

Multiple Agency Fiscal Note Summary

Bill Number: 6280 S SB	Title: Family leave insurance
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Estimated Cash Receipts

Agency Name	2007-09		2009-11		2011-13	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Labor and Industries	0	4,971	0	0	0	0
Total \$	0	4,971	0	0	0	0

Local Gov. Courts *						
Local Gov. Other **	Fiscal note not available					
Local Gov. Total						

Estimated Expenditures

Agency Name	2007-09			2009-11			2011-13		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Administrative Office of the Courts	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Labor and Industries	.6	0	170,000	3.9	0	838,000	5.2	0	1,044,000
Employment Security Department	16.0	0	6,126,000	43.8	0	70,785,000	41.3	0	87,606,000
Total	16.6	\$0	\$6,296,000	47.7	\$0	\$71,623,000	46.5	\$0	\$88,650,000

Local Gov. Courts *	Non-zero but indeterminate cost. Please see discussion.								
Local Gov. Other **	Fiscal note not available								
Local Gov. Total									

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Prepared by: Tammy Hay, OFM	Phone: 360-902-0553	Date Published: Preliminary 2/19/2008
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 20081

Judicial Impact Fiscal Note

Bill Number: 6280 S SB	Title: Family leave insurance	Agency: 055-Admin Office of the Courts
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND	FY 2008	FY 2009	2007-09	2009-11	2011-13
Counties					
Cities					
Total \$					

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.

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.

Legislative Contact:	Phone:	Date: 02/13/2008
Agency Preparation: Julia Appel	Phone: (360) 705-5229	Date: 02/14/2008
Agency Approval: Jeff Hall	Phone: 360-357-2131	Date: 02/14/2008
OFM Review: Garry Austin	Phone: 360-902-0564	Date: 02/14/2008

Part II: Narrative Explanation

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

The amendments to the substitute bill do not affect the following analysis.

Section 14 (2) Allows the department to file with the superior court clerk a warrant in the amount of the overpayment assessment plus a filing fee. The clerk must immediately designate a superior court cause number for the warrant. A copy of the warrant must be mailed to the person identified in the warrant by certified mail.

II. B - Cash Receipts Impact

II. C - Expenditures

There is no data available to determine how many overpayment warrants might be filed with the superior court clerk under section 14. Therefore, the fiscal impact is indeterminate but expected to be below \$50,000 annually.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Individual State Agency Fiscal Note

Bill Number: 6280 S SB	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 2008	FY 2009	2007-09	2009-11	2011-13
Supplemental Pension Account-Non-Appropriated 881-6		4,971	4,971		
Total \$		4,971	4,971		

Estimated Expenditures from:

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years	0.0	1.1	0.6	3.9	5.2
Fund					
Family Leave Insurance Account--State NEW-1	0	170,000	170,000	838,000	1,044,000
Total \$	0	170,000	170,000	838,000	1,044,000

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: 02/13/2008
Agency Preparation: Melody Porter	Phone: 360-902-4618	Date: 02/13/2008
Agency Approval: Chris P Freed	Phone: 360-902-6698	Date: 02/15/2008
OFM Review: John Shepherd	Phone: 360-902-0538	Date: 02/19/2008

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 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years		1.1	0.6	3.9	5.2
A-Salaries and Wages		51,000	51,000	315,000	424,000
B-Employee Benefits		17,000	17,000	105,000	142,000
C-Personal Service Contracts					
E-Goods and Services		87,000	87,000	359,000	415,000
G-Travel		5,000	5,000	32,000	54,000
J-Capital Outlays		10,000	10,000	27,000	9,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$0	\$170,000	\$170,000	\$838,000	\$1,044,000

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 2008	FY 2009	2007-09	2009-11	2011-13
Customer Service Specialist 2	32,688				1.8	2.0
Fiscal Analyst 2	40,524		0.1	0.1	0.1	0.2
Industrial Relations Agent 2	45,828				1.0	2.0
Industrial Relations Agent 3	49,368		1.0	0.5	1.0	1.0
Total FTE's			1.1	0.6	3.9	5.2

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.

See Attached

Part II: Explanation

This bill implements the Joint Legislative Task Force on Family Leave Insurance (FLI) recommendations and makes technical corrections to current law¹. The recommendations give the responsibility of administering the FLI program to the Employment Security Department (ESD), but require the Department of Labor and Industries (L&I) to enforce FLI benefits.

This version differs from SB 6820 as follows:

- Adds an additional limit to employment protection.
 - * Employee's worksites must be within seventy-five miles.
- Excludes employment protections if an employee was hired for a:
 - * Specific term or only to perform work on a discrete project.
 - * Employment term or project is over.
 - * Employer would not otherwise have continued to employ the employee.
- Section 7 (5) is no Section 7 (6).

SSB 6280 fiscal estimates do not change from the fiscal note on SB 6280.

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

Section 7: Amends current law² as follows:

- Limits employment protection to employers with more than 25 employees for:
 - Twenty or more workweeks.
 - In current or prior calendar year.
 - Within seventy-five miles of the employee's worksite.
- Excludes employment protection for employees provided by staffing companies and:
 - Work outside the staffing company.
 - Perform work under temporary conditions.
 - Perform work supervised by the organization to which assigned.
- Excludes employment protections if an employee was hired for a:
 - Specific term or only to perform work on a discrete project.

¹ RCW 49.86

² RCW 49.86.090

- Employment term or project is over.
 - Employer would not otherwise have continued to employ the employee.
- Gives responsibility for enforcement of this section to L&I.

Section 10: Allows the Director of the L&I to adopt rules.

Section 12: Requires L&I and ESD to agree to interagency start-up loan from Supplemental Pension Fund. Loan will implement Family Leave Insurance (FLI) Account. ESD will repay the loan, plus interest.

Section 15: Requires the commissioner to appoint a state advisory committee to assist in formulating policies and ensuring consistency with program intent and impartiality and freedom from political influence in the solution of issues.

II. B – Cash Receipt Impact

Start-up Loan

The Family Leave Insurance program will borrow money from the Supplemental Pension Fund (SPF - Account 881) starting in January 2008. The estimated loan amount is \$782,514. This loan is necessary to pay ESD's startup costs for the program.

ESD Estimated Expenditures	Jan-08	Feb-08	Mar-08	Apr-08	
Salary, Benefits and Goods & Services	\$15,804	\$72,914	\$95,761	\$60,267	
Contractor - PM		\$21,666	\$21,666	\$21,666	
Feasibility Study		\$21,666	\$21,666	\$21,666	
Facilities		\$8,000	\$8,000	\$8,000	
Equipment		\$32,000			
Systems Furniture			\$150,000		
Tenant Improvements			\$135,000		
Moving/GA				\$34,000	
Sub-Total	\$15,804	\$156,246	\$432,093	\$145,599	\$749,742
Administrative Services & Technology (est.)	\$691	\$6,830	\$18,887	\$6,364	\$32,772
Grand Total	\$16,495	\$163,076	\$450,980	\$151,963	\$782,514

The annual interest rate assumed is five percent. The total interest earned on April 30, 2008 is around \$5,000. This assumes ESD receives the money by the 15th of each month and the loan will be paid back on April 30, 2008. This also assumes ESD will receive their appropriation by April 30, 2008 for the Family Leave Insurance account.

INTEREST	Jan-08	Feb-08	Mar-08	Apr-08	Total
Principal including AS&T	\$ 16,495	\$ 163,076	\$ 450,980	\$ 151,963	\$ 782,514
Loan period	3.5	2.5	1.5	0.5	
Interest Rate Percentage	1.433%	1.022%	0.612%	0.203%	
Interest	\$ 236.41	\$ 1,666.05	\$ 2,758.83	\$ 309.24	\$ 4,970.53

II. C – Expenditures

This bill charges L&I with handling the complaints related to Family Leave Insurance. We expect complaints in two categories:

Denial of Family Leave

Based on labor statistics we assume there are approximately 200,000 employers in the state. We also assume that the majority of employers (98 percent) will comply with the law. At the two percent non-compliance rate, we expect 4,000 complaints will be filed. It is further assumed that 99 percent of these complaints will be resolved by the L&I agents and one percent (40 complaints) will result in litigation.

Job Discrimination

These complaints include loss of job or demotion when family leave is used. We expect the majority of these complaints will be generated from small businesses which make up approximately half (100,000) of the state's employers. Assuming a 98 percent compliance rate, we expect an additional 2,000 job discrimination related complaints related to denial of family leave and denial of employment after taking leave will be filed with the department. Consistent with the assumptions above, 99 percent of these will be resolved through L&I and one percent (20 complaints) will result in litigation.

