

Multiple Agency Fiscal Note Summary

Bill Number: 1173 HB	Title: Family leave insurance
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Estimated Cash Receipts

Agency Name	2005-07		2007-09		2009-11	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	Non-zero but indeterminate cost. Please see discussion."					
Office of Attorney General	0	989,677	0	1,779,354	0	1,779,354
Office of Administrative Hearings	0	1,216,400	0	2,654,158	0	2,654,158
Department of Personnel	0	125,018	0	0	0	0
Department of Labor and Industries	0	106,750,000	0	178,500,000	0	183,750,000
Department of Social and Health Services	0	521,800	0	606,258	0	656,258
Total \$	0	109,602,895	0	183,539,770	0	188,839,770

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

Estimated Expenditures

Agency Name	2005-07			2007-09			2009-11		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	4.3	0	989,677	8.3	0	1,779,354	8.3	0	1,779,354
Office of Financial Management	.0	1,453,200	3,855,300	.0	2,018,300	5,354,500	.0	2,099,000	5,568,600
Office of Administrative Hearings	6.6	0	1,216,400	14.4	0	2,654,158	14.4	0	2,654,158
Department of Personnel	.0	0	125,018	.0	0	0	.0	0	0
Department of Labor and Industries	45.9	0	85,772,645	61.0	0	176,396,640	61.0	0	188,007,868
Department of Social and Health Services	.3	543,168	1,064,968	.3	623,510	1,229,768	.3	673,510	1,329,768
University of Washington	2.0	192,000	192,000	2.0	192,000	192,000	2.0	192,000	192,000
Washington State University	.0	40,000	40,000	.0	40,000	40,000	.0	40,000	40,000
Eastern Washington University	.0	0	0	.0	0	0	.0	0	0
Central Washington University	.2	24,000	24,000	.2	24,000	24,000	.2	24,000	24,000
The Evergreen State College	.0	0	0	.0	0	0	.0	0	0
Western Washington University	.3	24,000	24,000	.3	24,000	24,000	.3	24,000	24,000
Employment Security Department	.1	0	19,312	.0	0	13,482	.0	0	13,482
Community and Technical College System	.0	20,000	20,000	.0	0	0	.0	0	0
Total	59.7	\$2,296,368	\$93,343,320	86.5	\$2,921,810	\$187,707,902	86.5	\$3,052,510	\$199,633,230

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

** See local government fiscal note

Local Gov. Courts *								
Local Gov. Other **			3,051,164			4,237,728		4,407,236
Local Gov. Total			3,051,164			4,237,728		4,407,236

Prepared by: Deborah Feinstein, OFM

Phone:
360-902-0614

Date Published:
Final 2/14/2005

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

** See local government fiscal note

Individual State Agency Fiscal Note

Bill Number: 1173 HB	Title: Family leave insurance	Agency: 090-Office of State Treasurer
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
Fund					
Total \$					

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:	Phone:	Date: 01/27/2005
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 01/28/2005
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 01/28/2005
OFM Review: Deborah Feinstein	Phone: 360-902-0614	Date: 01/28/2005

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 1173 creates the family leave insurance account. Earnings from investments will be credited to the general fund.

Earnings from investments:

The amount of earnings by an account is a function of the average daily balance of the account and the earnings rate of the investment portfolio. The average daily balance is a function of the beginning balance in the account and the timing & amount of receipts, disbursements, & transfers during the time period in question. Accordingly, even with a beginning balance of zero, two accounts with the same overall level of receipts, disbursements, and transfers can have different average balances, and hence differing earnings.

There will be an impact to the earnings; however, the actual earnings will be determined more by the impact to the average daily balance than the amount of increases or decreases in receipts, disbursements, and transfers. Currently, estimated earnings are indeterminable. Without projected monthly estimates of receipts, disbursements, and transfers, OST is unable to estimate the changes to the average balance of the account and the impact to earnings.

Based on the November 2004 Revenue Forecast, the net rate for estimating earnings for FY 05 is 1.70%, FY 06 is 2.72%, and FY 07 is 2.99%. Approximately \$17,000 in FY 05, \$27,200 in FY 06, and \$29,900 in FY 07 in net earnings and \$5,000 in OST management fees would be gained or lost annually for every \$1 million increase or decrease in average daily balance.

Debt Limit:

There will be an impact on the Debt Service Limitation calculation. Any increase to the earnings credited to the general fund will increase, by an equal amount, General State Revenues.

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.

HB 1173 creates the family leave insurance account. Earnings from investments will be credited to the general fund.

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.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years					
Total:					

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.

Individual State Agency Fiscal Note

Revised

Bill Number: 1173 HB	Title: Family leave insurance	Agency: 100-Office of Attorney General
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2006	FY 2007	2005-07	2007-09	2009-11
Legal Services Revolving Account-State 405-1	100,000	889,677	989,677	1,779,354	1,779,354
Total \$	100,000	889,677	989,677	1,779,354	1,779,354

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.3	8.3	4.3	8.3	8.3
Fund					
Legal Services Revolving Account-State 405-1	100,000	889,677	989,677	1,779,354	1,779,354
Total \$	100,000	889,677	989,677	1,779,354	1,779,354

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:

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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 01/27/2005
Agency Preparation: Linda Moran	Phone: 360 753-2619	Date: 02/11/2005
Agency Approval: John Fricke	Phone: 360 753-2516	Date: 02/11/2005
OFM Review: Robin Campbell	Phone: 360-902-0575	Date: 02/14/2005

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.

This bill creates a state-administered family leave insurance program. The Department of Labor and Industries (L&I) will administer the program and handle claims administratively. Claimants that are denied will have an administrative hearing before an Office of Administrative Hearings administrative law judge and no Attorney General assistance is anticipated in these proceedings to represent L&I. The administrative cases may proceed to superior court if appealed and AGO representation will then be required through the appellate process. It is assumed that L&I staff will prepare the administrative records for appeals. The AGO anticipates that .3 attorney FTE will be needed to advise L&I regarding implementing the bill and to address any legal questions that arise related to the law. The biggest driver of legal services will be the volume of appeals filed under this law. L&I is anticipating a significant appeal rate of approximately 500 cases per year. The AGO anticipates that to handle this volume of litigation would require 5.0 attorney FTEs based on 100 cases per attorney FTE. In addition, this litigation would require legal assistant and clerical support.

Legal advice will begin to be provided in FY 2006, and legal representation related to appeals will begin in FY 2007.

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.

Legal services billings through the revolving fund to the client agency--the Department of Labor and Industries.

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 AGO anticipates that .3 attorney FTE will be needed for advice and legal questions related to this new law. The number of appeals is estimated at approximately 500 cases per year. To handle this volume of litigation would require 5.0 attorney FTEs based on 100 cases per attorney FTE. Litigation support will require 2.0 legal assistant FTE and 1.0 office assistant FTE. Office furniture will be required for these new staff.

Legal advice will begin to be provided in FY 2006, and legal representation related to appeals will begin in FY 2007.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.3	8.3	4.3	8.3	8.3
A-Salaries & Wages	21,960	487,440	509,400	974,880	974,880
B-Employee Benefits	4,831	107,237	112,068	214,474	214,474
C-Personal Serv Contr					
E-Goods and Services	10,209	250,000	260,209	500,000	500,000
G-Travel	3,000	25,000	28,000	50,000	50,000
J-Capital Outlays	60,000	20,000	80,000	40,000	40,000
M-Inter Agency Fund Transfers					
N-Grants, Benefits Services					
P-Debt Service					
S-Interagency Reimbursement					
T-Intra-Agency Reimbursement					
Total:	\$100,000	\$889,677	\$989,677	\$1,779,354	\$1,779,354

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 2006	FY 2007	2005-07	2007-09	2009-11
Attorney	73,200	0.3	5.3	2.8	5.3	5.3
Legal Assistant	34,932		2.0	1.0	2.0	2.0
Office Assistant	29,616		1.0	0.5	1.0	1.0
Total FTE's		0.3	8.3	4.3	8.3	8.3

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.

Individual State Agency Fiscal Note

Bill Number: 1173 HB	Title: Family leave insurance	Agency: 105-Office of Financial Management
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
Fund					
General Fund-State 001-1	605,500	847,700	1,453,200	2,018,300	2,099,000
General Fund-Federal 001-2	154,800	216,700	371,500	516,000	536,600
General Fund-Private/Local 001-7	14,200	19,900	34,100	47,300	49,200
All other funds-State NEW-1	271,200	379,700	650,900	904,100	940,200
All other funds-Federal NEW-2	38,200	53,500	91,700	127,300	132,400
All other funds-Non-Appropriated NEW-6	520,600	728,800	1,249,400	1,735,200	1,804,600
All other funds-Private/Local NEW-7	1,900	2,600	4,500	6,300	6,600
Total \$	1,606,400	2,248,900	3,855,300	5,354,500	5,568,600

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:

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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 01/27/2005
Agency Preparation: Brad Killman	Phone: 360-902-0617	Date: 02/04/2005
Agency Approval: Pam Davidson	Phone: 360-902-0550	Date: 02/04/2005
OFM Review: Robin Campbell	Phone: 360-902-0575	Date: 02/07/2005

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.

This bill creates a family medical leave insurance program administered by the Department of Labor and Industries.

State agencies, in their capacity as employers, will be assessed a premium of two cents per hour worked per employee beginning October 1, 2005. This premium is subject to change as determined by the Department of Labor and Industries. Employers may withhold one-half of the cost of the premium from their employees.

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.

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 expenditures listed here are for all state agencies in their payment of the family leave premium.

