of the Shared Work Application

\$191 for 6 hours of graphic work, clearance, final changes, and duplicating

.6 FTE of a Management Analyst 4 staff time to update the Experience Rating and Collections Manuals and issue a Tax Branch Circular to explain the law changes.

On-going costs include

1.5 FTE's of an Employment Security Program Coordinator 2 beginning in July 2009 to administer the shared work program.

In addition to the direct costs estimated, ESD assesses an indirect rate to cover agency-wide administrative costs. The U.S. Department of Labor (DOL) is designated by the Office of Management and Budget to negotiate and maintain

indirect cost rates and cost-allocation plans for organizations that receive a preponderance of funds from DOL, which includes Washington State's Employment Security Department.

Indirect Administrative Costs

	FY 2009*	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Indirect cost (in thousands)	231	110	79	79	79	79	79

*FY 2009 costs not included in expenditure summary

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	10.5	8.1	9.3	8.1	8.1
A-Salaries and Wages	578,000	410,000	988,000	820,000	820,000
B-Employee Benefits	169,000	120,000	289,000	240,000	240,000
C-Personal Service Contracts	24,000		24,000		
E-Goods and Services	126,000	97,000	223,000	194,000	194,000
G-Travel	1,000	1,000	2,000	2,000	2,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$898,000	\$628,000	\$1,526,000	\$1,256,000	\$1,256,000

III. B - 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 2010	FY 2011	2009-11	2011-13	2013-15
ITS2	58,656	0.2		0.1		
ITS3	64,740	0.4		0.2		
ITS4	71,496	0.6		0.3		
ITS5	78,900	0.9		0.5		
ITS6	87,096	0.1		0.1		
OA 3	33,468	1.1	1.1	1.1	1.1	1.1
PC 2	53,148	1.6	1.6	1.6	1.6	1.6
UIS 4	50,568	5.4	5.4	5.4	5.4	5.4
Total FTE's		10.5	8.1	9.3	8.1	8.1

Part IV: Capital Budget Impact

There are no capital budget impacts related to this bill.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

This bill will require the following rule changes:

- WACs 192-250-010 and 192-250-035 will need amendment to eliminate the 26 maximum duration for receiving Shared Work payments.

- WACs 192-270-0005, 192-270-015, 192-270-035, 192-270-040, and 192-270-050 will require amendment to incorporate changes in the Training Benefits program.
- WACs 192-270-020, 192-270-025, and 192-270-030 will be repealed.
- Additional rules may be needed to clarify requirements for new categories of workers.

Economic Stimulus

Start-up	FY09*		FY10		FY11		FY12		FY13		FY14		FY15		Total	
	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE (Annualized)	\$
Program Implementation & Admin																
Tax Rate Testing	2.8	218,542													-	-
Develop & delivery training	0.4	30,979							-	-					-	-
Training & Updating Handbooks	1.6	128,595														
Rulemaking & policy	0.6	53,201							-	-					-	-
One-time printing/mailing		70,555							-	-					-	-
Training Benefits adjudicating and decisions	2.4	172,539													-	-
Travel		2,300														
Workstations		86,625													-	-
Equipment		10,000													-	-
Indirect-cost allocation	1.6	194,061	0.3	31,050											0.1	31,050
IT Systems									-	-						
IT staff (development, testing, warehouse)	6.9	709,954	2.1	213,503					-	-					0.7	213,503
IT contract project mgr & QA consultant		96,000		24,000					-	-					-	24,000
Totals:	16.2	\$1,773,350	2.4	\$268,553	-	\$0	-	\$0	-	\$0		\$0		\$0	0.8	\$268,553

On-going	FY09*		FY10		FY11		FY12		FY13		FY14		FY15		Total	
	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$
Program Implementation & Admin																
Shared Work			1.5	118,339	1.5	118,339	1.5	118,339	1.5	118,339	1.5	118,339	1.5	118,339	1.5	710,032
Training Benefits adjudicating and decisions			6.0	431,000	6.0	431,000	6.0	431,000	6.0	431,000	6.0	431,000	6.0	431,000	6.0	2,586,002
Indirect-cost allocation			0.6	79,891	0.6	78,879	0.6	78,879	0.6	78,879	0.6	78,879	0.6	78,879	0.6	474,289
IT Systems																-
Totals:		\$0	8.1	\$629,230	8.1	\$628,218	8.1	\$628,218	8.1	\$628,218	8.1	\$628,218	8.1	\$628,218	8.1	\$3,770,323

