

Individual State Agency Fiscal Note

Bill Number: 1896 HB	Title: Essential worker pilot prog	Agency: 540-Employment Security Department
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

FUND		FY 2010	FY 2011	2009-11	2011-13	2013-15
General Fund-Private/Local	001-7	154,000	1,848,000	2,002,000	3,751,500	793,500
Total \$		154,000	1,848,000	2,002,000	3,751,500	793,500

Estimated Expenditures from:

		FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years		25.5	58.2	41.8	58.3	12.2
Fund						
General Fund-State	001-1	3,310,000	6,976,000	10,286,000	13,908,500	2,912,500
General Fund-Private/Local	001-7	154,000	1,848,000	2,002,000	3,751,500	793,500
Total \$		3,464,000	8,824,000	12,288,000	17,660,000	3,706,000

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

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Part II: Narrative Explanation

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

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

The intent of this legislation allows the Employment Security Department to work proactively with the federal government to establish a program to provide an adequate legal and stable workforce for employers in Washington State.

Section 3 adds a new definition section to RCW 50 Unemployment Compensation. The department is defined as Employment Security Department (ESD). Employers are defined as those employers in the agriculture, construction, retail, and restaurant or hospitality industry. Essential workers are defined as aliens who are issued a nonimmigrant visa that have been admitted to the United States to perform seasonal, peak need, or project-related labor for one or more employers.

Section 4 (1) adds a new section that ESD will petition the federal government to create a new classification of nonimmigrant visa.

Section 4 (2) states aliens in the new classification shall be deemed essential workers and admitted to the United States for three years to perform labor. The new visa classification shall be administered as a pilot, which expires six years from its effective date unless renewed by the United States congress.

Section 4 (3) requires ESD to administer an essential worker program upon filing a petition for admission of aliens to the United States as essential worker. The department will utilize the current state workforce recruiting systems, refer local workers to an employer who petitions for these workers and if there are insufficient local workers within three days, refer alien workers to such an employer.

Section 4 (4) Aliens seeking admission to the United States must submit appropriate documentation and fees from their consular officers. In addition, essential workers are required to return to their native countries for 30 calendar days each year. In addition workers who do not perform labor for forty-five consecutive days during the three year period are subject to deportation.

Section 5 (1) adds a new section that requires ESD to immediately begin work to establish the parameters of the program and implement the Washington state essential worker pilot program. It requires the department to petition the federal government to allow Washington to offer this program until the federal government issues the necessary waivers/exemptions.

Section 5 (2) outlines the department parameters for the pilot program:

- (a) Outreach to employers to assess the numbers of seasonal, peak need, or project-related workers that are needed, and to recruit them to participate in the pilot program;
- (b) Petition the federal government for the necessary waivers or exemptions to obtain guest worker visas using existing programs;
- (c) Establish relationships and meet with representatives of foreign countries to facilitate recruitment and provision of

essential workers;

- (d) After outreach to employers petition for admission of sufficient essential workers to meet the projected need;
- (e) Utilizing the current state workforce recruiting systems, refer local workers to an employer who petitions for these workers and if there are insufficient numbers of local workers, refer essential workers to such an employer;
- (f) Make best faith effort to provide sufficient workers to employers who request them after June 1, 2010. Priority of services will be given to employers who enroll and pay the per worker fee before April 1, 2010;
- (g) Provide report to the legislature by December 1st of each year on the number of local workers and essential workers that were referred and hired, and the number of employers who requested workers but whose requests were not satisfied;
- (h) To the greatest degree possible refer essential workers to employers in the areas of Columbia basin, north central Washington, the tri-cities area, the Yakima valley and western Washington.

Section 6 adds a new section that shall charge employers who participate in the program the actual cost of the program, not to exceed five hundred dollars per worker.

Section 7 adds a new section requiring ESD to offer training programs for essential workers to help them integrate into the workforce. Training and education includes but is not limited to Basic English language and civics training. Work with employers and employer associations, to develop needed training programs.

Section 9 adds a new section stating the act expires on December 1, 2013.

Section 10 adds a new section indicating the act takes effect immediately.

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 cash receipt is based upon Section 6 of the bill which indicates employers are to pay the actual cost of the program, not to exceed five hundred dollars per worker. The department will charge five hundred dollars per worker.

This act expires December 1, 2013, per Section 9.

Qualified employers will be from the agriculture, construction, retail, and restaurant or hospitality industries. It is assumed that each year 3 percent of the anticipated vacancies will be filled using essential workers.

Methodology for anticipated cash receipts:

Fiscal Year	Essential Workers	Cash Receipt
2010	308	\$154,000
2011	3,696	\$1,848,000
2012	3,733	\$1,866,500

2013	3,770	\$1,885,000
2014	1,587	\$793,500
2015	0	\$0

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 following cost estimates are based upon the program requirements listed in Section 4, 5 and 7 of this legislation.

A Deputy Assistant Commissioner (Exempt Management Services) will be needed to oversee the establishment and parameters of the program. The position will prepare the necessary documentation to petition the federal government to allow Washington to offer the pilot program, as well as establish relationships and meet with representatives of foreign countries to facilitate the recruitment and provision of essential workers. The department has selected one country for the pilot program which is Mexico. This decision was based upon the current guest worker program that indicates most essential workers are from Mexico.