Assumptions and methodology:

1. The number of FTEs is based on 2004 actual data. (FTE data captures overtime).
2. FTEs are segregated by fund and appropriation type. General fund FTEs (for all appropriation types) was 53,780 in FY 2004. All other funds FTEs (for all appropriation types) were 57,770 in FY 2004.
3. A full fiscal year has 1920 "hours worked" per FTE. (Hours worked does not to include hours paid for holidays and leave).
4. Employees will pay half of the premium.
5. The premiums used in the calculations are those estimated by the Department of Labor and Industries as follows:

Oct 2005-Dec 2005-total rate of \$0.020 per hour (\$0.010 for the state agency employer)

Calendar Year 2006-total rate of \$0.020 per hour (\$0.010 for the state agency employer)

Calendar Year 2007-total rate of \$0.022 per hour (\$0.011 for the state agency employer)

Calendar Year 2008-2011-total rate of \$0.026 per hour (\$0.013 for the state agency employer)

6. Premiums are assessed beginning October 1, 2005.

7. State costs were calculated by multiplying FTEs (by fund and appropriation type) times hours worked times state agency employer rate (see above)

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits	1,606,400	2,248,900	3,855,300	5,354,500	5,568,600
C-Personal Service Contracts					
E-Goods and Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$1,606,400	\$2,248,900	\$3,855,300	\$5,354,500	\$5,568,600

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.

Individual State Agency Fiscal Note

Bill Number: 1173 HB	Title: Family leave insurance	Agency: 110-Office of Administrative Hearings
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2006	FY 2007	2005-07	2007-09	2009-11
Administrative Hearings Revolving Account-State 484-1		1,216,400	1,216,400	2,654,158	2,654,158
Total \$		1,216,400	1,216,400	2,654,158	2,654,158

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.0	13.2	6.6	14.4	14.4
Fund					
Administrative Hearings Revolving Account-State 484-1	0	1,216,400	1,216,400	2,654,158	2,654,158
Total \$	0	1,216,400	1,216,400	2,654,158	2,654,158

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:

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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 01/27/2005
Agency Preparation: Barbara Cleveland	Phone: 360-586-3169	Date: 01/27/2005
Agency Approval: Art Wang	Phone: 360-664-2031	Date: 01/28/2005
OFM Review: Deborah Feinstein	Phone: 360-902-0614	Date: 01/29/2005

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 1173 generally provides for a state-administered program of family leave insurance, somewhat analogous to a combination of unemployment insurance under the Employment Security Dept. and worker's compensation under the Dept. of Labor & Industries (L&I).

Sec. 14 provides that the director of L&I shall request assignment of an Administrative Law Judge (ALJ) under the Administrative Procedures Act (Ch. 34.05 RCW) to conduct administrative hearings on any appeals of L&I decisions. This process is similar to how the Office of Administrative Hearings (OAH) conducts administrative hearings for appeals of Employment Security decisions on unemployment insurance. The appeal right applies to "a person aggrieved by a decision of the department under this chapter." Sec. 14(1). For purposes of this fiscal note, we assume that both affected individuals and employers could appeal, but that employers have no incentive to do so.

Sec. 14(2) also provides for an appeal (petition for review) of the ALJ's decision. The director may order the ALJ to take additional evidence, but we assume that this would be rare.

Sec. 14(3) provides that ALJs may award attorneys' fees when L&I's final decision is reversed or modified. This is a change from last year's HB 2399, which applied to all L&I determinations. Assuming that "final decision" refers to final decisions under sec. 14(2) and not to decisions under sec. 14(1), it is not clear how this issue would come before an ALJ, since the appeal process for final decisions is through a petition for judicial review. It is also unclear whether the award of attorneys' fees would be limited to the judicial review process or would also apply to the administrative hearing process.

In addition to the provisions for administrative hearings, HB 1173 would affect OAH in the same manner it would affect all employers by requiring payment of premiums under sec. 19(1)(a). Because this would be no different than for any other employer, we have disregarded these fiscal impacts and assume that they will be analyzed separately for all state agencies.

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.

Sec. 14 provides for ALJs to conduct hearings on appeals of L&I decisions. OAH assumes that we will bill L&I on an hourly basis for hearings conducted, as we do now for other L&I programs. Billing rates for 05-07 are expected to be \$85 per hour for ALJ time and \$47 per hour for support staff time. Family leave insurance benefits are only payable after July 2, 2006 (sec. 4), so we assume no fiscal impact until FY 07.

L&I assumes that it will receive 110,000 claims annually and will allow benefits for 96,331 claims, thus denying benefits in 13,669 claims. Neither unemployment insurance at Employment Security nor worker's compensation at L&I provides a good model for forecasting the percentage of claim denials which would be appealed, both because the employer has no incentive to appeal and because the potential benefits under this bill are relatively modest. Therefore, in the absence of experience or adequate models, we have agreed with L&I to assume that 20% of denials would be appealed, or 2,759 appeals per year.

There is enormous variation in the amount of time required for different types of administrative hearings. While many of the issues involved in a family leave claim are likely to be relatively straightforward, e.g., hours of qualifying employment in sec. 4(2), there may be significant disputes over other issues, e.g., "continuing treatment by a health care provider" for a family member's serious health condition, sec. 2(9)(b) and (17). Sec. 14(3), which provides for attorneys' fees, may affect the number of parties represented by counsel, which in turn will increase the time required to schedule and to conduct

hearings. However, for purposes of this fiscal note, we assume that most parties will not be represented by attorneys. We also assume that 60% of cases can simply be set for one-hour telephone hearings, but that a significant percentage of the other cases will require longer in-person hearings.

Based upon these considerations, we estimate that the average appeal will require four hours of ALJ time and three hours of support staff time to set up the case, schedule the hearing, conduct any prehearing conferences, conduct the actual hearing, and to write and issue the decision, as well as to gather any additional post-hearing evidence under sec. 14(2). This is one hour less for ALJ time and one hour less for support staff time than we estimated last year for HB 2399. However, this estimate of time required is subject to change once we have actual experience with the caseload.

Based on these considerations, we estimate 2,759 appeals per year at \$340 for ALJ time and \$141 for support staff time. This totals \$1,327,079 per year.

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.

Expenditures are calculated to match estimates of revenue in the Administrative Hearings Revolving Fund as discussed in Part II.B. FTEs are based on 4 hours of ALJ time and 3 hours of support staff time (one-third for Scheduler and two-thirds for other clerical) per appeal and are then multiplied by anticipated number of appeals.

Because appeals are likely to lag denials of benefits by 30 days, we have reduced FTEs and expenditures in the first year by 1/12.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years		13.2	6.6	14.4	14.4
A-Salaries and Wages		714,725	714,725	1,559,514	1,559,514
B-Employee Benefits		171,535	171,535	374,286	374,286
C-Personal Service Contracts					
E-Goods and Services		320,847	320,847	700,080	700,080
G-Travel		9,293	9,293	20,278	20,278
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$0	\$1,216,400	\$1,216,400	\$2,654,158	\$2,654,158

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 2006	FY 2007	2005-07	2007-09	2009-11
Administrative Law Judge 3	66,372		7.5	3.8	8.2	8.2
Legal Secretary 1/Hearings	32,544		1.9	1.0	2.1	2.1
Scheduler						
Office Assistant Senior	29,616		3.8	1.9	4.1	4.1
Total FTE's			13.2	6.6	14.4	14.4

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.

Individual State Agency Fiscal Note

Bill Number: 1173 HB	Title: Family leave insurance	Agency: 111-Department of Personnel
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2006	FY 2007	2005-07	2007-09	2009-11
Data Processing Revolving Account-Non-Appropriated 419-6	125,018		125,018		
Total \$	125,018		125,018		

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
Fund					
Data Processing Revolving Account-Non-Appropriated 419-6	125,018	0	125,018	0	0
Total \$	125,018	0	125,018	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:	Phone:	Date: 01/27/2005
Agency Preparation: William Chase	Phone: 360-664-6338	Date: 01/28/2005
Agency Approval: William Chase	Phone: 360-664-6338	Date: 01/28/2005
OFM Review: Doug Jenkins	Phone: 360-902-0563	Date: 01/28/2005

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.

This proposed legislation as written may impact the Department of Personnel's current timeline and resource requirements to implement a new payroll and human resource computer system.

This will increase the workload of computing staff's business expertise and create additional resource contention with the implementation of the Personnel System Reform Act, the new payroll and human resource computer system, maintaining the current PAY1 systems, and the implementation of this legislation all during the same timeframe.

Bill Summary

This bill establishes a family leave insurance program that will be administered by the department of Labor and Industries. Beginning on July 2, 2006, family leave insurance benefits are payable to an individual on unpaid family leave. This bill states that the director of L&I shall lend money (amount not specified) from the supplemental pension account to the family leave insurance account. These loaded funds may be expended solely for the purposes of administering the family leave insurance program. This money shall be repaid back to the supplemental pension fund, plus its proportionate share of earnings from investment of moneys during the load period, from the family leave insurance account within three months of the date of the loan.

This bill requires that each employer beginning on October 1, 2005, shall pay a premium of two cents per hour worked, up to a maximum of forty hours per week for each individual, and one-half of the amount (one cent) assessed for the family leave insurance account may be retained from the earnings of each individual (employee). The money retained shall be paid to L&I in the manner and at such intervals as the department directs for deposit in the family leave insurance account. The director shall adjust the amount of the premium from time to time to ensure that the amount is the lowest rate necessary to pay family leave insurance benefits and administrative costs, and maintain actuarial solvency in accordance with recognized insurance principles of the family leave insurance program. It also states that none of the amount assessed for the family leave insurance account may be retained from the earnings of individuals covered under RCW 51.16.210 (certain horse racing staff).

Fiscal Impact

Assumptions

The following are the assumptions used to determine the fiscal impact of this bill on the Department of Personnel, Human Resource Information Systems Division:

- L&I would require collection of the employee and employer premiums in addition to medical aid premiums.
- L&I would require the family leave insurance be reported separately from medical aid.
- L&I would require agencies to remit the premiums on a quarterly basis.
- L&I would require agencies to report each employee's hours worked on a quarterly basis with the remittance of the premiums.
- OFM would require the employer premiums to be reported under a separate object code.
- It is assumed this is a legal requirement for all employers in the state of Washington which would be supported by SAP and BSI (bolt on application used by SAP to do tax calculations). New technical wage types would be delivered from SAP as updates to standard functionality and the appropriate tax would be applied via BSI standard updates.
- Tax rates will not vary by employee type, agency or any other employee classification.
- Any new development would pertain to the accumulation of hours necessary to calculate the tax and posting to financial systems. It is assumed we are already tracking the necessary hours in SAP for another purpose. Calculation of 40 hours per week will be derived from actual hours recorded for hourly employees and scheduled hours for salaried

employees. If a certain leave type should not be included in the calculation of 40 hours for salaried employees and must be subtracted from the weekly total, this may result in additional configuration time.