ESD Costs	FY09*		FY10		FY11		FY12		FY13		FY14		FY15		Total	
	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$
Start-up	16.2	\$1,773,350	2.4	\$268,553	-	\$0	-	\$0	-	\$0	-	\$0	-	\$0		\$2,041,903
Ongoing	-	\$0	8.1	\$629,230	8.1	\$628,218	8.1	\$628,218	8.1	\$628,218	8.1	\$628,218	8.1	\$628,218		\$3,770,323
Totals:	16.2	\$1,773,350	10.4	\$897,783	8.1	\$628,218	8.1	\$628,218	8.1	\$628,218	8.1	\$628,218	8.1	\$628,218	8.5	\$5,812,226

	FTE	\$
Biennium 2009-2011	9.3	\$1,526,002
Biennium 2011-2013	8.1	\$1,256,437
Biennium 2013-2015	8.1	\$1,256,437

*Fiscal Year 2009 is not reflected in the Fiscal Note Expenditure Summary

\$45 weekly increase

Month	Total Weeks Paid	Increase to Regular Benefits	Increase to Extended Benefits	Total Increase to Benefits	
May-09	269,338	\$12,120,198		\$12,100,000	\$22,900,000 FY 2009
Jun-09	240,409	\$10,818,422		\$10,800,000	
Jul-09	277,860	\$12,503,679		\$12,500,000	
Aug-09	280,292	\$12,613,133		\$12,600,000	
Sep-09	251,165	\$11,302,422		\$11,300,000	
Oct-09	272,657	\$12,269,570		\$12,200,000	
Nov-09	316,426	\$14,239,172	\$1,350,000	\$15,500,000	
Dec-09	410,245	\$18,461,017	\$1,350,000	\$19,800,000	
Jan-10	397,803	\$17,901,123	\$1,174,500	\$19,000,000	
Feb-10	335,301	\$15,088,525	\$985,500	\$16,000,000	
Mar-10	259,142	\$11,661,396	\$837,000	\$12,400,000	\$150,500,000 FY 2010
Apr-10	179,488	\$8,076,978	\$675,000	\$8,700,000	
May-10	128,025	\$5,761,133	\$526,500	\$6,300,000	
Jun-10	86,326	\$3,884,688	\$391,500	\$4,200,000	
Jul-10	64,166	\$2,887,481	\$283,500	\$3,200,000	
Aug-10	47,270	\$2,127,135	\$216,000	\$2,300,000	
Sep-10	37,049	\$1,667,187	\$189,000	\$1,900,000	
Oct-10	40,231	\$1,810,378	\$189,000	\$2,000,000	
Nov-10	30,028	\$1,351,273	\$121,500	\$1,400,000	
Dec-10	35,894	\$1,615,248	\$114,750	\$1,800,000	
TOTAL		\$178,160,158	\$8,403,750	\$186,000,000	\$12,600,000 FY 2011

Extensions from 60 days to 90 days to submit the training plan - Section 5(3)(a)

Average weekly benefit	\$	357	
Duration (weeks)		26	
Additional Training Benefit cost per participant			\$ 9,282
Number of additional participants			110
Cost for 90 day extension			<u>\$ 1,021,020</u>

Expanded Eligibility - Section 5(2)

Percentage of participant in the program		8%	
Duration (weeks)		26	
<u>Low income</u>			
Anticipated number of new low-income claimants		48,180	
Percentage of participation		4%	
Number of new participants			1,927
Average weekly benefit			200
Cost for expanding (New participants x average weekly benefit x 26 weeks)			<u>10,020,400</u>
<u>Military</u>			
Number of recently discharged military recipients		4,001	
Percentage of participation		8%	
Number of participants			320
Average weekly benefit			357
Cost for expanding (New participants x average weekly benefit x 26 weeks)			<u>2,970,983</u>
<u>Injured workers</u>			
Number of recently discharged military recipients		1,177	
Percentage of participation		8%	
Number of participants			94
Average weekly benefit			357
Cost for expanding (New participants x average weekly benefit x 26 weeks)			<u>873,993</u>
Additional participation due to expanded eligibility			2,341
Total cost for expanding (New participants x average weekly benefit x 26 weeks)			<u>13,865,376</u>