A program manager (Washington Management Services) will be responsible for coordinating with the Deputy Assistant Commissioner on policies, procedures and performance of the essential worker program. Provide oversight of recruitment and training contracts as well as prepare the annual report to the legislature.

Two Program Coordinators will be responsible for the oversight, reporting, training, employer marketing monitoring of essential workers to ensure program compliance. In addition, these positions will work with employers to develop training programs.

An administrative assistant will provide clerical support to the program and be responsible for the 1-800 employer line.

At its peak, this program will require 46 full-time WorkSource Specialists 3 (WSS3) to be placed statewide. The department assumes a one WSS3 for every 80 essential workers. However, in the first year of the program only 11 full-time WSS3 will be required and in the final year it's anticipated 19 full-time WSS3 will be needed.

Due to regulations and the specialized skills needed for recruiting Mexican nationals, the department believes the best approach is to contract with a firm who can provide expertise in the recruitment of foreign labor. The contractor will obtain visas through the Department of Homeland Security and process workers through the Consulate. In addition, the contractor will be responsible for interviews and background checks, arrange pre-employment briefings, arrange border crossing and pay for transportation to Washington State. The cost estimate for the contract is based upon \$800 per worker.

The department will enter into an interagency agreement with local institutions to provide education that will allow workers to integrate into the workforce. This includes but not limited to Basic English language and civics training. It is anticipated that twenty-five percent of the essential workers brought to the United State will receive 132 hours of education and training in a year. The department estimates the per FTE cost for education/training to be \$6,100. This estimate is based upon the FY 2009 basic education rate for the community and technical college system and includes the general enrollment rate and tuition.

The marketing cost in the first two fiscal years of the pilot is projected to be \$420,000. The marketing strategy includes radio, newspaper, direct mailings, presentations to employer associations, articles and ads in trade newsletters and websites. In addition, a 1-800 number will be installed for employers to request information about the essential worker program. The remaining time of the pilot the projected annual marketing cost will be \$75,000. The reduction is due to fewer radio and print ads and mailings.

Initially seven full-time Information Technology (IT) staff will be hired to design, develop and test a management system that will track the number of employer petitions received, track essential worker visas and work attendance, modify recruitment and referral screens, collect employer fees as well as develop management and oversight reports.

One-time cost for computers, phones, wiring and workstations is estimated \$584,000 (\$9,900 per fte).

After the initial implementation of the program IT staff will be reduced to three full-time IT staff to provide on-going system management and maintenance.

On-going travel costs are projected at \$60,000 annually. This includes travel for staff at both the central office and in the field to perform a variety of functions which includes, but is not limited to, travel to Mexico, employer outreach, monitoring, and training.

In addition to the direct costs estimated Employment Security Department 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 costs rates and cost-allocation plans for organizations that receive a preponderance of funds from DOL, which includes Washington State's Employment Security Department.

The act ends December 1, 2013 therefore on going costs will end on November 30, 2013.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	25.5	58.2	41.8	58.3	12.2
A-Salaries and Wages	1,542,000	2,967,000	4,509,000	5,954,000	1,240,000
B-Employee Benefits	453,000	871,000	1,324,000	1,748,000	364,000
C-Personal Service Contracts	246,000	2,957,000	3,203,000	6,002,000	1,270,000
E-Goods and Services	589,000	1,965,000	2,554,000	3,828,000	805,000
G-Travel	50,000	64,000	114,000	128,000	27,000
J-Capital Outlays	584,000		584,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$3,464,000	\$8,824,000	\$12,288,000	\$17,660,000	\$3,706,000

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2010	FY 2011	2009-11	2011-13	2013-15
Administrative Assistant 4	48,168	1.1	1.1	1.1	1.1	0.2
Deputy Assistant Commissioner	97,200	1.2	1.2	1.2	1.2	0.3
IT Specialist 4	71,496	3.4	2.3	2.8	2.3	0.5
IT Specialist 5	78,900	3.8	0.6	2.2	0.6	0.1
IT Specialist 6	87,096	0.4	0.1	0.2	0.2	0.1
Program Coordinator 3	58,656	2.2	2.2	2.2	2.2	0.5
Program Manager	85,200	1.2	1.2	1.2	1.2	0.2
WorkSource Specialist 3	45,828	12.4	49.7	31.0	49.7	10.4
Total FTE's		25.5	58.2	41.9	58.3	12.2

Part IV: Capital Budget Impact

This bill does not impact the capital budget. The department assumes any facility space needed will be a leased facility.

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.

The department will need to implement rules when establishing this new Essential Worker Pilot Program.



Ten-Year Analysis

Bill Number 1896 HB	Title Essential worker pilot prog	Agency 540 Employment Security Department
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This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimates

☐ **No Cash Receipts**
☐ **Indeterminate Cash Receipts**

Estimated Cash Receipts

Name of Fee	Acct Code	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	2010-19 TOTAL
Essential Worker Pilot Program	001	154,000	1,848,000	1,866,500	1,885,000	793,500						6,547,000
Total		154,000	1,848,000	1,866,500	1,885,000	793,500						6,547,000

Biennial Totals
2,002,000
3,751,500
793,500
6,547,000