

Multiple Agency Fiscal Note Summary

Bill Number: 6158 S SB	Title: Family leave insurance prog
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Estimated Cash Receipts

Agency Name	2009-11		2011-13		2013-15	
	GF- State	Total	GF- State	Total	GF- State	Total
Total \$						

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

Estimated Expenditures

Agency Name	2009-11			2011-13			2013-15		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Labor and Industries	Fiscal note not available								
Employment Security Department	3.1	0	931,000	40.7	0	33,177,000	41.4	0	64,645,000
Total	3.1	\$0	\$931,000	40.7	\$0	\$33,177,000	41.4	\$0	\$64,645,000

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

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Prepared by: Sandi Triggs, OFM	Phone: 360-902-3064	Date Published: Preliminary
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID 24504

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 6158 S SB	Title: Family leave insurance prog	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 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.0	6.1	3.1	40.7	41.4
Fund					
Family Leave Insurance Account-State 14F-1	0	931,000	931,000	16,677,000	13,545,000
Family Leave Insurance Account-Non-Appropriated 14F-6	0	0	0	16,500,000	51,100,000
Total \$	0	931,000	931,000	33,177,000	64,645,000

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: 04/17/2009
Agency Preparation: Chris Winans	Phone: 360 902 9226	Date: 04/22/2009
Agency Approval: Randi Warick	Phone: 360-902-9423	Date: 04/22/2009
OFM Review: Sandi Triggs	Phone: 360-902-3064	Date: 04/23/2009

Request # 092-BPCD-1

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.

RCW 49.86 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 benefit is payable beginning October 1, 2009.

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.

SSB 6158 amends the dates for benefit payment, time period where the Director of Labor and Industry (L&I) may lend funds from the supplemental pension fund to the family leave insurance account, and the legislative report due date.

This fiscal note assumes ESD will be directed to implement the FLI Program, in accordance with the 2008 Supplemental Operating Budget and the FLI Task Force Recommendations.

Section 1: Amends RCW 49.86.030 to read FLI benefits are payable subject to RCW 49.86.150.

Section 2: Amends RCW 49.86.190 to read the director of L&I may lend funds from the supplemental pension fund to the FLI account through July 1, 2012, which is three years later than what is provided in current law.

Section 3: Amends RCW 49.86.210 to change the report due date from September 1, 2010 to September 1, 2013.

Section 4: Amends RCW 49.86.150 to give the authority to the Director of the Office of Financial Management (OFM) to determine when funding is available in the Family Leave Insurance Account for benefit payment. The section also exempts State of Washington and the Department from liability for any amount in excess of these limits.

Five-year costs are displayed for the period Fiscal Year 2011 through Fiscal Year 2015 to display start-up as well as operating expenditures. However, it is expected that the program will continue to mature for three years beyond that – through Fiscal Year 2018 – and the increasing growth will be accompanied by increasing administrative costs as well.

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.

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

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 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 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. For the purpose of this fiscal note, it assumes that the benefit payment will start October 1, 2012.

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 assumptions in Attachment A for benefit costs.

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 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.

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.

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.

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

Attachment B 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.

II.C.3 Family Leave Insurance

The key components for program implementation include project team, 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 2012 and would remain through October 31, 2012.
- 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.

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.

(b) Unemployment insurance implementation staff

Beginning in April 2011, 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.

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)

(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 2012, 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

(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 2012 and is expected to cost approximately \$46,000.

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

ESD estimates approximately 66,611 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, 2012 – 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 April 1, 2011. The project plan allows for 12.3 IT FTEs to work exclusively on development during the project phase. Ongoing support of the applications would require 4.8 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 90 to 130 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, 2012.
- 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 2012 to build required infrastructure for the system.

Information Technology fiscal impact:

The estimated fiscal impact of IT systems' development is presented in the attached 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 5 – Ongoing FTEs and costs

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.

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.

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.

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 an 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.

(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 \$8,100 and 0.05 FTEs per year starting in Fiscal Year 2013 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
- \$4,700 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, 2014. The Department estimates the cost of this study to be \$32,000 and 0.31 FTEs in FY 2015.

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 WMS2-level employee 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. On October 1, 2011, a temporary/project Communications Consultant 5 will be hired to assist in the efforts through the first year of benefit payments. Ongoing personnel will consist of one permanent WMS 2.

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.

(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.)

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 \$1.20.

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 August 1, 2012.