To handle the expected workload of 6,000 (4,000 denial of family leave and 2,000 job discrimination) family leave complaints annually, we will need five FTEs:

One Industrial Relations Agent (IRA3) FTE will develop policies and rules, consult with the field staff, training, and outreach. This position will start July 1, 2008.

Two Industrial Relation Agent 2 (IRA2) FTEs will handle the expected 6,000 family leave complaints, annually. One position will start July 1, 2009 and the other July 1, 2011.

Two Customer Service Specialist 2 (CSS2) FTE to assist in complaint intake, document handling, and processing. One position will start July 1, 2009 and the other January 1, 2010.

Permanent and temporary FTE costs include salary and benefits, and the standard costs associated with a new FTE. These standard costs include:

- Leased office space.
- Work unit (desk, file cabinet, etc.) and furniture (if needed).
- Telephone and communication expenses.
- Training.
- Travel.
- Leased PC equipment.

We assume new FTEs require new leased office space. Costs are included, prorated on a per FTE basis, to cover tenant improvements necessary to lease more office space. Tenant improvements include:

- One-time expenditures for GA real estate and architectural fees.
- Phone and data wiring.
- Copy room and conference room equipment and furniture.
- Lunch and break room equipment.
- Staff moving costs.
- Security system.
- Other miscellaneous supplies.

These costs will be funded by the Family Leave Insurance Account.

Indirect Allocation Included In Cost Estimates

We include agency wide indirect cost estimates. Only our Administrative Services and Information Services programs receive indirect cost allocation.

Our methodology was updated and approved in the 2007-2009 Budget. The annual indirect rates for L&I include:

- 2.5% in Fiscal Year 2009.

The annual indirect cost is calculated on:

- Requested FTE salary and benefit costs.
- Standard costs associated with new FTEs.
- IT equipment is not included.

We convert the total indirect amount into salary and benefits for partial or full indirect FTEs. Salary and benefits costs are based on a Financial Analyst 3 (Range 50, Step G). The amount remaining after the salary and benefits are calculated is allocated in object E to provide goods and services for the indirect FTE(s).

The amount received for the indirect FTE(s) may not be enough to actually hire a new staff person. But, this indirect funding may be used instead to pay current staff for overtime or increasing the use of temporary and seasonal employees. .

Depending on the agency's needs, examples of activities provided in Administrative Services and Information Services include:

- Vendor payment and payroll processing.
- Equipment purchase, delivery, inventory, storage and set-up.
- Technical support to employees.
- Desk-top and network support.
- Internal IT systems support.
- Contract and purchasing services.
- Legislative and Public Affairs.
- Library services and public disclosure.
- Personnel and employee services.
- Budget and Accounting.
- Facilities management

The amount included in this fiscal note for indirect is:

Fund Name, Fund #	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Family Leave	0	3,000	6,000	7,000	9,000	9,000
Insurance						

Increased Appeals

The calculation of costs is based on the following assumptions:

- We will receive 6,000 family leave complaints each year beginning in Fiscal Year 2010.
- From complaints one percent will result in citations (60 in the first year).
- From citations 12 percent will result in an appeal to OAH (Seven appeals in the first year).

- Appeals will increase by eight percent each year (in direct proportion to estimated claim volumes).
- Each appeal will cost \$2,500 (consistent with other appeals from Employment Standards citations).
- Court Reporter will cost \$1,000 per day, with each appeal lasting one day (based on our experience with appeals from Employment Standards citations).
- An Assistant Attorney General can handle 25 appeals per year.

YEAR	Fiscal Year	Estimated Number of Appeals	Estimated Appeal Costs	Estimated Court Reporter Costs	Total Estimated Appeal Costs	Estimated AAG FTE	Estimated AAG Costs
1 st Year	FY 2009	0	0	0	0	0	0
2 nd Year	FY 2010	7	\$17,500	\$7,000	\$24,500	0.28	\$75,536
3 rd Year	FY 2011	8	\$20,000	\$8,000	\$28,000	0.32	\$86,327
4 th Year	FY 2012	8	\$20,000	\$8,000	\$28,000	0.32	\$86,327
5 th Year	FY 2013	9	\$22,500	\$9,000	\$31,500	0.36	\$97,118

IT Impacts

There will be the need for additional automated letters and management reports. The development and maintenance of these letters and reports will require 200 hours of computer programming. Current staff will absorb this work.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Rule making is required to enforce the leave and employment protection provisions. We estimate the need to conduct six public hearings and the printing and mailing of information to workers and employers.

We estimate the cost 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).

Individual State Agency Fiscal Note

Bill Number: 6280 S SB	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 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years	5.0	27.0	16.0	43.8	41.3
Fund					
Family Leave Insurance Account-Federal 14F-2	1,251,000	4,875,000	6,126,000	13,585,000	11,606,000
Family Leave Insurance Account-Non-Appropriated 14F-6	0	0	0	57,200,000	76,000,000
Total \$	1,251,000	4,875,000	6,126,000	70,785,000	87,606,000

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: 02/13/2008
Agency Preparation: Candria Rauser	Phone: 360-902-9564	Date: 02/13/2008
Agency Approval: Randi Warick	Phone: 360-902-9423	Date: 02/15/2008
OFM Review: Tammy Hay	Phone: 360-902-0553	Date: 02/18/2008

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 Attachment

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 Attachment

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 Attachment

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years	5.0	27.0	16.0	43.8	41.3
A-Salaries and Wages	323,000	1,810,000	2,133,000	4,790,000	4,277,000
B-Employee Benefits	98,000	549,000	647,000	1,453,000	1,295,000
C-Personal Service Contracts					
E-Goods and Services	829,000	2,509,000	3,338,000	7,337,000	6,050,000
G-Travel	1,000	7,000	8,000	5,000	(16,000)
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services				57,200,000	76,000,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$1,251,000	\$4,875,000	\$6,126,000	\$70,785,000	\$87,606,000

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 2008	FY 2009	2007-09	2009-11	2011-13
Administrative Assistant 4	47,220	0.3	1.0	0.6	0.2	
Administrative Assistant 5	52,104		0.1	0.0	0.1	0.1
Communications Consultant 5	63,388		0.8	0.4	1.0	1.0
Deputy Assistant Commissioner	85,000	0.5	1.0	0.8	1.3	1.0
ES Program Coordinator 2	52,104		0.3	0.1	1.7	2.1
ES Program Coordinator 3	57,504	1.5	6.9	4.2	1.2	0.2
ES Tax Specialist 3	48,396				2.5	2.9
Fiscal Analyst 2	57,504				0.7	0.8
Indirect FTEs		0.6	2.8	1.7	3.7	3.0
Information Technology Specialist 3	57,504				0.0	0.0
ITS 4	63,468	0.5	8.3	4.4	6.0	2.8
ITS 6	77,352	0.5	2.0	1.3	1.5	1.0
OA 3	32,808	0.1	0.1	0.1	1.0	1.1
Office Asstant 2	30,564				3.3	3.8
Research Investigator 3	68,388					0.2
Review Law Judge	83,316				0.1	0.1
Secretary Senior	34,356				1.0	1.0
UI Specialist 3	44,928				11.3	13.6
UIS 4	49,572				1.3	1.5
UIS 5	52,104				3.3	3.5
UIS 6	54,744				1.0	1.0
WMS 2	60,000	0.9	3.3	2.1	0.9	
WMS 3	70,000	0.2	0.6	0.4	1.0	1.0
Total FTE's		5.0	27.0	16.0	43.8	41.4

Part IV: Capital Budget Impact

See Attachment

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 Estimate

Bill Number: E2SSB 5659 / SSB 6280	Title: Family Leave Insurance	Agency: 540 Employment Security Department
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Part I: Estimates

Estimated Cash Receipts:

Cash receipts are not displayed since, without a defined source, it is not known whether the revenue will be new or currently-collected revenue.

Estimated Expenditures:

	FY08	FY09	2007-09	2009-11	2011-13
FTE Staff Years	5.0	27.0	16.0	43.8	41.3
Fund					
Family Leave Non-Appropriated	\$0	\$0	\$0	\$57,200,000	\$76,000,000
Family Leave - State	\$1,251,000	\$4,875,000	\$6,126,000	\$13,585,000	\$11,606,000
Total \$	\$1,251,000	\$4,875,000	\$6,126,000	\$70,785,000	\$87,606,000

Part II: Narrative Explanation

Chapter 357, 2007 Laws, (E2SSB 5659), established a Family Leave Insurance program that allows eligible employed applicants to bond with new biological or adopted children by providing temporary supplementary income. It is designed to complement state and federal family leave laws.

The benefit provides a maximum of \$250 per week, for up to five weeks, for applicants employed thirty-five hours or more each week. There is a waiting period of seven calendar days during which benefits are not payable. The legislation provides employment protection for applicants working for an employer with 25 or more employees, requiring that an applicant applying and receiving Family Leave Insurance must be restored to a position of employment with the employer at the established ending date of the leave.