- The custom remuneration statement (employee earnings and deduction statement) selects wages types based on standard types of employer and employee mandatory deductions so no change would be required.
- It is assumed that an employee must be on active pay status for this deduction to be taken. Some current state of Washington business processes (paying an employee for one day of leave so benefit deduction can be taken) may need to be modified to satisfy these new regulations, which would result in additional configuration time.
- It is also assumed that no changes will be made to the programs that support the interface of financial information to Office of Financial Management.

Detail Effect of Workload

The estimated effort to implement the necessary computer system modification for the new HRMS is as follows:

1. System Development

The impacts of this legislation to the new HRMS SAP personnel/payroll system would involve:

- Developing a method for tracking the hours of each individual, not to exceed collecting more than the maximum of 40 hours a week.
- Configure wage types for collecting the employee and employer amounts. In addition, establishing the rules to determine the appropriate collection amounts for all employees.
- Configuration of the financial reporting to Office of Financial Management which would include the creation of the General Ledger accounts and mapping of new wage types to symbolic accounts.
- Development of a reporting method to Labor & Industries through the SAP Tax Reporter.
- Including this payment information on the earning and deduction statement to reflect a new mandatory deduction, as well as including this new deduction on any other custom reports which reflect mandatory employee and employer contributions.
- Consideration of tax impact or tax exemption based on impact to taxable wages, if any.

Estimated Hours – 255

2. Technical Support & System Testing

The technical and system testing units will provide the database, system acceptance testing and production implementation in support of the computer program modifications.

Estimated Hours – 450

3. Training

The system modifications will require an update to customer help documentation and incorporate the system modifications in the payroll training packages for future system training.

Estimated Hours - 216

4. Customer Communications

The system modifications will require gathering and documenting the requirements, and preparing communication and presentation materials to initially inform state agencies utilizing the payroll system of the system modification.

Estimated Hours - 36

5. Project Management

Project management will provide planning in gathering business requirements, determining project scope, resource allocation and deployment of resources and project and budget tracking to ensure successful implementation by following clean management practices.

Estimated Hours – 75

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.

The Department of Personnel charges client agencies for the cost associated with providing services. Therefore, the cash receipts (revenue) identified on page one represents the amount that would be billed to agencies and is based on the estimated expenditures described in II.C below.

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.

Summary of Fiscal Impact

An estimate of 1032 hours would be required to complete the entire project in the new HRMS. The estimated timeframe to complete the project is 2 months. The cost reflects a combination of staff and contractor hours. Systems development and testing is estimated with 50% of the work using staff and 50% using contractors while the training and communication is estimated based on 100% state staff. Project Management is estimated using contractor project management staff. The staff hourly rate is \$65 an hour, the contractor hourly rate \$250 an hour for Accenture Project Management staff, and \$190 an hour for Accenture systems development staff.

Risks

The earliest date to automatically collect the premiums through an automated system such as the new HRMS is July 1, 2006. For this reason the effective collection date for premium payments of this proposed legislation needs to be changed from October 2, 2005 to July 1, 2006. It is also necessary in order to mitigate the risk to the implementation of the new Human Resource Management System in various phases throughout 2005 and to mitigate the risks to the Personnel System Reform Act of 2002 in July 2005. The HRMS implementation, the Personnel System Reform Act implementation and the implementation of this proposed legislation with the effective collection date of October 1, 2005 cannot be accomplished due to the work contention in systems development and testing areas and the magnitude of the effort for these projects.

Cost Detail

The cost summary below is the estimated fiscal impact of this bill given the assumptions and requirements described above. If the effective date of collection is changed to July 1, 2006, then this work would be accomplished during the 05-07 biennium in fiscal year 06.

Staff	\$ 39,293	
Purchased Service Contractors		85,725
Total	\$ 125,018	

Note: This fiscal note does not include an analysis for the cost of premiums under the bill.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years					
A-Salaries and Wages	32.744		32,744		
B-Employee Benefits	6.549		6,549		
C-Personal Service Contracts	85.725		85,725		
E-Goods and Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$125,018	\$0	\$125,018	\$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.

Individual State Agency Fiscal Note

Bill Number: 1173 HB	Title: Family leave insurance	Agency: 235-Department of Labor and Industries
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2006	FY 2007	2005-07	2007-09	2009-11
Supplemental Pension Account-Non-Appropriated 881-6	(1,847,200)	1,926,400	79,200		
Family Leave-Non-Appropriated NEW-6	36,847,200	69,823,600	106,670,800	178,500,000	183,750,000
Total \$	35,000,000	71,750,000	106,750,000	178,500,000	183,750,000

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	30.0	61.7	45.9	61.0	61.0
Fund					
Family Leave-State NEW-1	7,836,357	10,211,288	18,047,645	13,374,824	13,374,824
Family Leave-Non-Appropriated NEW-6	0	67,725,000	67,725,000	163,021,816	174,633,044
Total \$	7,836,357	77,936,288	85,772,645	176,396,640	188,007,868

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:	Phone:	Date: 01/27/2005
Agency Preparation: Victoria Kennedy	Phone: 360-902-4997	Date: 02/10/2005
Agency Approval: Robert Press	Phone: 360-902-5497	Date: 02/11/2005
OFM Review: Deborah Feinstein	Phone: 360-902-0614	Date: 02/14/2005

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.

see attached

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.

see attached

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.

see attached

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	30.0	61.7	45.9	61.0	61.0
A-Salaries and Wages	1,172,443	2,119,039	3,291,482	3,883,328	3,883,328
B-Employee Benefits	297,683	538,024	835,707	985,976	985,976
C-Personal Service Contracts		18,750	18,750	50,000	50,000
E-Goods and Services	4,489,141	7,063,200	11,552,341	7,611,436	7,611,436
G-Travel	15,620	32,289	47,909	64,052	64,052
J-Capital Outlays	1,861,470	439,986	2,301,456	780,032	780,032
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		67,725,000	67,725,000	163,021,816	174,633,044
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$7,836,357	\$77,936,288	\$85,772,645	\$176,396,640	\$188,007,868

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 2006	FY 2007	2005-07	2007-09	2009-11
Actuarial Analyst	37,608		1.0	0.5	1.0	1.0
Admin Reg Analyst 1	40,512	1.0	1.0	1.0	1.0	1.0
Financial Analyst 2	36,708	0.3	1.0	0.7	1.0	1.0
Graphic Designer	37,608	1.0	1.0	1.0	0.5	0.5
HRC 2	40,512	1.0	1.0	1.0	1.0	1.0
Ind Ins Underwriter 4	40,512	1.0	1.0	1.0	1.0	1.0
Ind Ins Underwriter Asst	29,616	9.5	11.0	10.3	11.0	11.0
Ind Relations Agent	57,252	0.5	1.0	0.8	1.0	1.0
ITAS 3	32,544		1.3	0.7	3.5	3.5
ITAS 4	46,992		0.5	0.3	2.0	2.0
ITAS 4 (Project)	61,000	2.0	2.0	2.0		
ITAS 5 (Project)	49,000	1.0	1.0	1.0		
ITSS 4 (Project)	51,864	1.0	1.0	1.0		
MA 1	42,588	1.0	1.0	1.0	1.0	1.0
Office Assistant	25,200	2.3	15.8	9.1	18.0	18.0
Office Support Sup	33,300	0.5	1.0	0.8	1.0	1.0
UI 1	30,312	1.5	10.5	6.0	12.0	12.0
UI 2	33,300	0.3	1.8	1.1	2.0	2.0
UI 3	35,808	0.3	1.8	1.1	2.0	2.0
UI 6	43,644	0.8	1.0	0.9	1.0	1.0
WMS Band 1 (PL) (Project)	49,000	3.0	3.0	3.0		
WMS Band 2	61,000	1.0	1.0	1.0	1.0	1.0
WMS Band 2 (PM) (Project)	51,864	1.0	1.0	1.0		
Total FTE's		30.0	61.7	45.9	61.0	61.0

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.

see attached

Part II: Explanation

The bill's purpose is to provide additional income assistance to individuals needing support due to family medical issues by allowing them to maintain their employment relationship. The bill establishes family medical leave insurance benefits administered by the Department of Labor and Industries (L&I).

Starting October 1, 2005 the employer shall pay to L&I a premium of 2 cents per hour worked. L&I is authorized to adjust the premium as needed to pay for the family leave benefits and the agency's administrative costs to carry out the program. The employer has the option to collect one half of the premium from their employees.

Beginning July 2, 2006 benefits will be no more than \$250 per week for a maximum of five weeks. L&I is required to adjust the benefits annually using the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

The bill requires the creation of an entirely new program within the Insurance Services Division of the Department of Labor and Industries. The new program would be responsible for collecting the premiums from workers and employers, processing applications, verifying that applicants qualify for benefits, and paying family leave benefits.

This fiscal note was revised to increase legal costs to match the Attorney General's fiscal note; a note was added to Attachment 3 for clarification on how "Quarterly Hours Reported" was calculated; and a few grammatical errors were corrected. The table on Attachment 3 was modified to correct the amount borrowed from the Supplemental Pension Reserve Account; when the loan would be repaid was adjusted; and the loan repayment was increased to include interest. The start date for the Graphic Designer 2 was changed from July 1, 2007 to July 1, 2005.

II. A – Brief Description of What the Measure Does that Has Fiscal Impact

Section 3 provides that the department will establish and administer a family leave insurance program. It also indicates the records are confidential, except to public employees in the performance of their duties; the claimant or a representative; and the employer or the employer's representative. The department is required to provide notice to an employer within five business days of a claim being filed. The department is required to share information and integrate technology with the Employment Security Department (ESD) as long as the claimant consents to the disclosure. In addition, the department is required to implement an outreach program (available in English and other primary languages) to make workers aware of the program, eligibility requirements, claims process, benefit amounts and other family leave rights and benefits.

Section 4 provides that a person qualifies for family leave benefits, beginning July 2, 2006, if the person:

- Files a claim under rules established by the department each week the individual is on family leave.
- Has been employed at least 680 hours during the qualifying year.
- Consents to disclosure of confidential information from ESD.
- Discloses whether he or she owes child support.
- Documents that the various notice requirements to the employer were met and that the person made reasonable efforts to schedule treatment so as not to disrupt the employer's operations.