(d) Office space

The estimated need for office space is 11,750 square feet of new leased space for permanent operations for about 47 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 11,750 square feet allows for the estimated program growth through FY 2015.

Assumptions:

- Space for up to 47 staff in FY15
- Standard space requirements are 250 square feet per person; $250 \text{ sq. ft.} \times 47 = 11,750 \text{ square feet}$
- Lease term of five years; un-serviced lease rate in Thurston County is \$20.00
- Utilities are estimated at \$4.85 per square foot

(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 21.55 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.

Additionally, there are direct costs for desktop support and telecommunications that will be charged based on a per FTE cost of 4,323.

Activities covered by the indirect and FTE direct charges include, 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.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years		6.1	3.1	40.7	41.4
A-Salaries and Wages		440,475	440,475	5,284,725	4,562,024
B-Employee Benefits		131,682	131,682	1,572,133	1,339,712
C-Personal Service Contracts		119,106	119,106	1,736,481	437,772
E-Goods and Services		176,091	176,091	5,877,491	7,120,825
G-Travel		3,788	3,788	86,378	54,625
J-Capital Outlays		59,858	59,858	2,119,792	30,042
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$931,000	\$931,000	\$16,677,000	\$13,545,000

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 Assistance 5	53,148		0.3	0.2	1.1	0.1
Communication Consultant 5	69,756				1.0	
Employment Security Program	53,148				1.0	2.2
Coordinator 2						
Employment Security Program	58,656		1.1	0.6	5.4	0.7
Coordinator 3						
Exampt Management Service 3	115,000		0.4	0.2	1.9	1.2
Fiscal Analyst 2	45,828				0.4	0.8
Information Technology Specialist 3	64,740					0.1
Information Technology Specialist 4	71,496		2.3	1.2	10.5	3.1
Information Technology Specialist 6	87,096		0.6	0.3	2.3	1.2
Management Analyst 5	68,016		0.3	0.2	1.0	
Office Assistant 2	31,176				1.6	3.9
Office Assistant 3	33,468				0.6	1.1
Research Investigator 3	69,756					0.1
Review Judget	84,984				0.1	0.1
Secretary Lead	37,620				0.5	1.1
Tax Specialist	49,368				1.3	2.9
Unemployment Insurance Specialist 3	45,828				4.5	13.3
Unemployment Insurance Specialist 4	50,568				0.6	1.5
Unemployment Insurance Specialist 5	53,148				1.6	3.7
Unemployment Insurance Specialist 6	55,836				0.5	1.1
Washington Management Services 2	80,000		0.7	0.4	3.1	1.2
Washington Management Services 3	93,600		0.4	0.2	2.1	2.3
Total FTE's	1,372,236		6.1	3.1	40.7	41.4

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.

The Department will be required to develop and adopt new regulations to administer the program.

Attachment A

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	\$207.50
Eligible and qualified applicants	22,100
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.](#)

[2 Eight percent is the growth rate anticipated per year growth in program participation each of the first six years. The takeup rate increases 8 percent per year from a first year rate of 68.058 percent.](#)

Below are the estimates for the claims and benefit payouts:

	2013	2014	2015
Bonding with Children Claim Counts	16,575	23,800	27,900
Benefit Outlays (in million)	16.50	24.20	26.90
Benefit Processing (in million)	1.73	2.12	2.30
TOTAL BENEFIT COST	\$18.23	\$26.32	\$29.20

ATTACHMENT B
SSB 6158
FAMILY LEAVE INSURANCE

Start-up	FY11		FY12		FY13		FY14		FY15		Total	
	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE (Annualized)	\$
Program Implementation & Admin												
Family-leave program planning staff	2.0	211	8.3	800	7.0	677					5.8	\$ 1,688
UI staff assistance	0.3	38	1.4	151	0.9	103					0.9	291
Rulemaking & policy	-	0	2.6	257	-	-					0.9	257
One-time printing	-	0	-	46	-	-					-	46
Start-up communications and outreach	0.3	31	1.8	686	0.5	63					0.8	780
One-time facilities' costs	-	0	-	0	-	-					-	0
Rent & Utility	-	74	-	302	-	308					-	685
Indirect-cost allocation	0.7	108	3.3	519	2.6	413					2.2	1,040
IT Systems												
IT staff (development, testing, warehouse)	2.8	350	12.3	1,343	12.3	1,342					9.1	3,034
IT contract project mgr & QA consultant	-	119	-	962	-	2,242					-	3,324
IT equipment	-	0	-	2,055	-	406					-	2,461
Totals:	6.1	\$931	29.5	\$7,121	23.3	\$5,554		\$0		\$0	19.6	\$13,606