The Employment Security Department's (ESD) cost estimates are based on a variety of assumptions. Because this program has never been implemented in Washington, and because there are a number of variables that could materialize in reality differently than assumed for cost-estimating purposes, the figures provided here are not definitive.

Six-year costs are displayed for the period Fiscal Year 2008 through Fiscal Year 2013 to display start-up as well as operating expenditures. However, it is expected that the program will continue to mature for two years beyond that – through Fiscal Year 2015 – and the increasing growth will be accompanied by increasing administrative costs as well.

SSB 6280 makes ESD the operating Department for the family leave program. Below is a summarization of the Sections of this proposed legislation:

Section 1: Alters the definition of commissioner and Department to mean the Employment Security Commissioner and Department.

The substitute defines “application year” as the 12 month period beginning on the date of birth or placement of the child. It also clarifies that an alternate qualifying year is only utilized if eligibility is not established by using the qualifying year.

Section 2: Removes Employment Security and just says Department in regards to information sharing and disclosure of information or records.

Section 3: Eliminates the requirement for weekly filing by applicants. Replaces ESD Commissioner for Labor and Industries (L&I) Director for rulemaking and provides broader rulemaking authority for filing claims. Removes Employment Security and just says Department in regards to disclosure of information or records. Removes requirement that the applicant must document that the employer has been given notice that family leave will be taken and substitutes this requirement by stating the applicant can attest such notice has been given.

The substitute requires a claim to be filed within six weeks beginning on the first day of the calendar week in which the individual is on leave. This section also requires individuals to provide employers with written notice of their intention to take leave and to attest they have satisfied this requirement.

Section 4: Replaces ESD with L&I Director on authority to waive repayment in cases of overpayment where recovery would be against equity and good conscience.

The substitute provides that payments must be made semi-monthly compared to bi-weekly.

Section 5 and 6: Eliminates the requirement that the Department offer the option of deducting Internal Revenue Service (IRS) payments on benefits in the event the IRS rules that family leave benefits are taxable.

Section 7: Refines the definition of employer with more than 25 employees to state how the employee level is calculated to determine when an employer must restore a worker to a job. It exempts temporary staffing workers from the requirement of returning the worker to a job. Provides enforcement authority for this function to L&I.

The substitute adds that employers who are subject to job restoration provisions must have more than 25 employees within 75 miles of the worksite (in addition to the workweek requirement). It also states job restoration provisions do not apply to employees who were hired for a specific term or to perform work on a discrete project, the term or project is over, and the employer would not otherwise have continued to employ the employee.

Section 8: Replaces the ESD Commissioner with the L&I Director in section regarding individuals or organizations that can opt in to family leave insurance.

Section 9: Replaces ESD Commissioner with L&I Director in section regarding family leave insurance appeals.

***Section 10:** Provides that ESD Commissioner may adopt rules to implement the chapter and that L&I Director may develop rules to enforce the employment standards requirements.

Section 11: Replaces the ESD Commissioner with the L&I Director in section regarding authorizing expenditures from the family leave account.

Section 12: Provides that lending from the supplemental pension fund for the family leave insurance account may take place July 1, 2008 rather than July 1, 2009. This section provides that L&I must enter into an interagency agreement with ESD for the loan. Instead of requiring a proportionate share of earnings from the loan ESD is required to repay the loan with interest. It eliminates the requirement that the loan be repaid in two years.

Section 13: Expands required reporting elements for reports beginning in 2010 to include benefits paid, program participation information, and cost of providing benefits.

***Section 14:** Provides collection tools for cases of overpayments and fraud including warrants, liens, and garnishments.

***Section 15:** Directs the Commissioner to establish a state advisory committee.

***Section 16:** Directs the Department to conduct a study on the effects of the family leave insurance program on unemployment insurance system and options for mitigating any impacts. A report is due to the legislative committees by December 1, 2011.

Section 17: Provides that unemployment insurance benefits paid to workers hired to replace workers on leave will not be charged to employer accounts effective for claims with an effective date on or after October 4, 2009.

Section 18: State severability clause

Section 19: Federal severability clause

Section 20: Effective date July 1, 2008 for sections 1-10, 13, and 14.

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

ESTABLISHMENT OF THE FAMILY LEAVE INSURANCE PROGRAM

Section 4, (of E2SSB 5659):

Section 2, (of SSB 6280):

Established the Family Leave Insurance Program and provides that the Department will:

- Establish and administer a Family Leave Insurance Program effective October 1, 2009.
- Pay insurance benefits to eligible employed applicants to bond with a new biological or adopted child.
- Establish procedures and forms for filing claims.
- Notify an employer within five business days of a claim being filed.
- Share information with ESD, subject to applicant consent.
- Execute a multi-lingual outreach program in English and other primary languages [as defined in RCW 74.04.025] to notify prospective applicants of the program benefits.
- Protect confidential applicant information. *[Information in the files and records pertaining to an individual are confidential and not open to public inspection, other than to public employees in the performance of their duties; the applicant or an authorized representative, and the employer or the employer's representative in connection with a pending claim. The Department has discretionary authority to allow other persons to review records when assisting the Department during proceedings on any matter pertaining to the administration of this statute.]*

ELIGIBILITY FOR BENEFITS

Section 5, (of E2SSB 5659):

Provided that an employed new parent is eligible for benefits if he or she:

- E2SSB 5659 required the employed new parent to file a weekly claim for benefits, under rules established by the Department.
- Has been employed at least 680 hours during the qualifying year.
- Establishes an application year.
- Consents to disclosure of information deemed confidential under the statute controlling privacy of records maintained by ESD. *(This provision foresees disclosure by ESD to L&I with the assumption that L&I may administer the family leave program.)*
- Discloses child support obligations.
- Documents notice of intention to take family leave to his or her employer [as required in RCW 49.72.250].

Section 3, (of SSB 6280):

SSB 6280 eliminates the requirement for weekly filing by applicants, and allows for self certification of employer notification that family leave be taken. This change will reduce the Department's operating costs by having the applicant identify up-front how long leave will be and requires that the applicant notify the Department if there are changes. (This is consistent with the California paid family leave program.) This will simplify the eligibility process. A savings is achieved by reducing application processing, scanning and question calls.

SSB 6280 (section 1) also defines the application year and clarifies the qualifying year.

DISQUALIFICATION FROM BENEFITS

Section 6, (of E2SSB 5659):

Disqualified an individual from receiving benefits for one year after misrepresenting facts to obtain Family Leave Insurance benefits.

DURATION OF BENEFITS

Section 7, (of E2SSB 5659):

Section 4, (of SSB 6280):

Defined maximum benefit payment and timing of payments as follows:

- Limits duration of benefits to five weeks in an application year.
- Creates a one-week waiting period before benefits become payable.
- Requires first payment within two weeks of the later of claim filing or leave beginning.
- E2SSB 5659 required subsequent payments semi-monthly. (*Claims are certified weekly.*)

SSB 6280 amends the payment requirement from semi-monthly to bi-weekly. Changing payments to bi-weekly payments rather than semi-monthly does not change the Department's original estimate of three checks per participant.

- Requires applicants to repay benefits if a timely appeal is filed with a decision that the payment was improper, and recoupment may be made from future payment due to the individual.
- Allows the Commissioner of the Department discretion to waive repayment in whole or in part where the recovery would be against equity and good conscience.
- Directs the Department to distribute payments of a deceased applicant according to a will or RCW 11.04.015.

AMOUNT OF BENEFITS

Section 8, (of E2SSB 5659):

Section 5, (of SSB 6280):

Defined determination of benefit level:

- \$250 per week for applicants regularly working 35 or more hours per week at the time of beginning family leave.
- An hourly rate equal to 0.025 times the maximum weekly benefit for applicants who were working more than 35 hours per week who take between eight and 35 hours family leave in a week.
- A prorated amount for applicants regularly working fewer than 35 hours per week.
- If an individual is eligible for benefits and discloses unpaid child support obligations, the Department may withhold an amount from benefits consistent with RCW 50.40.050 (*child support obligations' statutes*).

AMOUNT OF BENEFITS (continued)

- E2SSB 5659 states that the applicant can elect to have federal income tax withheld by the Department, if the Internal Revenue Service determines that benefits under this program are subject to federal tax.

SSB 6280 eliminates the requirement that the Department offer the option of deducting Internal Revenue Service (IRS) payments on benefits in the event the IRS rules that family leave benefits are taxable. This change will reduce programming.

Section 17, (of SSB 6280):

Provides that unemployment insurance benefits paid to workers hired to replace workers on leave will not be charged to employer accounts effective for claims with an effective date on or after October 4, 2009.