Total Increase to Training Benefits Program			110
Additional participation due to extension			2,341
Additional participation due to expanded eligibility			<u>2,451</u>
Total increase in participation			
Increase cost due to extension		1,021,020	
Increase cost due to expansion		13,865,376	
Total costs of expansion		<u>\$ 14,886,396</u>	
Current Training Benefits paid (based on 2008)	\$	4,300,000	
Total Program Costs		<u>\$ 19,186,396</u>	

Individual State Agency Fiscal Note

Bill Number: 5319 SB	Title: Unemployment insurance prog	Agency: 699-Community/Technical College System
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2010	FY 2011	2009-11	2011-13	2013-15
Community/Technical College Capital Projects Account-State 060-1	510,000	535,000	1,045,000		
Inst of HI ED-Operating Fees Acct-Non-Appropriated 149-6	4,153,000	4,361,000	8,514,000		
Institutions of Higher Education - Associated Students' Account-Non-Appropriated 522-6	485,000	485,000	970,000		
Institutions of Higher Education - Long-Term Loan Account-Non-Appropriated 860-6	493,000	493,000	986,000		
Total \$	5,641,000	5,874,000	11,515,000		

Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
Fund					
General Fund-State 001-1	8,689,000	8,689,000	17,378,000	0	0
Total \$	8,689,000	8,689,000	17,378,000	0	0

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.

Legislative Contact: Monica Jenkins	Phone: 360-902-0561	Date: 01/22/2009
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OFM Review: Marc Webster	Phone: 360-902-0650	Date: 01/29/2009

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.

Under current law, a dislocated worker claiming unemployment benefits may be eligible to receive training benefits. Training benefits means the claimant can receive unemployment insurance while participating in a training program, for up to 52 weeks. Additionally, in order to receive training benefits, a person must be enrolled in a high demand vocational program at an institution of higher education, defined by RCW 28B.10.016, or in the job skills program, defined by RCW 28C.04.410.

SB 5319 expands eligibility for participation in the training benefits program to include claimants who are military veterans; disabled workers; and workers whose income, during their base employment period, was below 130 percent of the state's minimum wage and whose future income would be enhanced through vocational training. (Sec. 5)

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.

Please see the Expenditures section, which provides a full explanation of how Worker Retraining FTES were estimated.

Worker Retraining Students pay tuition and fees, as do all students enrolled at the state's community and technical colleges.

The State Board assumes all claimants eligible under SB 5319 will be state residents. Additionally, per Governor Gregoire's proposed 2009-11 budget, the State Board assumes 5 percent increases in tuition, per year, and no increase or service and activities fee charged to students. Additionally, 3.5 percent of the operating, building, and services and activities fee will be deposited into the institutional financial aid fund, per RCW 28B.15.820.

Fund 149 (Operating Fee)

FY 2010: \$4.2 million --(1,873 FTES x(Operating Fee: \$2,298)*96.5%)

FY 2011: \$4.4 million --(1,873 FTES x(Operating Fee: \$2,413)*96.5%)

Fund 060 (Building Fee)

FY 2010: \$0.5 million --(1,873 FTES x(Building Fee: \$268.50)*96.5%)

FY 2011: \$0.5 million--(1,873 FTES x(Building Fee: \$268.50)*96.5%)

Fund 522 (Service and Activities Fee)

FY 2010: \$0.5 million--(1,873 FTES x(S&A Fee: \$273)*96.5%)

FY 2011: \$0.5 million--(1,873 FTES x(S&A Fee: \$273)*96.5%)

Fund 860 (Institutional Financial Aid Deposits)

FY 2010: \$186,000

(1,873 FTES x(Operating Fee: \$2,298)*3.5%) + (1,873 FTES x(Building Fee: \$268.50)*3.5%) + (1,873 FTES x(S&A Fee: \$273)*3.5%)

FY 2011: \$194,000

$(1,873 \text{ FTES} \times (\text{Operating Fee: } \$2,413) \times 3.5\%) + (1,873 \text{ FTES} \times (\text{Building Fee: } \$268.50) \times 3.5\%) + (1,873 \text{ FTES} \times (\text{S\&A Fee: } \$273) \times 3.5\%)$

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.