On-going	FY11		FY12		FY13		FY14		FY15		Total	
	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$
Benefits												
Claims handling and document mgmt.	-	-	-	-	20.6	1,597	26.3	1,971	27.9	2,129	15.0	5,697
Phones and language lines	-	-	-	-	-	138	-	154	-	172	-	463
Appeals												
Appeals	-	-	-	-	1.2	725	1.4	834	1.5	943	0.8	2,501
Fraud/Collections												
Investigations and collections	-	-	-	-	2.1	168	2.5	195	2.7	212	1.5	575
Program Implementation & Admin												
Communications and outreach	-	-	-	-	1.5	427	1.0	385	1.0	392	0.7	1,204
Printing and mailing	-	-	-	-	-	452	-	516	-	575	-	1,543
Treasury	-	-	-	-	0.7	51	0.8	53	0.8	53	0.4	157
Rent and utilities	-	-	-	-	-	0	-	314	-	319	-	633
Advisory Committee	-	-	-	-	0.1	8	0.1	8	0.1	8	0.0	25
Indirect-cost allocation	-	-	-	-	2.3	436	3.4	586	3.6	618	1.9	1,640
IT Systems												
IT staff (on-going maintenance)	-	-	-	-	-	0	4.8	541	4.8	554	1.9	1,095
IT equipment maintenance	-	-	-	-	-	0	-	969	-	986	-	1,954
Data sharing and transactions	-	-	-	-	-	0	-	14	-	14	-	28
Family Leave Study												
	-	-	-	-	-	0	-	0	0.3	32	0.1	32
Totals:	-	\$0	-	\$0	28.5	\$4,002	40.2	\$6,538	42.5	\$7,007	22.2	\$17,547

ESD Costs	FY11		FY12		FY13		FY14		FY15		Total	
	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$
Start-up	6.1	\$931	29.5	\$7,121	23.3	\$5,554	-	\$0	-	\$0		\$13,606
Ongoing	-	\$0	-	\$0	28.5	\$4,002	40.2	\$6,538	42.5	\$7,007		\$17,547
Totals:	6.1	\$931	29.5	\$7,121	51.8	\$9,556	40.2	\$6,538	42.5	\$7,007	34.0	\$31,153

	FTE	\$
Biennium 09-11	3.0	\$931
Biennium 11-13	40.6	\$16,677
Biennium 13-15	41.3	\$13,545

Claim payment assumptions
- FLI would start making payment on 10/1/2012.

Table 1 – Family Leave Insurance IT Systems Development Hours		
System/function	Description	Estimated Hours
Project start-up and planning	Project management planning, project charter, scope, project-management processes and hiring of staff - includes project manager hours for 3 years.	8,176
Requirements gathering/analysis	Define the system requirements. Includes use cases, functional requirements, business and technical design, data modeling and data source identification.	7,040
Design	Designing the FLI system, the various reporting mechanisms, and developing imaging workflow to accommodate FLI.	9,720
Development & Testing	Develop and test new applications to support the new system - including imaging.	14,715
Implementation	Transitioning system maintenance and operations to permanent staff	3,520
Post Implementation Support	Operate new system and identify and address any system changes as needed.	2,816
Contractor hours	Project manager, QA manager, mainframe and web programming.	20,624
Total estimated work hours		66,611

Table 2 – Required systems development FTEs and costs						
	FY11		FY12		FY13	
Staff	FTEs	Dollars	FTEs	Dollars	FTEs	Dollars
WMS - IT Manager	0.25	\$36,515	1.00	\$132,403	1.00	\$132,599
ITS6-Architects (Appl/DB)	0.50	68,803	2.00	247,895	2.00	248,288
ITS4-Application developer	1.50	175,989	6.00	622,004	6.00	623,184
ITS4-Server support	0.50	58,663	2.00	207,335	2.00	207,728
ITS4-Application tester	0.00	0	1.00	107,190	1.00	103,864
ITS4-Data warehouse	0.06	9,929	0.25	25,917	0.25	25,966
Project manager		66,170		269,360		274,300
Quality assurance consultant		52,936		215,488		219,440
Feasibility Study Contractor		0		0		0
Contract programmer		0		107,744		109,720
Equip. & maintenance		0		2,055,193		405,950
Interactive voice response sys		0		79,565		42,664
Data sharing		0		31,080		13,715
Imaging		0		207,200		211,000
Direct deposit development		0		51,800		52,750
Fraud detection		0		0		791,250
Collection		0		0		527,500
Total annual	2.81	\$469,005	12.25	\$4,360,173	12.25	\$3,989,919
Three-year grand total						\$8,819,097