FEDERAL INCOME TAX

Section 9, (of E2SSB 5659):

Section 6, (of SSB 6280):

E2SSB 5659 required the Department to advise an individual that: benefits are subject to federal income tax (*if determined by the Internal Revenue Service*); they may elect to have federal withholding tax deducted from the benefits; and they are permitted to change a previously elected withholding status. The Department must follow Internal Revenue Service procedures for deducting and withholding of income tax.

SSB 6280 eliminates the requirement that the Department offer the option of deducting Internal Revenue Service (IRS) payments on benefits in the event the IRS rules that family leave benefits are taxable. This change will reduce programming.

ADJUSTMENT TO BENEFITS

Section 10, (of E2SSB 5659):

Section 14, (of SSB 6280):

E2SSB 5659 required that an applicant who receives benefits to which he or she is not entitled due to error, willful misrepresentation, or rejection of claim after benefits are paid, the Department shall seek repayment and penalize the applicant as required by RCW 51.32.240. Appeals are governed by Section 14 of the legislation.

SSB 6280 provides collection tools for cases of overpayments and fraud, which includes warrants, liens, and garnishments. This will increase the tools available to the Department to use in collection and fraud activities. The Department is unable to estimate a savings for this, the same number of staff will be required to perform collection and fraud activities.

EMPLOYMENT BY SAME EMPLOYER

Section 12, (of E2SSB 5659):

Provided that, if spouses or people involved in a legal relationship governed by Title 26 RCW (*domestic relations' statutes*) work for the same employer, the employer may elect not to allow them to take concurrent family leave.

ELECTIVE COVERAGE

Section 13, (of E2SSB 5659):

Section 8, (of SSB 6280):

E2SSB 5659 Established elective coverage. Allows an employer or self-employed person not covered by this statute to:

- Elect coverage.
- Commit for a required initial three-year period and subsequent one-year periods.
- Notify the Department of the coverage decision.
- Withdraw within 30 days after the end of the three-year period and potentially at other times, as allowed by rule.
- Notify employees of withdrawal within five days of filing notice.

SSB 6280 Replaces the ESD Commissioner with the L&I Director in section regarding individuals or organizations that can opt in to family leave insurance.

APPEALS

Section 14, (of E2SSB 5659):

Section 9, (of SSB 6280):

E2SSB 5659 provided an appeal process and defined the following rights of appeal for persons aggrieved by the Department's decisions:

- An Administrative Procedure Act hearing with an Administrative Law Judge (ALJ) upon notice of appeal within 30 days after communication of an adverse departmental decision.
- Review by the Commissioner upon petition within 30 days after communication of the ALJ decision, with the possibility that the director may order additional evidence by the ALJ.
- The Commissioner may set aside the decision based on evidence presented to the ALJ and additional evidence.
- The Commissioner's decision is final and not subject to further appeal except upon petition for judicial review within 30 days after communication of the Commissioner's decision.
- Allows an ALJ or court to award reasonable attorney fees and costs to the prevailing party when a decision of the Department is reversed or modified.
- Attorney fees and costs owed by the Department are payable from the Family Leave Insurance Account.

SSB 6280 replaces the ESD Commissioner with the L&I Director in section regarding family leave insurance appeals.

PROHIBITED ACTS

Section 15, (of E2SSB 5659): Prohibited discriminatory or retaliatory acts against a person who has filed or communicated to the employer an intent to file a claim, complaint or appeal, has testified or is about to testify, or has assisted with any proceeding related to family and medical leave insurance, including during the waiting period.

COORDINATION OF LEAVE

Section 16, (of E2SSB 5659): Provided that family leave:

- Must be taken concurrently with any leave taken under the federal family and medical leave act of 1993.
- May be required by an employer to run concurrently with leave allowed under a collective bargaining agreement or an employer policy.
- Does not diminish an employer's obligation to comply with terms of a collective bargaining agreement or employer policy that provides greater leave for the birth or placement of a child.
- May not be diminished by a collective bargaining agreement adopted after the effective date of this section.
- Is not a right waivable by an employee.

RULES

Section 18, (of E2SSB 5659):

Section 10, (of SSB 6280):

E2SSB 5659 authorized the adoption of rules necessary to implement this legislation, provided they are consistent with the rules adopted to implement the federal family and medical leave act of 1993, to the extent the federal rules are not in conflict with the provisions of this legislation.

SSB 6280 provides that the ESD Commissioner may adopt rules to implement the chapter and that the L&I Director may develop rules to enforce the employment standards requirements.

ACCOUNT

Section 19, (of E2SSB 5659):

Section 11, (of SSB 6280):

E2SSB 5659 established the Family Leave Insurance account in the custody of the State Treasurer. Expenditures may be used only for the purpose of the Family Leave Insurance program and may be authorized only by the director of L&I or the director's designee.

SSB 6280 replaces the ESD Commissioner with the L&I Director in section regarding authorizing expenditures from the family leave account.

LOANS

Section 22, (of E2SSB 5659):

Section 12, (of SSB 6280):

E2SSB 5659 authorized the director of Labor and Industries to lend funds from time to time from the supplemental pension fund to the Family Leave Insurance account prior to July 1, 2009, if necessary for administration. The loan must be repaid within two years of the date of the loan including the proportionate share of earnings from pension fund investments.

SSB 6280 provides that lending from the supplemental pension fund for the family leave insurance account may take place July 1, 2008 rather than July 1, 2009. This section provides that the L&I must enter into an interagency agreement with the ESD for the loan. Instead of requiring a proportionate share of earnings from the loan ESD is required to repay the loan with interest. It eliminates the requirement that the loan be repaid in two years.

Section 23, (of E2SSB 5659):

Amended RCW 51.44.033 to allow loans from the supplemental pension fund to the Family Leave Insurance account.

AUTHORITY TO CONTRACT

Section 24, (of E2SSB 5659):

Authorized the Department of Labor and Industries to contract or enter into interagency agreements with other state agencies for the initial administration of the Family Leave Insurance program. This section expires October 1, 2011.

APPROPRIATION

Section 25, (of E2SSB 5659):

Appropriated \$18 million from the Family Leave Insurance account for the biennium ending June 30, 2009 to L&I for initial administration of the Family Leave Insurance program.

REPORTS TO THE LEGISLATURE

Section 26, (of E2SSB 5659):

Section 13, (of SSB 6280):

E2SSB 5659 required an annual report to the legislature on program participation, premium rates, fund balances and outreach efforts, beginning September 1, 2010.

SSB 6280 expands required reporting elements for reports beginning in 2010 to include benefits paid, program participation information, and cost of providing benefits.

EFFECTIVE DATES

Section 30, (of E2SSB 5659): Declared the effective date of the legislation as July 1, 2008.

Section 20, (of SSB 6280): Effective date **July 1, 2008** for sections 1-10, 13, and 14.

STATE ADVISORY COMMITTEE

Section 15, (of SSB 6280): Directs the Commissioner to establish a state advisory committee.

IMPACT STUDY

Section 15, (of SSB 6280):

Directs the Department to conduct a study on the effects of the family leave insurance program on the unemployment insurance system, and provide options for mitigating any impacts. A report is due to the legislative committees by December 1, 2011.

Section 18 and 19, (of SSB 6280): Contain the State and Federal severability clauses.

II.B – Cash Receipt Impact

The source of revenue for this program is not yet determined. Cash receipts are not shown since, without a defined source, it is not known whether the revenue will be new or currently-collected revenue.

II.C – Expenditures

The Family Leave Insurance Program will administer claims and pay benefits from the premiums collected and deposited into the Family Leave Insurance account. The account is subject to allotment procedures. An appropriation is required for administration expenses, but not for benefit payments which are non-appropriated.

II.C.1 Benefit Cost

This legislation established a Family Leave Insurance program that allows eligible employed applicants to bond with new biological or adopted children by providing temporary supplementary income. The benefit which will begin on October 1, 2009 provides a maximum of \$250 per week, for up to five weeks, for applicants employed thirty-five hours or more each week. There is a waiting period of seven calendar days during which benefits are not payable.

The Department collaborated with Labor and Industries (L&I) to develop the estimated caseload for the Family Leave Insurance Program. The estimate for the amount of applicants was primarily based on California to build assumptions about claim volumes. The Department used the following assumptions related to benefit costs:

Item	Assumption
Average duration of family leave for claims filed by <u>female</u> parents	4.6 weeks ¹
Average duration of family leave for claims filed by <u>male</u> parents	3.7 weeks
Average number of weeks eligible recipients will claim	4.21 weeks
Average weekly benefit	\$242.32
Eligible and qualified applicants	74,925
Take up rate – annual increase	8 percent ²

¹ Claim duration benefits were based on California's weekly duration data, with the benefit limited to the 5 week Washington family leave insurance program. The estimated claim benefit costs assume no inflationary change in benefits, consistent with OFM policy for fiscal note development.