- Is not receiving unemployment compensation, industrial insurance, crime victims' compensation, or disability insurance from any state or federal program.

Section 5 provides the basis for disqualifying individuals from family leave. A person can be disqualified for a period of 52 weeks when the individual makes a willful false statement or misrepresentation of a material fact or the serious medical condition resulted when the person committed a gross misdemeanor or felony.

Section 6 provides that:

- The maximum family leave insurance benefits payable in an application year is for five weeks, following a five-day waiting period.
- Benefits must be paid within two weeks after the claim is filed or when the family leave began and that subsequent benefit payments be made semimonthly.
- If an individual dies before receiving benefit payment, the payment is made to the spouse, domestic partner, child or children, or estate.
- Benefits are not payable and a waiting period credit is not earned for any weeks in which the worker received unemployment compensation or workers' compensation from this state or any other state or federal program.
- Benefits paid can be recouped if a timely appeal is filed and a final decision made that the payment was improper.

Section 7 provides the level of benefits payable, including provisions for annual increases (COLA). It also includes a provision to notify the appropriate child support enforcement agency and that the department will withhold benefits consistent with unemployment compensation recipients. The individual can elect to have the department withhold federal income tax, if the Internal Revenue Service determines that benefits under this program are subject to the federal tax.

Section 8 requires the department to advise an individual filing a claim of federal rules:

- Benefits are subject to federal income tax (if that determination is made by the IRS) and the department will specify the requirements pertaining to estimated tax payments.
- The individual may elect to have federal withholding tax deducted from their benefits. This requires the department to follow IRS procedures.

Section 9 applies the overpayment assessment and willful misrepresentation provisions of the workers' compensation statute (RCW 51.32.240) to family leave benefits and requires the department to seek repayment. Penalties may be assessed in cases of willful misrepresentation. Any penalties are paid into the family leave insurance account.

Section 10 specifies how this benefit applies in conjunction with other programs such as workers' compensation and the federal family and medical leave act. The bill is not intended to limit more generous benefits. It also provides the right of the individual to return to his or her position with the employer without loss of seniority or pension rights accrued before the beginning of the family leave.

Section 13

- Requires employers to remit premiums and make reports on forms at times and in a manner specified by the director.
- Provides that a temporary help company is liable for the required premiums but, if the temporary help company fails to remit the premiums, the customer to whom the employees were provided is liable.

- All records necessary for this chapter must be kept at the employer's place of business and are open to inspection by the department.
- The industrial insurance premium assessment and collection requirements in current law are applied to this program. These included the ability to assess penalties, interest, collections, and liens when an employer fails to provide the required report or full amount of premiums or willfully makes a false statement or misrepresentation to avoid the required reports or premiums.
- The premium and collection requirements also apply to any public or private entity that lets a contract for work.

Section 14 provides an appeal process and timeframes for an individual aggrieved by a decision of the department. Appeals go first to an administrative law judge, then to the director, with further appeal to Superior Court. This section also allows an administrative law judge or court to award reasonable attorneys fees and costs to the prevailing party when a decision of the department is reversed.

Section 18 allows the adoption of rules necessary to implement the chapter, consistent with the rules under the Federal Family and Medical Leave Act of 1993 to the extent the federal rules are not in conflict with the provisions of this bill.

Section 19 requires each employer to pay two cents per hour worked up to a maximum of 40 hours per week, for each employee, beginning October 1 2005. It allows the director to adjust the premium rates to ensure the amount collected is the lowest rate necessary to pay the family leave insurance benefits, administrative costs, any loans due the Supplemental Pension Reserve Fund (SPRF), and to maintain the actuarial solvency of the fund. Employers may retain one-half of the assessed amount from their employee earnings (except for licensed horse racing employments (RCW 51.16.210)). Full payment of the premium is required from employers. (The exception for horse racing employment now requires employers to pay the full premium due, with no option to retain moneys from workers.)

Section 20 establishes the Family Leave Insurance Account and allows expenditures from the account only for the purpose of the Family Leave Insurance program.

Section 21 allows the Director to lend funds, if necessary, from the Supplemental Pension Reserve Fund to the Family Leave Insurance Account for program administration and benefits. Such loans and earnings realized must be repaid within three months of the date of the loan.

Section 22 requires the department to report to the Legislature annually, beginning July 1, 2007, on the projected and actual program participation, premium rates, fund balances, and outreach efforts.

II. B – Cash Receipt Impact

The bill establishes family medical leave insurance for a maximum of five weeks at \$250 per week.

To fund the family leave program each employer is required to pay a premium equal to two cents per hour worked up to a maximum of 40 hours per week, for each employee, beginning October 1 2005. It allows the Director to adjust the premium rates each year to pay the family leave insurance benefits, administrative costs; any loans due the Supplemental Pension Fund; and to maintain the actuarial solvency of the fund.

Employers may retain one-half of the assessed amount from employee earnings (except for licensed horse racing employments (RCW 51.16.210)). The full payment of the premium is required from employers.

The Family Leave Insurance Account is established. All premiums and penalties collected are to be deposited into the new account.

The following assumptions are used to calculate the premium collected:

- The department will begin premium assessment and collection before benefits are available to workers.
- Initial premiums will be set at two cents per hour from employers (who may collect one-half of this amount from their workers) for each hour worked. For the second year premiums and beyond, the industrial insurance actuaries will calculate adjustments to the premium rates according to historical and anticipated trends. The rate will also be adjusted so the cash balance in the Family Leave Account at the end of each fiscal year is approximately equal to the amount of cash needed to meet one quarter's benefit payments. Please refer to Attachment 3. The anticipated annual rates are reflected below.

Proposed Premium Rate Adjustments by Calendar Year

<u>Calendar Year</u>	<u>Hourly Premium Rates</u>
2006	\$0.020
2007	0.022
2008	0.026
2009	0.026
2010	0.026
2011	0.026

- Receipt of premiums due in the quarter ending December 31, 2005 would begin in the quarter ending March 30, 2006 and is estimated at approximately \$17.5 million quarterly.
- It is estimated that loans totaling \$5.7 million from Supplemental Pension Reserve Fund (SPRF) will be necessary for initial start-up costs (\$1.9 million each for the quarters ending September 30, 2005, December 31, 2005, and March 31, 2006). There will be no funds from premium collection available until at least January, 2006. Loan payments will begin within the third quarter of Fiscal Year 2006. The Department assumes that re-payment will commence mid February 2006. Quarterly loan repayments will be \$1,926,400 for three quarters.
- The Loan Repayment includes interest at an estimated rate of 3 percent.
- Please refer to Attachment 3 for details by quarter.

Summary of Premium Received and Loan From Supplemental Pension Reserve Account

Revenue	FY06	FY07	2005-07		2007-09		2009-11
Supplemental Pension Reserve Account							
Loaned out	(\$5,700,000)		(\$5,700,000)				
Payback Received	<u>3,852,800</u>	<u>1,926,400</u>	<u>5,779,200</u>				
Total SPRF	(1,847,200)	1,926,400	79,200				
New Family Leave Account							
Borrowed from SPRF	5,700,000		5,700,000				
Payback To SPRF	(3,852,800)	(1,926,400)	(5,779,200)				
Premiums Collected	<u>35,000,000</u>	<u>71,750,000</u>	<u>106,750,000</u>		<u>171,500,000</u>		<u>182,000,000</u>
Total New Family Leave Acct	\$36,847,200	\$69,823,600	\$106,670,800		\$171,500,000		\$182,000,000

II. C – Expenditures

Family Leave Benefits Paid (Non Appropriated Expenditures)

The following assumptions were used to calculate the estimate of the family leave benefits paid.

Benefit payments will begin July 2, 2006. All benefits paid out are expenditures from the non-appropriated Family Leave Insurance Account.

Based on 2002 data provided by the Employment Security Department there are an estimated 2.87 million employed workers in Washington State. For purposes of family medical leave insurance, this number can be reduced by approximately 19 percent for workers who are employed fewer than 680 hours a year and do not qualify or who are self-employed and do not elect coverage. This reduces the number to approximately 2.32 million. Please refer to Attachment 1.

Based on statistical data from the Economic Opportunity Institute, and Washington State birth rate data, it is projected that approximately 12.9 percent of these workers will take qualifying family leave. Of these workers, 72 percent will be on family leave in excess of one week. In approximately two-thirds of these cases, the leave will not be fully employer paid and that two-thirds of this number will be allowed under the family leave insurance program. This will result in an estimated 96,206 family leave claims allowed for benefits.

The above calculation only reflects the estimated number of claims paid. L&I staff will also have to process claims that ultimately are denied benefits. For this fiscal analysis the number of claims denied is assumed to be 14.5 percent. This rate of denial is similar to what has been observed in processing workers' compensation claims. The result is approximately 110,000 claims received each year (14,000 claims denied plus 96,000 claims paid for total of 110,000 claims processed).

Please refer to Attachment I for the calculation details.

As reflected in Attachment 1 the anticipated 96,206 claims by type of leave are shown in the table below:

Reason for Leave	Number of Claims	Average Length of Leave In Weeks
Personal Health	34,079	4
Maternity	29,082	5
New Child	19,388	4
Family Member	13,657	2

It is further assumed that the benefit payments are expected to average \$200 per week (the maximum allowed benefit is \$250 per week for up to five weeks).

The total cost for these claims is estimated to be \$19,350,000 per quarter starting in Fiscal Year 2007 (\$77,400,000 divided by 4 quarters). However, the first quarter benefit payments are estimated to be approximately half of that amount. This is because benefits will not begin until July 2006 and the initial benefit payments are expected to be slow. The total benefits paid in Fiscal Year 2007 will be \$67,725,000. Each year thereafter the inflation rate based on the Consumer Price Index for Urban Wage Earners (CPI-W) has been applied. Please refer to Attachment 3 for the detailed calculations.