SB 5319 expands eligibility for participation in the training benefits program. According to analysis from the Employment Security Department (ESD), the eligibility modifications in SB 5319 would result in an additional 2,341 UI claimants receiving training benefits each year, with an average duration of 26 weeks.

Assumptions Regarding Training Program Selection:

Information was not available from ESD regarding where past UI claimants enrolled for training. What is known is that 71 percent of UI claimants received training benefits for 26 weeks.

The State Board assumes the eligible UI claimants will need to participate in training programs that are short in duration (26 to 52 weeks); and if training continues after UI benefits are exhausted, can be completed within a reasonable amount of time and within a reasonable price.

For this analysis, the State Board also looked at proxy data from the Worker Retraining program in order to estimate impact on enrollment. The Worker Retraining program trains dislocated and unemployed workers who need new skills and knowledge in order to re-enter the workforce. Worker retraining students are able to apply for worker retraining financial aid. One type of worker retraining aid is referred to as training completion aid (TCA). This is assistance provided to students who have exhausted their UI training benefits or UI grant and need assistance in order to complete their training program. The State Board compared two years of data, comparing ESD's count of UI claimants receiving training benefits with the TCA headcount at community and technical colleges. This provides a proxy for information on where claimants enroll for worker retraining.

Year	Claimants	Academic Year	TCA Headcount	Percentage Match
2006	990	2006-07	898	91%
2007	1,049	2007-08	725	69%
Total	2,039		1,623	80%

Enrollment Impact at the Community and Technical Colleges:

Based on above information, the State Board estimates 80 percent of the claimants eligible under SB 5319 will enroll at programs offered through the state's community and technical colleges. The SBCTC estimates the average length of training will be beyond 26 weeks, which is the equivalent of 2 quarters. For this analysis, the SBCTC estimates workers will enroll full-time for one year, or 3 quarters, based on information regarding the number of students that receive training completion aid to complete a training program.

This translates into 1,873 Full Time Equivalent Students (2,341 participants*80%) in FY 2010 and 1,873 Full Time Equivalent Students (FTES) in FY 2011.

Cost to the Colleges:

The State Board assumes the training benefit claimants selecting programs at the community and technical colleges for training will enroll in the Worker Retraining Program. The Legislature currently appropriates \$28.8 million per year for up to 6,200 FTES in the Worker Retraining Program. This averages into \$4,639 per FTE. Of this amount, \$3,339 covers the colleges' cost of instruction. The remaining \$1,300 is for financial aid for Worker Retraining students. The financial aid is used to cover the cost of tuition, books, fees, and other related expenses.

The State Board assumes that, under SB 5319, the Worker Retraining Program funding currently provided by the Legislature will be temporarily raised by 1,873 FTES for FY 2010 and FY 2011. This will cost an additional \$8.7 million each year (1,873 FTES x \$4,639 per year). The State Board assumes this will be all paid out of General Fund-State.

Objects of Expenditure:

Of the funds for instructional costs for increased Worker Retraining Enrollments, 61 percent will be for salaries (object A), 19 percent for benefits (object B), and the remaining 20 percent for training equipments and building facilities (object E).

100 percent of the additional Worker Retraining Financial Aid funds will be spent as grants to students (object N).

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years					
A-Salaries and Wages	3,815,000	3,815,000	7,630,000		
B-Employee Benefits	1,188,000	1,188,000	2,376,000		
C-Personal Service Contracts					
E-Goods and Services	1,251,000	1,251,000	2,502,000		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	2,435,000	2,435,000	4,870,000		
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$8,689,000	\$8,689,000	\$17,378,000	\$0	\$0

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.