² Eight percent is the growth rate anticipated per year growth in program participation each of the first six years. The take up rate increases 8 percent per year from a first year rate of 68.058 percent.

Estimated Claims Volumes, Claims Counts and Claims Benefit Costs³

Below are the estimates for the claims and benefit payouts:

	2009	2010	2011	2012	2013
Births		69,331	94,114	95,705	97,380
Claim Counts		19,275	27,700	29,900	32,200
Percentage of Parents using the Program ⁴		27%	29%	31%	33%
Benefit Outlays		\$23.5 M	\$33.7 M	\$36.6 M	\$39.4 M
Benefit Processing	\$29 K	\$1.8 M	\$2.0 M	\$2.1 M	\$2.2 M
TOTAL BENEFIT COST	\$29 K	\$25.3M	\$35.7M	\$38.7 M	\$41.6 M

Claims handling and document management

Application process: Operationally, it is expected applicants would have the ability to file family-leave claims in two ways: over the internet and by paper. Applications could be submitted by mail, FAX (or e-mail), or through ESD's online filing system. Paper forms will need to be scanned with optical character recognition (OCR) software into a database to create an applicant record. The Department will not receive claims over the telephone due to the inefficiencies, which would add 15 minutes per claim to the processing time.

Once information is available in the Department's database, the claims taker will review the applicant's information and enter key data elements into a server-based functional graphical user interface (GUI) system, which will set up the family-leave claim. The application will also request that the applicant provide a preferred time for a call back as well as a telephone number.

A language line will be required to assist applicants who do not speak English. Telecommunication costs include SCAN and 1-800 access for inbound and outbound calls. This cost will increase over a five-year period based on increasing numbers of applicants. It is assumed that 25 percent of intake agents are bilingual.

³ Not included in the claims count are an additional twelve percent of claims which are assumed to be denied and therefore, not counted in the caseload assumptions throughout the documents.

⁴ These percentages represent total births in the state; a number of parents may not meet eligibility requirements (for example, a mother who has not been employed in the past year) and therefore, would not be eligible to receive family leave insurance benefits.

Claims handling and document management (continued)

Monetary determination: The claims taker will review the applicant's base-year wages/hours or initiate a request for wages/hours data from other state, federal or military employers if applicable. The system will issue a monetary determination to be mailed to the applicant. The monetary determination will display wages/hours for the base period (*qualifying year*) and calculate the average number of hours-per-workweek that an individual worked in the highest two quarters of wages. The monetary determination will provide estimated weekly benefit amounts for various leave amounts taken. If federal, military, or out-of-state wages have been requested, a preliminary monetary determination will inform the applicant that wages/hours have been requested. A final monetary determination will be issued after requested wages/hours have been reported. Monetary determinations must also state why an applicant is not eligible, if applicable, and provide appeal rights and appeal instructions. Applicants have a right to request corrections to wages/hours and can appeal a monetary denial (*e.g., fewer than 680 hours worked during qualifying year*).

Notice to the employer: Notice will be generated from the entered application and mailed to the employer.

Presentation of Benefit Rights (PBR): In order to maximize efficiency, outbound calls to applicants will be scheduled via the application review. Claims takers will call the applicant and provide semi-weekly claiming instructions and review applicants' rights and responsibilities. This should reduce the number of inbound question calls received by the Department, and evenly distribute weekly workload. Applicant instructions will be mailed as well. If a applicant is not available at the time of the call, he or she will be instructed to read the mailed materials and call for questions.

Non-monetary eligibility decisions: In some cases, an adjudicator must conduct fact-finding with the applicant and issue a non-monetary eligibility decision. (Examples: a grandparent who is caring for a child, care of foster child, reporting requirements.) The decision will be written with a template-based system and have a simple "check the block" or "paragraph insert" functionality. The decision must be mailed to the applicant and provide appeal rights and instructions. The adjudicator must be able to stop payment of benefits for any denial period. Denials can include overpayments of benefits or fraud which incurs additional penalties. A request for waiver for overpaid benefits will automatically be mailed to the applicant under specific circumstances. Decisions regarding allowance or denial of waiver will be written and mailed to the applicant. It is assumed that 15 percent of applications will result on a non-monetary decision.

Claims handling and document management (continued)

Certifications: It is assumed that claims will be able to be made via IVR (telephone), the internet, or by mail. IVR and internet claims will process into the payment system automatically. The Department will strive to enter paper claims with optical character recognition (OCR) technology; however these documents will need to be reviewed for accuracy and, in some cases, may need to be entered manually.

Applicants will be required to file claims to certify their “inability to perform regular or customary work due to bonding with biological or adoptive child,” as well as certify the number of hours-per-week of family leave being claimed. The first seven calendar days of family leave taken in an application year are not payable and are considered the waiting period. The maximum number of weeks that benefits are payable during an application year is five. If the applicant chooses to file using the IVR or the Internet he or she will receive a benefit check and the Department will assume the individual will continue to file this way. If the applicant files using a paper claims form, the applicant will receive, along with the benefit check, a new claims form to fill out for the following week.

Benefit payments: Hard checks will be issued and mailed to applicants the day after the claim is entered into the system. Direct-deposit transactions will occur the day after the claim is entered into the system (if claimants are paid weekly rather than bi-monthly). Payments will be based on the number of leave hours on certification. Payments will be automatically reduced for the following reasons: Overpayment offset, or Office of Support Enforcement reduction.

II.C.2 Family Leave Insurance Program Implementation

Below is a summary of the major categories of start-up and ongoing costs. The remainder of the document contains more detailed descriptions of the methodology used, and the cost estimates for the various components.

Start-up Costs (\$ in thousands)	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Benefits						
Appeals						
Fraud/Collections						
Program Implementation & Admin						
Family-leave program planning staff	203	714	311			
UI staff assistance	55	102	28			
Rulemaking & policy		238				
One-time printing		44				
Start-up communications and outreach	49	172	671			
One-time facilities' costs	559					
Indirect-cost allocation	66	298	228	14		
IT Systems						
IT staff (dev., testing, warehouse)	110	1,089	1,089	102		
IT contract proj. mgr & QA consultant	209	798	1,655			
IT equipment		1,139				
Totals:	\$1,251	\$4,594	\$3,982	\$116	\$0	\$0

Ongoing Costs (\$ in thousands)	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Benefits						
Claims handling and document mgmt.		29	1,685	1,832	1,945	2,065
Phones and language lines			131	143	157	172
Appeals						
Attorneys' fees			696	779	868	960
Fraud/Collections						
Investigations and collections			140	142	154	166
Program Implementation & Admin						
Communications and outreach			25	348	348	348
Printing and mailing		7	521	480	511	543
Treasury			36	44	44	44
Rent and utilities		233	233	233	233	233
Advisory Committee		8	8	8	8	8
Indirect-cost allocation		4	235	321	317	335
IT Systems						
IT staff (on-going maintenance)				404	404	404
IT fraud detection, collection				267	267	267
IT equipment maintenance			376	376	376	376
Data sharing and transactions			12	12	12	12
Family Leave Study					29	
Totals:	\$0	\$281	\$4,098	\$5,389	\$5,673	\$5,933

Total ESD Costs (\$ in thousands)	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Start-up (all years = \$10 million)	\$1,251	\$4,594	\$3,982	\$116		
Ongoing		281	4,098	5,389	5,673	5,933
Totals:	\$1,251	\$4,875	\$8,080	\$5,505	\$5,673	\$5,933

Total Labor & Industries* (\$ in thousands)	FY 2008	FY 09	FY 10	FY 11	FY 12	FY 13
Enforcement of Employment Standards	\$0	\$71	\$453	\$420	\$527	\$522

* These estimates are from L&I's fiscal note and are not included in ESD's fiscal note total.

II.C.3 Family Leave Insurance

The key components for program implementation include project team, one time facilities and initial outreach, information technology staffing and equipment as well as agency indirect costs.

(a) Program planning and preparation staff

Program development staff would be hired at the beginning of the project and work full-time until implementation. Training staff would be added toward the end of the planning period and work until program launch.

Program planning staff assumptions:

- Project manager - exempt
- Assistant project manager
- Documentation specialist - maintain the budget, project schedule, and document work products
- Three business analysts and one policy analyst - define and document the work flows of the new processes; document the business requirements for the information technology solutions; work with IT staff on validating the technical design; and work with IT staff to test the IT solutions prior to production; identify policy and procedure issues and concerns; and assist with writing business procedures for the operational unit. Once these resources are hired, they would work full-time until implementation.
- Administrative assistant –general support and administration to the program.
- Training staff.