Appropriated Expenditures to Implement the Family Leave Program

A loan of \$5,700,000 will be needed in the first three quarters of Fiscal Year 2006 from the Supplemental Pension Reserve Fund (SPRF) to cover expenditures at the start of the biennium. This loan amount is based on the following assumptions:

1. Management, supervisors, human resource consultants, industrial relations agents, and some Information Services technology staff would be hired immediately to perform project management; computer programming; rule development and analysis; job class analysis and recruitment; equipment purchasing and facilities management.
2. A total of 106,345 hours will be needed to fully create and implement a new Family Leave data base system. This will be accomplished using a combination of L&I staff and contract programmers. It is assumed that L&I staff can complete 24,960 of these hours. The remaining 81,385 hours will be done by contract programmers at the cost of \$80 per hour.

The contract programming cost is estimated at \$6,510,800 ($\$80 \times 81,385$ hours) and the work will be done on the following systems:

- 1,200 hours for a federal income tax withholding system.
 - 12,480 hours for the document imaging server deployment.
 - 32,201 hours for a new employer policy management, accounts receivable and collections systems.
 - 36,008 for a claims information management system.
 - 10,800 for an additional rating system.
 - 11,696 for a new integrated document management system.
 - 960 hours to develop the interface with the department's accounts receivable and collections system.
 - 1,000 hours to develop a web-based application to maintain information for employers who are not covered by the bill but who may voluntarily opt into the program.
3. One-time equipment purchases in Fiscal Year 2006 are required for the imaging system's document intake estimated at \$1,365,185. This includes five leased servers, disk storage array, high-speed scanner, PC workstations, hardware, software, desktop scanner, external case file media printer, CD-Rom, batch printer, and a Fax board.
 4. It is expected that completion of computer programming will require two years and will not be completed before the family leave program must be implemented. It is assumed the claims adjudication and benefit payments will occur using minimal technology and may require manual processes resulting in delayed benefits.
 5. Initial costs of rule promulgation, primarily to conduct six public hearings and the printing and dissemination of information to workers and employers is estimated at \$69,000. (\$60,000 for a one-time printing and mailing of information to all employers and \$1,500 for each of six hearings including meeting room rental, court reporter fees, and travel.)
 6. A one time cost for printing is included to produce new claim forms and an accompanying brochure estimated at \$37,200.
 7. Office space in the current L&I building will not accommodate the approximately 60 FTEs assumed in this fiscal analysis. Lease costs are included based on a calculation of 60 FTEs X 14,000 sq ft (225 sq ft per FTE) X \$22 per square ft = \$300,000 per year.

Appropriated Ongoing Operating Costs

Ongoing program costs would come from a newly established Family Medical Leave Insurance Account.

Based on L&I's current experience in adjudicating simple workers' compensation claims the caseload estimate for the family leave insurance program is 500 claims per manager per month. The estimated FTE need for family leave claims initiation is based on the assumption that the 110,000 claims expected will require approximately one-half the data entry time as the agency's current worker's compensation claims.

FTE estimates for industrial insurance underwriting analysts assume caseloads of 10,000 cases received per analyst per year.

Please note that the total staffing estimates below are conservative and do not include impacts to field staff and the Office of Information and Assistance. This staff is responsible for outreach efforts and it is anticipated they will receive an increased number of phone calls and inquiries about the new program. The workload impact to this staff is difficult to measure because L&I has no history to use as a baseline for the time required. However, it is assumed that the overall informational assistance workload increases can be handled by the current staff, except for the additional FTE and marketing costs related to the bill's requirement that the department perform outreach. These needs are included below.

FTEs

The following FTEs are assumed to implement the new program and for ongoing operating tasks.

Insurance Services Program (Date Hired)

- 1 Program Manager to oversee the Family Leave program (July 1, 2005)
- 1 Administrative Regulations Analyst for rule promulgation (July 1, 2005)
- 1 Management Analyst to assist with form development and other start-up activities (July 1, 2005)
- 18 Office Assistants for claim initiation (nine beginning April 1, 2006 and nine beginning October 1, 2006)
- 1 Office Support Supervisor 2 (January 1, 2006)
- 11 Industrial Insurance Underwriting Assistants (five to begin July 1, 2005 and six October 1, 2005)
- 1 Industrial Insurance Underwriter 4 (July 1, 2005)
- 16 Claim Managers –Job classification comparable to the Unemployment Insurance Specialist series. We would anticipate approximately 12 at a level comparable to a UI Specialist 1 (six beginning April 1, 2006 and six beginning October 1, 2006), and two comparable to a UI Specialist 2 (one beginning April 1, 2006 and one beginning October 1 2006), and 2 comparable to a UI Specialist 3 (one beginning April 1, 2006 and one beginning October 1, 2006).
- 1 Supervisor – Comparable to UI Specialist 6 (October 1, 2005)
- 1 Actuarial Analyst 2 (July 1, 2006)

Administrative Services Program (Date Hired)

1 Human Resources Consultant 2 (July 1, 2005) for personnel services based on the number of additional FTEs hired as a result of this legislation.

1 Financial Analyst 2 (April 1, 2006) in Accounting Services to reconcile the premium revenue collections.

0.5 Information Technology Application Specialist FTE beginning July 1, 2006 to develop and maintain reports on the program and its overall use and performance. This will aid in the department's development of an annual report to the Legislature which is required under the bill.

Legal Services

Assistant Attorney General and appropriate support staff are needed to handle an estimated 500 appeals each year, primarily from denied claims. The Attorney General's office (AGO) estimates that this will require 5.0 attorney FTEs based on 100 cases per attorney FTE. Litigation support will require 2.0 legal assistant FTE and 1.0 office assistant FTE. The AGO anticipates that 0.3 attorney FTE will be needed for advice and legal questions related to this new law. Office furniture will be required for the new staff.

Based on our assumed implementation schedule, we anticipate that these costs will be billed to us by the Attorney General's Office at \$100,000 in Fiscal Year 2006 for the 0.3 AAG to setup rules and for furniture. The remaining FTEs will be hired in Fiscal Year 2007 at which time the cost is estimated at \$889,677 and anticipated to continue at \$1,779,354 in ensuing biennia. L&I will need the dollar appropriation authority only for these expenses. The FTEs will need to be included in the Attorney General's budget. In addition, annual litigation and court costs of \$25,000 have been included.

Public Affairs

1 Graphic Designer 2 is required during the first biennium beginning July 1, 2005 for the outreach efforts mandated in the bill. In the following biennia, this need would be reduced to 0.5 FTE. Oversight of the information development and dissemination can be done by existing staff.

Also assumed are costs associated with the public outreach requirement of the bill:

- \$60,000 in printing and postage costs for a brochure and invitation notices to training workshops for all employers.
- \$85,000 for the printing and mailing of a resource manual for employers.
- \$150,000 for radio airtime to reach an estimated 60 percent of the state's population.
- \$4,000 in unique computer equipment needs for the graphic designer.

It is anticipated that future mailings to employers would be done in coordination with other mailings concerning workers' compensation premiums.

Information Services Program

FTEs needed from 07/01/2005 through 06/30/2007 for systems programming will include:

- 1 Project Manager
- 3 Project Leads
- 2 Information Technology Application Specialist 4's for integrated document management deployment
- 1 Information Technology System Specialist 4 for integrated document management deployment

- 1 Information Technology Application Specialist 5 as an integrated document management system database administrator

Ongoing Information Services staff hired starting 04/01/2007 includes:

- 2 Information Technology Applications Specialist 3 for claims systems management
- 1 Information Technology Applications Specialist 4 for employer systems management
- 1 Information Technology Applications Specialist 3 for employer systems management
- 1 Information Technology Application Specialist 4 for integrated document management system management

Employment Standards Program

- 1 Industrial Relations Technical Specialist for policy and rule development and to provide guidance, training, and assist with outreach starting January 1, 2006.

Other Misc. Costs

- Premium payment costs for L&I as a Washington State employer will be included in a separate fiscal note prepared by the Office of Financial Management.
- Lock-box fees are required at \$361,000 annually beginning January 1, 2006. This is contracted services to receive and open premium payments and then transfer the revenue to the agency daily.
- Maintenance costs and software licenses for the imaging equipment (servers, scanners, batch printer, disk storage array, and CD-ROM) estimated at \$450,016 annually beginning Fiscal Year 2007.
- Annual expenses for the Office of Administrative Hearings (OAH) are estimated at \$1,216,400 for Fiscal Year 2007 and \$1,327,079 per year thereafter. These costs are based on an assumption that 20 percent of the 13,794 denied cases (or 2,759) will be appealed. There is no similar program available from which this cost estimate could be derived. While many of the issues involved in a family leave claim are likely to be relatively straightforward (hours of qualifying employment, for example), in some cases, there may be significant disputes over other issues. The total expenses are based on a distribution of simple to complex appeals at an average cost estimated at \$481 per case.

L&I Administration and IS Allocation

In addition to the direct costs estimates with this fiscal note, L&I included funding to cover agency wide indirect costs for the Administrative Services and Information Services programs. A rate of 6.7 percent for Insurance Services and 1.9 percent for Specialty Compliance Services in Fiscal Year 2006 and a rate of 7.0 percent for Insurance Services and 1.5 percent for Specialty Compliance Services in Fiscal Year 2007 and beyond is applied only to cost estimates for FTEs and the standard costs associated with the addition of new FTEs hired in the Industrial Insurance and Specialty Compliance programs only. (Indirect costs are not applied to FTEs hired for the Administrative Services and Information Services programs and for the cost of all the new employees' PC and equipment purchases). The indirect rate is not applied to the purchase of hardware, software and software licenses, contract programming, contract services, and ongoing maintenance costs. These indirect rates for the Insurance Services and Specialty Compliance Services programs are based on the cost allocation methodology adopted by L&I in 2003 (with the funding realignment approved in the 2004 Supplemental budget) and the model update completed in July 2004.

Depending on the needs of the agency, activities covered by the indirect funding include the handling and processing of vendor payments and payroll; equipment purchase, delivery, inventory, storage and set-up;

technical assistance to employees; desk-top and network support; internal IT systems support; contract administration; legislative services and public affairs; library; public disclosure; personnel and employee services; budget; accounting; facilities management; and other indirect support services functions.

Please refer to Attachment 2 for a summary of the expenditure estimates by program.