Training assumptions:

- It is assumed one trainer would be hired in April 2009 and would remain through October 31, 2009.
- The following areas would require staff training: initial claims, continued claims, question calls, adjudication, and appeals; aspects of the law; business processes and technology necessary to implement the law.
- All program staff would receive training on the law and the process of reviewing applications.
- Support staff would handle appeals.
- Eleven maximum trainees per session.
- Basic training session would be three days; adjudication training would require one additional day. Training for appeals would take two hours.

(a) Program planning and preparation staff (continued)

TeleCenter staff training assumptions:

- Implementation of the Family Leave Insurance program would have consequences for the existing Unemployment Insurance program.
- There will be two-hour Family Leave Insurance training sessions for adjudicators in the TeleCenters.
- A limited two-hour training session will be necessary for adjudicators in the TeleCenters on the topic of whether it would be a voluntary quit or discharge should a Family Leave applicant not retain his or her job following the leave.
- Four days of adjudicator training would be required (two days in each TeleCenter with one trainer).
- Training of UI staff on the impacts to UI laws of Family Leave legislation is a legitimate UI expense and would not be budgeted as part of Family Leave implementation.

One-time fiscal impact of program planning and preparation staff:

	FY 2008	FY 2009	FY 2010	3-Year Total
FTEs	2.2	8.3	3.6	
Total Costs	\$203,000	\$714,000	\$311,000	\$1,228,000

(b) Unemployment insurance implementation staff

Beginning in January of 2008, experienced program staff will be needed to help with implementation of this legislation. Because these staff members are currently employed in the unemployment-insurance (UI) program, and must keep their time and charges separate for the purpose of complying with dedicated federal fund requirements, these staff-hours are displayed separately. The staff will aid in completing assignments and attend work sessions and update meetings. It is estimated that each FTE will spend three hours per week in work sessions and updates; 20 hours per year in FY08, 40 hours per year in FY09, and 10 hours per year in FY10 for assignments.

The following positions would spend a small portion of time implementing this program:

- 1 WMS3
- 1 WMS2
- 1 Employment Security Program Coordinator 3 (ESPC3)
- 1 Office Assistant 3 (OA3)

One-time fiscal impact of UI staff assistance:

	FY 2008	FY 2009	FY 2010	3-Year Total
FTEs	0.6	1.1	0.3	
Total Costs	\$55,000	\$102,000	\$28,000	\$185,000

(c) Rulemaking & Policy

This legislation would require major rulemaking efforts. One full-time Washington Management Service (WMS) 2 would be needed to lead rulemaking activities including communicating with stakeholders, holding six hearings, drafting rules, and coordinating review and approval. Travel would be required. In addition, costs for a court reporter and for transcriptions of each hearing would be needed.

Beginning in January of 2009, staff will be needed to analyze, design, develop and publish policies, procedures, forms, booklets, laws and rules. These staff members will also work on business design and system testing.

- 3 ESPC3 for 6 months
- 1 WMS3 for 6 months

One-time fiscal impact of rulemaking and policy:

	FY08	FY09	FY10	3-Year Total
FTEs	0.0	2.6	0.0	
Total Costs	\$0	\$238,000	\$0	\$238,000

(d) One-time printing

It is assumed that there will be initial mailings to active Washington state employers, informing them of the new Family Leave Insurance program. This mailing would occur after January 2009 and is expected to cost approximately \$44,000.

II.C.3. Information Technology (IT) systems-development costs:

ESD estimates approximately 60,000 hours of development effort will be needed to build and implement a system to accept claims, process verifications and pay program benefits to Family Leave Insurance applicants. The development effort would use both contractors and ESD development staff. The target completion date for the system is October 1, 2009 – including time for final beta testing and implementation by the legislatively-required start date for benefit payments to Family Leave Insurance applicants. The work must begin January 1, 2008. Even with this start date, there is a high risk the work effort could not be completed on time. The project plan allows for 10.25 IT FTEs to work exclusively on development during the project phase. Ongoing support of the applications would require 3.75 IT FTEs for application and hardware support after implementation. The project would utilize contractors for overall project management and to supplement ESD staff.

Implementation details:

- The scope of the benefit payment system proposed excludes a medical claim component. The system scope is limited to claims processing, benefit determination, payments, and fraud detection/collections.
- The business model used by ESD to implement the program will be based partially on the California Family Leave Program. In California, applicants submit an application form and specific documents identified on the form. Upon receipt of the application, the information is scanned into a database to create an applicant record using optical character recognition (OCR) software. Verification of information is completed by automation and staff review and a new claim is approved. Applicants receive semi-monthly benefits and may request additional bi-weekly benefits through on-line systems or telephone, according to program rules. Applicants may receive their benefits through direct deposit.
- Ongoing claims will be supported using an Interactive Voice Response (IVR) system. This service will be set up using the state shared IVR service provided by the Department of Information Services (DIS). The system will use a custom IVR application that allows applicants to call in to the system to request continuing claims each week.

Assumptions:

- New claims will be received at an average rate of 100 to 175 claims per day.
- ESD's cost analysis does not consider collecting any taxes; it includes costs to provide the benefit portion of the program only.
- The estimate includes a fraud detection and collections system.
- Family Leave Insurance applicants will submit claims for benefits. (Claims are paid bi-weekly.)
- The system must be fully operational to provide basic functions by October 1, 2009. (This date is a concern for IT staff.)
- Applicants may receive their benefits through direct deposit.
- Existing systems will be used to obtain required verification data and to process payments where possible.
- One-time equipment purchases would be made in 2008 to build required infrastructure for the system.

Information Technology fiscal impact:

The estimated fiscal impact of IT systems' development is presented in the following four tables:

Table 1 – IT systems development hours

Table 2 – Required systems development FTEs and costs

Table 3 – Initial equipment and software purchases

Table 4 – Ongoing hardware, software, and telephone costs

Table 1 – IT Systems Development Hours		
System/function	Description	Estimated Hours
Project start-up and planning	Project management planning, project charter, scope, project-management processes and staffing	190
Requirements and design	Defining the system and design. Includes use cases, functional requirements, business and technical design, data modeling and data source identification.	7,973
Prepare development, test infrastructure	Setting up servers and equipment for development and test platforms; defining database.	4,784
Imaging	Creating stores, indexes, and providing a means of viewing images of signed documents. Establishing the database, plus application development.	2,280
Requesting/receiving a claim for benefit	Enabling the request of family leave insurance benefits.	480
Customer authentication and verification	Entering authentication; includes introduction of documents for imaging and notification letters	2,800
Eligibility	Interacting with interfaces to examine eligibility; verifying employment requirements; determining if there are obligations to support enforcement; passing data to Office of Special Investigations.	2,800
Continued claims	Handling continued claims for benefits.	1,440
Payments	Making benefit payments; allocate, obligate, and pay benefits. Maintains financial records and mails benefit checks. Provides direct-deposit option.	3,600
Exceptions and denials	Providing mechanism for handling denial of benefits; includes written correspondence with applicants and fraud detection/collections.	640
Fraud; collection and oversight	Developing fraud detection and collection system for overpayments.	4,160
Testing and implementation	Testing and implementation of automated systems.	4,383
Contractor hours	Project manager, QA manager, IVR development, direct deposit, fraud detection/collection, programming	24,581
Total estimated work hours		60,111

Table 2 - Required Systems Development FTEs and Costs						
	FY 2008		FY 2009		FY 2010	
Staff	FTEs	Dollars	FTEs	Dollars	FTEs	Dollars
ITS6-Developer/DBA	0.5	\$ 59,945	2.0	\$ 245,320	2.0	\$ 245,320
ITS4-Application developer	0.5	50,275	5.0	511,861	6.0	613,683
ITS4-Server support	—	—	2.0	204,194	1.0	102,372
ITS4-Application tester	—	—	1.0	102,372	1.0	102,372
ITS4-Data warehouse	—	—	0.3	25,456	0.3	25,456
Project manager	—	130,000	—	260,000	—	260,000
SSB 6280 Efficiencies*		(25,000)		(75,000)		
Quality assurance consultant	—	—	—	105,000	—	105,000
Contract programmer	—	104,000	—	154,000	—	—
Equip. & maintenance	—	—	—	1,139,000	—	—
Interactive voice response system	—	—	—	76,800	—	40,440
Data sharing	—	—	—	26,862	—	—
Imaging	—	—	—	200,000	—	—
Direct deposit development	—	—	—	50,000	—	—
Fraud detection	—	—	—	—	—	750,000
Collection	—	—	—	—	—	500,000
Total annual	1.0	\$319,220	10.3	\$3,025,865	10.3	\$2,744,643
Three-year grand total						\$6,089,728

Table 3 - Initial Equipment and Software Purchases		
Description	Cost per year	Total
<u>Windows Servers:</u>		
2 application servers	\$16,500	\$33,000
2 SQL servers clustered	27,500	55,000
1 development SQL server	27,500	27,500
1 Web server	11,000	11,000
1 FAX server	16,500	16,500
1 Web app development server	11,000	11,000
1 SCAN capture W2K3 server	44,000	44,000
3 pre-production development servers	16,500	<u>49,500</u>
		247,500
<u>Disk storage array:</u>		
2 database and on-line retrieve	79,200	158,400
1 IDM-type legal storage	105,600	105,600
1 additional storage expansion	11,000	<u>11,000</u>
		275,000
<u>Licensing:</u>		
3 SQL full license	11,000	33,000
11 OS licenses	1,700	18,700
1 batch printer	5,900	5,900
Optical licensing & operating	88,000	<u>88,000</u>
		145,600
<u>Specialized equipment:</u>		
2 high-speed scanners	3,300	6,600
2 fax boards for fax server	4,400	8,800
1 specialized software	5,500	<u>5,500</u>
		20,900
<u>Imaging system and database storage:</u>		
1 imaging software	58,300	58,300
1 storage CD	84,700	84,700
Content management	20,000	20,000
1 media system disk storage	287,000	<u>287,000</u>
		450,000
Total one-time equipment and software		\$1,139,000

Table 4 - Ongoing Hardware, Software, and Telephone Costs	
Description	Annual Cost
Hardware and software maintenance	\$375,800
Interactive voice response (IVR) service fee	17,000
Collection system/fraud maintenance	250,000
Data sharing/transaction costs	12,200
Total annual ongoing	\$655,000

***Section 3, (of SSB 6280), eliminates the requirement for weekly filing by applicants. This section allows for self-certification of employer notification that family leave will be taken. E2SSB 5659 required written verification that notice has been given to the employer regarding family leave. This change will reduce the Department's operating costs by having the applicant identify up-front how long leave will be and requires that the applicant notify the Department if there are changes. (This is consistent with the California paid family leave program.) This will simplify the eligibility process. A savings is achieved by reducing application processing, scanning and question calls. The savings is anticipated to be \$(50,000) in Fiscal Year 2009 for programming.**

***Section 5 and 6, (of SSB 6280), eliminates the requirement that the Department offer the option of deducting Internal Revenue Service (IRS) payments on benefits in the event the IRS rules that family leave benefits are taxable. E2SSB 5659, requires the option of withholding federal income taxes on family leave benefits be offered. This change is estimated to reduce programming costs by \$(25,000) in Fiscal Year 2008 and \$(25,000) in Fiscal Year 2009.**

II.C.4 Ongoing program-operations costs:

(a) **Appeals:** Requests for appeals, along with supporting documents, will be mailed or FAXed to the Department and will be indexed and scanned into the Department's imaging system. Office support staff will gather supporting documentation and file the appeal with the Office of Administrative Hearings on behalf of the applicant or employer. All interested parties will be mailed notification that an appeal has been filed, along with copies of supporting documentation.

Ongoing fiscal impact of claims management:

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
E2SSB 5659 Costs	\$0	\$29,000	\$2,002,000	\$2,163,000	\$2,293,000	\$2,430,000
SSB 6280 Efficiencies			\$(186,000)	\$(188,000)	\$(191,000)	\$(193,000)
Total Costs	\$0	\$29,000	\$1,816,000	\$1,975,000	\$2,102,000	\$2,237,000

When whole positions are not needed, the Department may use some staff to support the unemployment-insurance program and this program. These staff would be responsible for accurate time reporting so that their duties under each program are appropriately charged to the proper budget.

(b) Legal costs

Legal costs were estimated through coordination with L&I for assumptions on the number of appeals that are estimated to be filed. It is agreed that approximately 2.7 percent of all claims filed would result in an appeal to the Office of Administrative Hearings (OAH). This represents approximately one-fifth of the appeals that occur in the unemployment-insurance program.

To calculate costs, it is assumed that each appeal will cost \$484 at OAH. It is further assumed that the Department would require an Assistant Attorney General's (AAG's) representation on each of the appeals at OAH since, if the Department were to lose the case, it would be faced with paying legal costs at a rate that could be five times the benefit amount owed to the applicant. It is assumed that each AAG would handle a workload of approximately 325 cases a year at a yearly cost of \$208,000 (approximately \$17,300 a month per FTE). One paralegal from the AAG's staff, costing a total of \$96,000 a year, would be permanently assigned to this task.

Approximately 10 percent of the cases reviewed by OAH would seek second-level review with the Commissioner. This is a similar appeals rate that ESD experiences with UI claims, which have an appeal process through OAH. Approximately 10 cases per year would proceed to superior court. AAG costs for Commissioner's level review will be similar to costs at OAH and each case at superior court will cost \$1,000 per case.

(b) Legal costs (continued)

Included in the legal-cost estimate is the potential cost of attorney fees that can be set by an Administrative Law Judge (ALJ), as provided in the current language of the bill. It is the assumption that, in 20 percent of the cases at OAH, an ALJ either will reverse or in some way amend the Department's decision. In each of those cases the ALJ may award attorney's fees.

The estimate includes attorneys' fee costs based on 32 hours of preparation, plus four hours of hearing at \$160 per hour (\$5,760 per case). The hourly rate is the average the state currently pays when paying opposing council's legal fees. The following is the estimate of the legal costs, including the potential award of attorneys' fees:

Ongoing fiscal estimate of legal costs:

Legal Costs				
	FY 2010	FY 2011	FY 2012	FY 2013
E2SSB 5659 Costs	\$1,950,000	\$2,097,000	\$2,254,000	\$2,418,000
SSB 6280 Efficiencies*	\$(1,254,000)	\$(1,318,000)	\$(1,386,000)	\$(1,458,000)
Total Costs	\$696,000	\$779,000	\$868,000	\$960,000

***Section 9, (of SSB 6280), eliminates option of awarding attorney's fees and costs at the administrative level. Allows the awarding of attorney's fees and costs at both levels of appeals. This section of the legislation reduces these costs by eliminating the option of attorney's fees and court costs at the administrative hearings level. Without attorney fees an Attorney General (AG) would not need to represent the Department at all of the Office of Administrative Hearings (OAH) and Commissioner Review proceedings. The Department anticipates that with attorney fees removed there would be a reduction in appeals of one-half the original estimate. However, without AG representation at these proceedings the Department assumes the need for agency staff at both levels and therefore the Department has estimated the need for agency staff; an Unemployment Insurance Specialist 5 (UIS5) would be involved in all the OAH cases and a Review Judge (RJ) would be involved in all of the Commissioner Review cases. The Department also assumes there will be a need to go over some cases with the AG therefore it is assumed an average of 1 hour per case would be needed for AG questions.**

(c) Fraud and collections:

Estimates of the costs of fraud investigation and collections are based on experience with the unemployment-insurance program.

Fraud investigation: Cases that present a question of fraudulent activity will be identified through skip-tracing efforts, cross-matches and a variety of sources that provide tips and leads. Investigations will be conducted to determine whether fraud exists. Investigators will gather and preserve documentary evidence. Fact-finding, telephone and in-person interviews will be held as needed, as well as field surveillance. Administrative subpoenas will be obtained and served. Investigative reports will be written to establish proof of facts and evidence sufficient to use in administrative and superior courts. Investigators will send notices with advice of rights, and attend appeal hearings in person and/or by telephone. Where applicable, ESD will present cases to the U.S. Attorney's Office and/or the County Attorney Office.

Collections: An overpayment can result for a number of reasons. One example would be failure to report wages upon return to work. The processes used to retrieve this money: billing statements will be sent to applicants immediately after the overpayment becomes active. If a applicant fails to reimburse the Department for the overpayment ESD will move to a 90-day process. This process will allow the Department to file a superior court warrant providing permission to garnish wages and bank accounts. ESD has several skip-tracing websites and cross-matches available to that are used to locate applicants' assets. Finally the Department has a predictive dialer that is used to call applicants whose accounts have been identified as past due (assuming the legislation gives the Department the needed authority).

Based on experience with the unemployment-insurance program, it is estimated that 0.5 percent of claims' volume will result in fraud. Between July 2006 and June 2007, there were 8,806 fraud cases and 72,728 non-fraud cases – a ratio of 8.26 to 1. This ratio was used to project family-leave non-fraud cases.