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

The department will be required to develop and adopt new regulations to administer the program. These include but are not limited to rules that address:

- How an individual may file a claim each week while on family leave (Section 3).
- When and what medical certification is required for the benefit application (Section 3).
- Requirements for notice to the employer of intent to take medical leave defining terms such as “as much notice as practicable”, “reasonable efforts”, and “not to disrupt unduly the operation” of the employer. (Section 4).
- The record keeping requirement requirements of the employer including the information to be reported with the payment of premiums and at what intervals (Section 13).
- Specify which portions of Title 51 RCW are applicable to premium collection, interest and penalties. (Section 13)

Attachment 1

HB 1173 Family Leave Insurance

2,870,000 2002 ESD employed workforce
 90% Percent of employed workforce covered
 90% Percent of covered employees > 680 hours (eligible)
2,324,700 Employees covered & eligible for Family Leave benefits

Reason for Family Leave	% of workforce taking Family Leave	Total Annual Family Leaves	*Total leaves longer than 1 week	***Leaves not fully employer paid	% of Leaves using F.L. Insurance	Count of Accepted Claims	Average duration (weeks)	TOTAL COSTS (average of \$200 per week)****
Own health*	6.23%	144,829	108,187	56,798	60%	34,079	4	\$27,300,000
Maternity**	1.39%	32,313	32,313	32,313	90%	29,082	5	\$29,100,000
New Child**	1.39%	32,313	32,313	32,313	60%	19,388	4	\$15,500,000
Family member*	3.91%	90,896	43,357	22,762	60%	13,657	2	\$5,500,000
TOTAL	12.92%	300,351	216,170	144,186		96,206		\$77,400,000
			72.0%	66.7%		66.7%		

Benefits Paid Quarterly \$19,350,000

Notes:

*Based on data in U.S. Department of Labor, "Balancing the Needs of Families and Employers," January 2001.
 Information from Marilyn Watkins, Economic Opportunity Institute

**Based on birth rate in Washington State:

80,000 Assumed number of future year births (79,200 in 2002)

2.787% Percent of workforce with births = 80,000/2,870,000

1.39% Half of births with working mothers

1.39% New child care with half of the births

***Assumes 66.7% of total number of leaves is not fully employer paid. All maternity and new child cases are not fully employer paid.

**** Final calculations rounded to nearest \$100,000.

Attachment 2

HB 1173 Family Leave Insurance

Expenditure Detail by Program

Staffing FTEs	30.0	61.5	45.7	61.0	61.0	61.0	61.0	61.0	61.0
	FY 2006	FY 2007	2005-07	FY 2008	FY 2009	2007-09	FY 2010	FY 2011	2010-11
Insurance Servcies	\$1,433,953	\$2,428,124	\$3,862,077	\$2,620,129	\$2,620,129	\$5,240,258	\$2,620,129	\$2,620,129	\$5,240,258
Ins Serv Indirect Cost	69,386	169,409	238,795	183,409	183,409	366,818	183,409	183,409	366,818
Specialty Compliance	50,874	84,252	135,126	84,252	84,252	168,504	84,252	84,252	168,504
Spec Compl. Indirect Cost	815	643	1,458	643	643	1,286	643	643	1,286
Publ. Aff., OHR, Fin, IS, AG, Lease	<u>6,281,329</u>	<u>7,528,860</u>	<u>13,810,189</u>	<u>3,798,979</u>	<u>3,798,979</u>	<u>7,597,958</u>	<u>3,798,979</u>	<u>3,798,979</u>	<u>7,597,958</u>
Total New Family Leave Fund	\$7,836,357	\$10,211,288	\$18,047,645	\$6,687,412	\$6,687,412	\$13,374,824	\$6,687,412	\$6,687,412	\$13,374,824
Non-Approp Funds Benefits Paid	\$0	\$67,725,000	\$67,725,000	\$80,109,000	\$82,912,816	\$163,021,816	\$85,814,764	\$88,818,280	\$174,633,044
Total Non-App and App Funds	\$7,836,357	\$77,936,288	\$85,772,645	\$86,796,412	\$89,600,228	\$176,396,640	\$92,502,176	\$95,505,692	\$188,007,868

Revised 2-9-05

Attachment 3

HB 1173 Family Leave Insurance

Assumptions:

<u>Calendar Year</u>	<u>Hourly Rates</u>	<u>CPI-W*</u>	<u>Inflation Rate</u>	<u>*Source:</u>
2006	\$0.020			Global Insight Consulting Firm
2007	\$0.022	FY 07	1.70%	
2008	\$0.026	FY 08	1.90%	
2009	\$0.026	FY 09	2.10%	
2010	\$0.026	FY 10	2.30%	
2011	\$0.026	FY 11	2.60%	

875,000,000 Quarterly Hours Reported*

\$19,350,000 Quarterly benefit costs, initially

Quarter Ending	REVENUES		COSTS			Cash Flow	Balance
	Amount Borrowed from SPRA	Premiums Collected	Loan Repayment	Implementation and Ongoing Expenditures from FN	Benefits Paid		
9/30/2005	\$1,900,000			\$1,900,000		\$ -	\$ -
12/30/2005	1,900,000			1,900,000		0	0
3/30/2006	1,900,000	\$17,500,000	\$1,926,400	1,900,000		15,573,600	15,573,600
6/30/2006		17,500,000	1,926,400	1,900,000		13,673,600	29,247,200
9/30/2006		17,500,000	1,926,400	2,275,000	\$9,675,000	3,623,600	32,870,800
12/30/2006		17,500,000		2,275,000	19,350,000	(4,125,000)	28,745,800
3/30/2007		17,500,000		2,275,000	19,350,000	(4,125,000)	24,620,800
6/30/2007		19,250,000		2,275,000	19,350,000	(2,375,000)	22,245,800
9/30/2007		19,250,000		1,425,000	20,027,250	(2,202,250)	20,043,550
12/30/2007		19,250,000		1,425,000	20,027,250	(2,202,250)	17,841,300
3/30/2008		19,250,000		1,425,000	20,027,250	(2,202,250)	15,639,050
6/30/2008		24,500,000		1,425,000	20,027,250	3,047,750	18,686,800
9/30/2008		24,500,000		1,474,875	20,728,204	2,296,921	20,983,721
12/30/2008		24,500,000		1,474,875	20,728,204	2,296,921	23,280,643
3/30/2009		24,500,000		1,474,875	20,728,204	2,296,921	25,577,564
6/30/2009		22,750,000		1,474,875	20,728,204	546,921	26,124,485
9/30/2009		22,750,000		1,526,496	21,453,691	(230,187)	25,894,298
12/30/2009		22,750,000		1,526,496	21,453,691	(230,187)	25,664,112
3/30/2010		22,750,000		1,526,496	21,453,691	(230,187)	25,433,925
6/30/2010		22,750,000		1,526,496	21,453,691	(230,187)	25,203,739
9/30/2010		22,750,000		1,579,923	22,204,570	(1,034,493)	24,169,246
12/30/2010		22,750,000		1,579,923	22,204,570	(1,034,493)	23,134,753
3/30/2011		22,750,000		1,579,923	22,204,570	(1,034,493)	22,100,260
6/30/2011		24,500,000		1,579,923	22,204,570	715,507	22,815,767

L&I: Revised 2-9-05

*In 2003, 3.9 Billion hours were reported for State Fund and Self-Insured employers. We have assumed that 90% of these folks are covered, which gives us 3.5 Billion hours projected to be reported for the Family Leave program. Dividing this by 4, gives us the 875 Million hours projected to be reported for the Family Leave program.

Individual State Agency Fiscal Note

Revised

Bill Number: 1173 HB	Title: Family leave insurance	Agency: 300-Dept of Social and Health Services
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2006	FY 2007	2005-07	2007-09	2009-11
General Fund-Federal 001-2	224,171	297,629	521,800	606,258	656,258
Total \$	224,171	297,629	521,800	606,258	656,258

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.3	0.3	0.3	0.3	0.3
Fund					
General Fund-State 001-1	236,413	306,755	543,168	623,510	673,510
General Fund-Federal 001-2	224,171	297,629	521,800	606,258	656,258
Total \$	460,584	604,384	1,064,968	1,229,768	1,329,768

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:	Phone:	Date: 01/27/2005
Agency Preparation: Sarian Scott	Phone: (360) 902-7769	Date: 02/08/2005
Agency Approval: Sue Breen	Phone: 360-902-8183	Date: 02/09/2005
OFM Review: Tom Lineham	Phone: 360-902-0543	Date: 02/09/2005

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.

This bill creates a family leave insurance program that provides up to five weeks of paid leave for qualifying employees. The program will be administered by the Department of Labor and Industries (L&I). The Department of Social and Health Services (DSHS) shall establish and administer a family leave program.

Section 13 states that DSHS shall make reports, furnish information, and remit premiums as specified by the Director.

Section 19, (1), (a) requires DSHS pay a premium of two cents per hour worked, up to a maximum of forty hours, per week per individual beginning October 1st, 2005. DSHS will be responsible to make payments into the family leave insurance account, at intervals and manner directed by L&I.

Section 19, (2), (a) states that up to one-half of the amount assessed for the family leave insurance account may be retained from the earnings of each individual.

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.

Federal dollars are assumed to be Title XIX.

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.

Section 13 states that DSHS shall make reports, furnish information, and remit premiums.

DSHS will need funding within program 110 for .25 Full Time Equivalent (FTE) in the Payroll Unit to prepare and reconcile the quarterly claims reports relating to the proposed Family Leave Insurance Program and payroll functions of the DSHS employees processed by the OAS/Payroll Unit. This FTE will be responsible to input the change of status for those employees opting and qualifying to participate in this Family Leave Insurance Program by filing a claim to participate in the program (input employee start and stop dates participating in the program).

Section 19, (1), (a) requires DSHS pay a premium of two cents per hour worked, up to a maximum of forty hours, per week per individual beginning October 1st, 2005. DSHS will be responsible to make payments into the family leave insurance account, at intervals and manner directed by L&I. Section 19, (2), (a) states that up to one-half of the amount assessed for the family leave insurance account may be retained from the earnings of each individual. For purposes of this fiscal note, impact for individual in-home workers is estimated to be \$431,000 in FY06, \$583,000 in FY07, \$590,000 in FY08, \$597,000 in FY09, \$605,000 in FY10, and \$682,000 in FY11.