Investigations & Collections				
FTEs	FY 2010	FY 2011	FY 2012	FY 2013
Fraud and collections FTEs	1.4	1.5	1.6	1.7
Support FTEs	0.5	0.5	0.6	0.7
Total FTEs	1.9	2.0	2.2	2.4
Applicants	25,700	27,700	29,900	32,200
Fraud cases	129	139	150	161
Non-fraud cases	1,061	1,148	1,239	1,330
Total cases	1,190	1,287	1,389	1,491

Ongoing fiscal impact of investigations and collections:

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
FTEs	0.0	0.0	1.9	2.0	2.2	2.4
	\$0	\$0	\$140,000	\$142,000	\$154,000	\$166,000

(d) Enforcement of employment standards

ESD does not currently have an employment-standards' enforcement function.

Unemployment Insurance Tax staff audit employers for reporting and payment of taxes but not for complaints of discrimination, compliance with the Fair Labor Standards Act, Occupational Safety and Health Administration (OSHA) requirements, or the like. L&I's Employment Standards Program in the Specialty Compliance Services Division has this core competency.

(e) State Advisory Committee

Section 15, (of SSB 6280), directs the commissioner to establish a state advisory committee for family leave. The Department estimated the cost for this to be \$8,004 and 0.05 FTEs per year starting in Fiscal Year 2009 based on our current cost for our Unemployment Compensation Advisor Committee. This estimate includes the following:

- **Four advisory committee meetings per year**
- **20 hours of prep time for an Administrative Assistant 5 per meeting**
- **\$4,000 for other costs such as travel reimbursement, supplies, etc.**

(f) Impact Study

Section 16, (of SSB 6280), directs the Department to conduct a study on the effects of the family leave insurance program on unemployment insurance system and options for mitigating any impacts. A report is due to the legislative committees by December 1, 2011. The Department estimates the cost of this study to be \$29,000 and 0.31 FTEs in FY 2012.

Study Design Features

Potential impact issues:

- **Unemployment Insurance (UI) program implementation issues**
- **Legal conflicts between FLI and UI**
- **Delivery of service issues**
- **Administrative and technical issues**

At this point there are no known impact issues. However, once implementation of the Family Leave Insurance Program has stabilized the Department will revisit this assumption.

Resource requirements

- **Study manager (WMS2)- 2 weeks**
- **Family Leave program coordinator (Employment Security Program Coordinator 2)- 2 weeks**
- **Research specialist (Research Investigator 3)- 6 weeks**
- **IT computer support (Information Technology Specialist 3)- 3 weeks**
- **Legal assistance (for potential legal conflicts) (AG)- 1 week**
- **Family Leave program manager (WMS2)- 1 week**

II.C.5 Administrative services – start-up and ongoing:

(a) Public affairs and outreach

The first year of media relations, marketing and public outreach for Family Leave Insurance implementation will require a temporary/project WMS2-level employee to oversee the efforts through the first year of benefit payments. On October 1, 2008, a Communications Consultant 5 will be hired to create and maintain Web content, assist in development of informational brochures and marketing materials, manage advertising contracts, handle media relations, oversee informational public meetings, develop informational displays for public events, write speeches and manage rule-making communications. Ongoing personnel will consist of one permanent Communications Consultant 5 (CC5).

Assumptions:

- An advertising campaign will be launched three months before Family Leave Insurance program initiation.
- Ongoing outreach will continue following program implementation.
- Current level of costs includes radio advertising and possibly billboards.
- Television advertising is not included and would significantly increase the cost.
- Informational brochures will be produced in English and other primary languages (Spanish, Chinese, Laotian, Vietnamese and Cambodian). Costs for brochures are included in the program start-up and ongoing cost section of this document.
- Benefits application and paper claim forms will be printed in English and in Spanish. Ten percent of applicants will be Spanish-speaking, therefore 10 percent of the applications should be in Spanish and the remaining 90 percent will be in English. The application and the claim form will be available on the internet for family-leave applicants to download, print and mail. Approximately one-third of the applicants will choose this option over going to an ESD location to pick up a form or calling to request one be mailed. The cost for forms is included in the program start-up and ongoing cost section of this document.

Outreach:

Start-up: \$892,000

Ongoing: \$348,000 annually

(b) Printing and mailing

Brochures:

Brochures would be needed in the following languages: English, Spanish, Chinese, Laotian, Vietnamese, and Cambodian. It is assumed that each year additional brochures would be printed. It is estimated that 36,000 brochures would be reprinted annually (31,500 in English; 3,500 in Spanish; 1,000 in four other languages).

Applications:

Applications and claims forms will be available three ways: on-line filing, Portable Document Format (PDF) printable files, and paper copies. The benefits application and the claim forms will need to be printed in both English and Spanish for those applicants who choose not to file on-line. It is assumed that 10 percent of applicants would be Spanish-speaking, therefore 10 percent of the paper applications will be in Spanish and the remaining 90 percent of the paper applications would be in English. (Applicants who speak other languages would need to use the English form.) The cost for translating both the applications and the claims forms into Spanish is estimated to cost \$525 for each.

It is assumed that one-third of applicants will choose either on-line filing or printing their own applications from the on-line PDF file. The remaining two-thirds of applicants will prefer to pick up a form from an ESD location or request that a form be mailed to them.

Claim form:

It is assumed that 90 percent of applicants will choose to file their claim forms using one of the following three options: on-line filing system, the IVR system, or printing their own applications from the on-line PDF file. The remaining 10 percent of applicants will prefer paper forms. If the applicant files a paper claim form, then he or she will receive a new paper claim forms along with the benefit check. An applicant who chooses to file on paper for the first time may obtain the form by printing it from the on-line PDF file, picking up a copy at an ESD location, or by calling and requesting that a form be mailed.

Benefit checks:

It is assumed that each applicant will receive three checks by mail. The cost of printing and mailing each check is estimated at \$1.16.

(b) Printing and mailing (continued)

Additional mailings:

Additional mailing costs include the cost of sending notices to employers; mailing monetary determinations, claim instructions, non-monetary decisions, notice-of-appeal-filed and miscellaneous correspondence.

(c) Treasury cost to implement Family Leave Insurance Program

The ESD Treasury will require 0.75 FTE to track and manage payments out of the Family Leave Insurance Account. Treasury would need system reports of checks issued through DIS; redemption and cancellation of checks; journal-posting updates; and processing of lost, destroyed, forged, or undeliverable checks. This position will begin October 1, 2009.

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
FTEs	0.0	0.0	0.6	0.8	0.8	0.8
Total Costs	\$0	\$0	\$35,542	\$44,428	\$44,428	\$44,428

(d) Office space

The estimated need for office space is 9,750 square feet of new leased space for permanent operations for about 39 staff. This includes space for co-location of all program staff, including operations, technology, audit, and collections staff. There is currently no available space in existing ESD facilities to house the program. The 9,750 square feet allows for the estimated program growth through FY 2013.

Start-up costs will be approximately \$559,000. Ongoing costs are estimated to be about \$233,000 per year.

Assumptions:

- Space for up to 40 staff in FY13
- Standard space requirements are 250 square feet per person; 250 sq. ft. x 39 = 9,750 square feet
- Lease term of five years; un-serviced lease rate in Thurston County is \$19.00
- Utilities are estimated at \$4.85 per square foot

Office Space One Time Costs	
Est. Tenant Improvement (4)	\$ 180,000
New Systems Furniture (5)	\$ 200,000
Other office furniture (8)	\$ 60,000
Est. Moving Cost	\$ 15,000
Est. GA Fees (6)	\$ 24,000
One-Time ITSD Items (7)	\$ 80,000
One-Time Total	\$ 559,000

(d) Office space (continued)

Office Space Ongoing Costs	
Annual rent (9,750 sq. ft. x \$19)	\$185,250
Annual energy, utilities, and janitorial	47,288
Ongoing annual total	\$232,538

(e) Indirect-allocation

In addition to the direct costs estimated in this document, ESD assesses an indirect rate to cover agency-wide administrative costs. The U.S. Department of Labor (DOL) is designated by the Office of Management and Budget to negotiate and maintain indirect cost rates and cost-allocation plans for organizations that receive a preponderance of funds from DOL, which includes Washington State's Employment Security Department.

The indirect cost charge assures that every funding source shares an equitable portion of overhead costs. ESD's current approved indirect rate is 20.09 percent and is applied to all direct salaries for Administration, Management, Fiscal, and Personnel FTE and activities. The estimated amounts below that will be received from the indirect charge on the family-leave insurance salary base will be used to fund indirect support activities that benefit the Family Insurance Program.

Depending on the needs of the agency, activities covered by the indirect funding include, for example, the handling and processing of vendor payments and payroll, administrative assistance to employees, desk-top and network support, contract administration, legislative services and public affairs, personnel and employee services, budget, accounting, and facilities management.

The amount included for indirect for the cost estimate is:

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Indirect cost	\$66,000	\$302,000	\$463,000	\$335,000	\$317,000	\$335,000

Part III: Expenditure Detail

Included in Fiscal Note System

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.