For purposes of this fiscal note, the Office of Financial Management (OFM) assumes the state-wide agency share in their fiscal note. It is further assumed that employees will pay one-half of the two cents per hour worked, up to a maximum of forty hours, per week per individual. If a decision is made that DSHS will be responsible to pay the employee portion, the impact to DSHS is estimated at \$350,000 per year.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.3	0.3	0.3	0.3	0.3
A-Salaries and Wages	14,820	14,820	29,640	29,640	29,640
B-Employee Benefits	3,528	3,528	7,056	7,056	7,056
C-Personal Service Contracts					
E-Goods and Services	2,748	2,748	5,496	5,496	5,496
G-Travel					
J-Capital Outlays	8,200		8,200		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	431,000	583,000	1,014,000	1,187,000	1,287,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	288	288	576	576	576
Total:	\$460,584	\$604,384	\$1,064,968	\$1,229,768	\$1,329,768

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 2006	FY 2007	2005-07	2007-09	2009-11
Financial Analyst 4	49,380	0.3	0.3	0.3	0.3	0.3
Total FTE's		0.3	0.3	0.3	0.3	0.3

Part IV: Capital Budget Impact

None.

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.

None.

Individual State Agency Fiscal Note

Bill Number: 1173 HB	Title: Family leave insurance	Agency: 360-University of Washington
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	2.0	2.0	2.0	2.0	2.0
Fund					
General Fund-State 001-1	96,000	96,000	192,000	192,000	192,000
Total \$	96,000	96,000	192,000	192,000	192,000

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:	Phone:	Date: 01/27/2005
Agency Preparation: Caroline Feng	Phone: 206 685-5354	Date: 02/02/2005
Agency Approval: Linda Barrett	Phone: 206-616-2431	Date: 02/02/2005
OFM Review: Marc Webster	Phone: 360-902-0650	Date: 02/02/2005

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.

This bill creates a family leave insurance program administered by the Department of Labor and Industries. University of Washington estimates 2 additional FTE's and payroll computer programing will be needed for this bill. According to OFM, the cost of premium and providing the benefit will be calculated centrally by OFM.

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.

no cash receipts impact

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.

Two additional human resources assistant positions will be needed to program the payroll system to pay the benefit.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	2.0	2.0	2.0	2.0	2.0
A-Salaries and Wages	72,000	72,000	144,000	144,000	144,000
B-Employee Benefits	24,000	24,000	48,000	48,000	48,000
C-Personal Service Contracts					
E-Goods and Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$96,000	\$96,000	\$192,000	\$192,000	\$192,000

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 2006	FY 2007	2005-07	2007-09	2009-11
Human Resources Assistant Seniors	72,000	2.0	2.0	2.0	2.0	2.0
Total FTE's		2.0	2.0	2.0	2.0	2.0

Part IV: Capital Budget Impact

no capital 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.

no rule change

Individual State Agency Fiscal Note

Bill Number: 1173 HB	Title: Family leave insurance	Agency: 365-Washington State University
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
Fund					
General Fund-State 001-1	20,000	20,000	40,000	40,000	40,000
Total \$	20,000	20,000	40,000	40,000	40,000

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:	Phone:	Date: 01/27/2005
Agency Preparation: Matt Skinner	Phone: 509-335-1836	Date: 02/02/2005
Agency Approval: Karl Boehmke	Phone: (509)335-9681	Date: 02/02/2005
OFM Review: Marc Webster	Phone: 360-902-0650	Date: 02/07/2005

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.

Creates a new benefit program to be administered

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.

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.

On-Going:

\$20,000 for increased printing costs each time a payroll calculation is performed. Increased microfiche costs due to increased printing. Internal storage costs for the retention of 2 additional GTNs per 5500 employees per pay cycle and the enlargement of payroll expense file. Reported as Goods and Services

To ready the system for administering the new benefit program, we expect significant system design, coding, testing and implementation efforts. The effort of IT and payroll specialists, at a cost of approximately \$45,000, will be covered via re-allocation of staff effort. Thus, no one-time expense will be shown for fiscal note purposes.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services	20,000	20,000	40,000	40,000	40,000
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$20,000	\$20,000	\$40,000	\$40,000	\$40,000

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.

Individual State Agency Fiscal Note

Bill Number: 1173 HB	Title: Family leave insurance	Agency: 370-Eastern Washington University
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
Fund					
Total \$					

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:	Phone:	Date: 01/27/2005
Agency Preparation: Jim Moneymaker	Phone: (509)359-2448	Date: 01/28/2005
Agency Approval: Tesha Kropidlowski	Phone: (509) 359-7364	Date: 02/02/2005
OFM Review: Marc Webster	Phone: 360-902-0650	Date: 02/02/2005

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.

Minimal fiscal impact to upgrade programming of current and future payroll systems to accomodate this change.

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.

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.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years					
Total:					

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.

Individual State Agency Fiscal Note

Bill Number: 1173 HB	Title: Family leave insurance	Agency: 375-Central Washington University
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.2	0.2	0.2	0.2	0.2
Fund					
General Fund-State 001-1	12,000	12,000	24,000	24,000	24,000
Total \$	12,000	12,000	24,000	24,000	24,000

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:	Phone:	Date: 01/27/2005
Agency Preparation: Shelly Johnson	Phone: 509-963-2340	Date: 02/02/2005
Agency Approval: Shelly Johnson	Phone: 509-963-2340	Date: 02/02/2005
OFM Review: Marc Webster	Phone: 360-902-0650	Date: 02/02/2005

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.

This bill will require CWU tol pay a premium of two cents per hour worked, up to a maximum of forty hours per week, to the department in the manner and at such intervals as the department directs for deposit in the family leave insurance account. Expenditures will also be incurred for system set-up and maintenance, as well as monitoring and reporting eligible employees.

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.

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.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.2	0.2	0.2	0.2	0.2
A-Salaries and Wages	8,000	8,000	16,000	16,000	16,000
B-Employee Benefits	2,000	2,000	4,000	4,000	4,000
C-Personal Service Contracts					
E-Goods and Services	2,000	2,000	4,000	4,000	4,000
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$12,000	\$12,000	\$24,000	\$24,000	\$24,000

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 2006	FY 2007	2005-07	2007-09	2009-11
Computer Support	48,000	0.2	0.2	0.2	0.2	0.2
Total FTE's		0.2	0.2	0.2	0.2	0.2

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.

Individual State Agency Fiscal Note

Bill Number: 1173 HB	Title: Family leave insurance	Agency: 376-The Evergreen State College
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Part I: Estimates

☒ **No Fiscal Impact**

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:	Phone:	Date: 01/27/2005
Agency Preparation: Steve Trotter	Phone: 360 867-6185	Date: 02/08/2005
Agency Approval: Steve Trotter	Phone: 360 867-6185	Date: 02/08/2005
OFM Review: Marc Webster	Phone: 360-902-0650	Date: 02/09/2005

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.

Evergreen contracts with the Center for Information Services (CIS) for our payroll. Associated system programming costs associated with the act are therefore relected in the Community and Technical College's Fiscal Note.

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.

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.

Part III: Expenditure Detail

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.

Individual State Agency Fiscal Note

Bill Number: 1173 HB	Title: Family leave insurance	Agency: 380-Western Washington University
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.3	0.3	0.3	0.3	0.3
Fund					
General Fund-State 001-1	12,000	12,000	24,000	24,000	24,000
Total \$	12,000	12,000	24,000	24,000	24,000

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:	Phone:	Date: 01/27/2005
Agency Preparation: Diana Scoles	Phone: 360-650-4762	Date: 02/01/2005
Agency Approval: Diana Scoles	Phone: 360-650-4762	Date: 02/02/2005
OFM Review: Marc Webster	Phone: 360-902-0650	Date: 02/02/2005

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.

This bill establishes a family leave insurance program that will be administered by the department of Labor and Industries. Beginning on July 2, 2006, family leave insurance benefits are payable to an individual on unpaid family leave.

This bill requires that each employer beginning on October 1, 2005, shall pay a premium of two cents per hour worked, up to a maximum of forty hours per week for each individual, and one-half of the amount (one cent) assessed for the family leave insurance account may be retained from the earnings of each individual (employee).

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.

None

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.

This bill would add family leave premiums per FTE hour. The fiscal impact to Western would include administrative costs associated with remittance of the premium at a quarter-time (0.25) FTE position funded at \$12,000 annually including benefits. This quarter-time position would track and remit the premium payment. It is unknown at this time if modification to our payroll system would be needed.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.3	0.3	0.3	0.3	0.3
A-Salaries and Wages	9,500	9,500	19,000	19,000	19,000
B-Employee Benefits	2,500	2,500	5,000	5,000	5,000
C-Personal Service Contracts					
E-Goods and Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$12,000	\$12,000	\$24,000	\$24,000	\$24,000

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 2006	FY 2007	2005-07	2007-09	2009-11
Human Resource Associate	40,000	0.3	0.3	0.3	0.3	0.3
Total FTE's		0.3	0.3	0.3	0.3	0.3

III. C - Expenditures By Program (optional)

-

Program	FY 2006	FY 2007	2005-07	2007-09	2009-11
Institutional Support (080)	12,000	12,000	24,000	24,000	24,000
Total \$	12,000	12,000	24,000	24,000	24,000

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.

Individual State Agency Fiscal Note

Bill Number: 1173 HB	Title: Family leave insurance	Agency: 540-Employment Security Department
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.1	0.0	0.1	0.0	0.0
Fund					
Family Leave-State NEW-1	12,571	6,741	19,312	13,482	13,482
Total \$	12,571	6,741	19,312	13,482	13,482

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:	Phone:	Date: 01/27/2005
Agency Preparation: Lois Smith	Phone: 360-902-9340	Date: 01/28/2005
Agency Approval: Dianne Mitchum	Phone: 360-902-9422	Date: 01/31/2005
OFM Review: Cheri Keller	Phone: 360-902-0553	Date: 01/31/2005

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.

Section 3 requires Employment Security Department (ESD) to share data with Department of Labor and Industries (L&I) "to facilitate the disclosure of relevant information or records" for the Family Leave Insurance Program which L&I would administer. Some of this information (e.g., hours worked per employee) is currently collected by ESD for the administration of the Unemployment Insurance program, but not by L&I (which collects totals or hours by job classification for the administration of the workers compensation program). The assumption is that L&I will use ESD's information instead of duplicating the collection of this information from employers.

Section 13: (2)(b)-to be covered by Data Sharing Agreement(s).

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.

none

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.

Section 3 fiscal impacts for ESD are:

New Data Sharing agreement(s) with Labor and Industries to access TAXIS, GUIDE, and Wage Files. Set up and monitor Data Sharing Agreement(s) - 1 week each year at WMS Band 2 (.02 FTE).

On-Line Transaction costs: \$.009/transaction; assume average of 5 transactions per claimant per year (L&I assumption of 110,000 claimants per year) = \$4,950 annually.

40 hours of programming (minor changes only - no major changes) to support data-sharing agreement(s) at ITAS5 (.02 FTE)

Train L&I staff on Wage, GUIDE and TAXIS - 4 sessions of 4 hours plus 1 week of development time (56 hours) at ES Program Coordinator 2 and ES Tax Specialist 4 (.025 FTE each)

Estimates for expenditures are based on costs for existing data sharing agreements that ESD has with other entities that entail the same amount and type of work and for which it is reimbursed by the requesting entity. The work would be performed within the UI Division, which is currently facing a \$8.3 million budget shortfall. The cost of this new work cannot be absorbed. Furthermore, the federal UI grant does not allow expenditures for non-UI-related work, so the federal UI administrative fund could not be used to pay for this expenditure. Therefore, the fund for the expenditures would be the fund L&I uses to pay other administrative costs - a new state fund.

Section 13: (2)(b)-to be covered by Data Sharing Agreement(s).

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.1	0.0	0.1	0.0	0.0
A-Salaries and Wages	5.182	1,225	6,407	2,450	2,450
B-Employee Benefits	1.404	332	1,736	664	664
C-Personal Service Contracts					
E-Goods and Services	5.978	5,182	11,160	10,364	10,364
G-Travel	7	2	9	4	4
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$12,571	\$6,741	\$19,312	\$13,482	\$13,482

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 2006	FY 2007	2005-07	2007-09	2009-11
ES Program Coordinator 2	45,816	0.0		0.0		
ES Tax Specialist 4	45,816	0.0		0.0		
ITAS5	63,192	0.0		0.0		
WMS Band 2	55,000	0.0	0.0	0.0	0.0	0.0
Total FTE's		0.1	0.0	0.1	0.0	0.0

Part IV: Capital Budget Impact

none

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.

none

Individual State Agency Fiscal Note

Revised

Bill Number: 1173 HB	Title: Family leave insurance	Agency: 699-Community/Technical College System
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
Fund					
General Fund-State 001-1	20,000	0	20,000	0	0
Total \$	20,000	0	20,000	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:	Phone:	Date: 01/27/2005
Agency Preparation: Chris Reykdal-sw	Phone: 360-704-4390	Date: 02/02/2005
Agency Approval: Mary Alice Grobins	Phone: 360-704-4381	Date: 02/03/2005
OFM Review: Marc Webster	Phone: 360-902-0650	Date: 02/07/2005

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.

This bill creates a family leave insurance program to be administered by the Department of Labor and Industries that pays family leave insurance benefits for a maximum of five weeks in an application year.

Under Section 2(7) "employer" means : (a) the same definition as defined in RCW 50.04.080; and (b) the state and its political subdivisions, which includes community and technical colleges and the State Board for Community and Technical Colleges.

Section 13 states:

- An employer shall make reports, furnish information, and remit premiums as required by section 19 of this act to the Department of Labor and Industries,
- An employer must keep at his or her place of business a record of employment from which the information needed by the Department of Labor and Industries for purposes of this chapter may be obtained,
- The requirements relating to the assessment and collection of family leave insurance premiums are the same as the requirements relating to the assessment and collection of industrial insurance premiums until Title 51 RCW.

Section 19 states:

- Beginning on October 1, 2005, each employer shall pay a premium of two cents per employee, per hour worked, up to a maximum of forty hours per week to the Department of Labor and Industries,
- One-half of the premium amount for the family leave insurance account may be retained from the earnings of each employee.

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.

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.

This bill creates a family leave insurance program to be administered by the Department of Labor and Industries. Under this new program, employers are required to pay a premium to the Department of Labor and Industries of two cents per employee per hour worked beginning on October 1, 2005. The following assumptions were used in calculating the costs of implementing this new program for the community and technical college system:

Programming deduction/reduction codes and reporting formats would need to be created to track an employees hours worked on a rolling basis due to the following guidelines in this bill:

- Section 2 defines an "application year" as the twelve-month period beginning on the first day of the calendar week in which an employee files an application for family leave insurance benefits, and a "qualifying year" as the first four of the last five completed calendar quarters or the last four completed calendar quarters immediately preceding the first day of the individual's application year;
- Section 4 states that an application year may not be established if the qualifying year includes hours worked before establishment of a previous application year and that an employee must have worked for at least six hundred eighty hours

during the individual's qualifying year;

- Section 13(3) states that the requirements relating to the assessment and collection of family leave insurance premiums are the same as the requirements relating to the assessment and collection of industrial insurance premiums under Title 51 RCW.

Calculation:

	Hours
Design	50
Programming	350
Testing	100
Total	500 x \$40/hr programmer salary/benefit costs = \$20,000

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts	20,000		20,000		
E-Goods and Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$20,000	\$0	\$20,000	\$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.

LOCAL GOVERNMENT FISCAL NOTE

Revised

Department of Community, Trade and Economic Development

Bill Number: 1173 HB	Title: Family leave insurance
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities:
- ☒ Counties:
- ☒ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☐ Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

Jurisdiction	FY 2006	FY 2007	2005-07	2007-09	2009-11
City					
County					
Special District					
TOTAL \$					
GRAND TOTAL \$					

Estimated expenditure impacts to:

Jurisdiction	FY 2006	FY 2007	2005-07	2007-09	2009-11
City	510,206	714,289	1,224,495	1,700,688	1,768,716
County	484,085	677,719	1,161,804	1,613,616	1,678,160
Special District	277,027	387,838	664,865	923,424	960,360
TOTAL \$	1,271,318	1,779,846	3,051,164	4,237,728	4,407,236
GRAND TOTAL \$					11,696,128

Part III: Preparation and Approval

Fiscal Note Analyst: Linda Bradford	Phone: 360-725-5035	Date: 01/31/2005
Leg. Committee Contact:	Phone:	Date: 01/27/2005
Agency Approval: Louise Deng Davis	Phone: (360) 725-5034	Date: 02/01/2005
OFM Review: Deborah Feinstein	Phone: 360-902-0614	Date: 02/01/2005

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

This bill would create family leave insurance (a new Title 49 RCW) to be administered by the Dept. of Labor and Industries, similar to the fashion that they currently administer Workman's Compensation (Sec. 1(-4)) and (Sec. 13 (3)).

Employers would be assessed a cost beginning at two cents per hour worked per employee, half of which, or one cent per hour worked, could be designated as the employee's cost (Sec. 19). According to the Dept. of Labor and Industries, premiums for subsequent years would increase slightly.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

Counties, cities, and special districts would have a significant cumulative increase in costs in the premiums required to be paid (see below). Some other costs would also result from accounting and computer reprogramming to accommodate the additional requirements. Other indeterminate cost considerations could be the cost of temporarily replacing the employee on leave, training and production interruption or slowdown, and the requirement to reinstate the worker upon his/her return.

ASSUMPTIONS & METHODOLOGY:

This bill would add family leave premiums per FTE hour. Local governments would likely pass half the cost to the employees. The minimum cost that would be incurred by local government employers of \$0.01-\$0.13 per hour would be applied to a full time equivalent of 1920 productive hours. Please see attached table for calculations. Costs could be even greater if jurisdictions should elect not to pass on the other 50% cost to the employees. Estimated costs are based on the full FTEs below:

SPECIAL NOTE:

Because of newly obtained information from the WA State Transit Assn., the estimated number of FTEs in special districts has increased dramatically, thereby adjusting earlier estimates upwards by 8,500, necessitating a revision in this fiscal note.

Based on FTE data from the Association of Washington Cities, the AWC 2004 Salary Survey, and Actuarial tables from the State Actuary, the estimated the number of FTEs for local governments would be as follows:

Cities	35,431 FTEs
Counties	33,617 FTEs
Special Districts Total:	19,238FTEs
Ports	2,147
Fire Districts	2,956
Public Utility Districts	3,947
Water Districts	1,688
Transit Districts	8,500

Note: The above FTE estimates are likely lower than the actual total, due to omissions in data regarding: 1) the number of part-time and temporary hours (difficult to estimate), and 2) the number of FTEs in other types of special districts, including entities such as weed boards and diking districts.

The premiums would be assessed beginning October 1, 2005, or the 4th quarter of Calendar Year 2005. (Sec. 19 (1)).

SOURCES:

Assn. of WA Cities
Office of the State Actuary
WA State Transit Assn
LGFN Fiscal Note 5069 SB (2005 Session)

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

None

	Family Leave Insurance Premium Estimates																		
	FTEs	Productive hours	10/05-12/05	1/06-6/06	FY 06 Total	7/06-12/06	01/07-06/07	FY 07 Total	07/07-12/07	01/08-06/08	FY 08 Total	07/08-12/08	2009	FY 09	FY 10	FY 11			
Rate			\$0.010	\$0.010		\$0.010	\$0.011		\$0.011	\$0.013		\$0.013	\$0.013	\$0.013	\$0.013	\$0.013			
Cities	35,431	X 1920											884,358						
		X 960		340,138		340,138	374,151		374,151	442,179		442,179							
		X480	170,069											884,358	884,358	884,358			
					510,206			714,289			816,330								
Counties	33,617	X 1920											839,080						
		X 960		322,723		322,723	354,996		354,996	419,540		419,540							
		X480	161,362																
					484,085			677,719			774,536			839,080	839,080	839,080			
Special Districts	19,238	X 1920											480,180						
		X 960		184,685		184,685	203,153		203,153	240,090		240,090							
		X480	92,342																
					277,027			387,838			443,244			480,180	480,180	480,180			
					1,271,318						1,779,846						2,034,109		
																	2,203,619	2,203,619	2,203,619