Table 3 – Family Leve Insurance Initial equipment and software purchases				
Description	Qty	One Time	One Time	Recurring
Hardware:				
Development/Test				
32 Gb RAM servers (4 CPUs)	2	\$25,000	\$50,000	\$10,000
32 Gb RAM servers (4 CPUs)	4	25,000	100,000	20,000
D4800 SAN switch	1	60,000	60,000	12,000
EXP 810 16 SATA drives	2	27,000	54,000	10,800
Production				
32 Gb RAM servers (4 CPUs)	3	25,000	75,000	15,000
32 Gb RAM servers (4 CPUs)	3	25,000	75,000	15,000
32 Gb RAM servers (4 CPUs)	3	25,000	75,000	15,000
EXP 810 16 Fiber channel drives	3	30,000	90,000	18,000
EXP 810 16 SATA drives	1	27,000	27,000	5,400
OB2 Cabinet	1	10,000	10,000	2,000
1 Batch printer	1	5,400	5,400	1,080
Imaging Hardware				
1 SCAN Capture W2K3 server	2	40,000	80,000	16,000
Disk Storage Array:				
2 Database and on-line retrieve	2	72,000	144,000	28,800
1 IDM type legal storage	1	96,000	96,000	19,200
2 high speed scanners	2	3,000	6,000	1,200
2 fax boards for fax server	2	2,000	4,000	800
Disaster Recovery				
32 Gb RAM servers (4 CPUs)	1	25,000	25,000	5,000
EXP 810 16 SATA drives	1	27,000	27,000	5,400
Software:				
Windows Operating System (Enterprise Edition)	29	2,700	78,300	15,660
TSM License	28	500	14,000	2,800
Ops Manager Client	29	500	14,500	2,900
SharePoint Sever License	1	5,000	5,000	1,000
SharePoint CALs	50	107	5,350	1,070
TFS Server License	1	11,100	11,100	2,220
TFS CALs	50	450	22,500	4,500
SQL Server Enterprise Edition (\$27250/proc)	8	27,250	218,000	43,600
SQL Server Standard Edition (\$6550/proc)	8	6,550	52,400	10,480
Lite Speed (4 CPU)	6	2,600	15,600	3,120
Lite Speed (2 CPU)	6	1,500	9,000	1,800
VM Ware licenses	4	15,000	60,000	12,000
Oracle IPM License (Enterprise) (3 processors)	4	50,000	200,000	40,000
Kofax license	3	3,000	9,000	1,800
Desktop Software:				
Net Advantage for .Net 2008 w/support	10	995	9,950	5,000
Visual Studio Team System Suite w/MSDN (3 yrs)	2	10,000	20,000	
Visual Studio Professional w/MSDN (3 yrs)	2	1,050	2,100	420
Visual Studio Team Addition Database Professional	2	5,000	10,000	2,000
Visual Studio Professional (1 yr)	7	350	2,450	490
ERWIN	3	3,000	9,000	1,800
Training:				
Books and Training	3	10,000	30,000	
TFS template design and consulting	1	20,000	20,000	
Sub-Total			1,821,650	353,340
Tax			162,127	31,447
Total Costs			\$1,983,777	\$384,787

Table 4 - Ongoing Hardware, Software, and Telephone Costs	
Description	Annual Cost
Hardware and software maintenance	\$413,261
Interactive voice response (IVR) service fee	18,258
Imaging software hardware costs	214,800
Direct Deposit costs	53,700
Collection system/fraud maintenance	268,500
Total annual ongoing	\$968,519

Table 5 – Family Leave Insurance Ongoing IT staffing and hardware costs				
	FY14		FY15	
Staff	FTEs	Dollars	FTEs	Dollars
WMS - IT Manager	1.0	\$132,016	1.0	\$134,399
ITS6-Architects (Appl/DB)	1.0	124,341	1.0	126,723
ITS5-Database Administrator	0.0	0	0.0	0
ITS4-Application developer	2.0	206,590	2.0	210,590
ITS5-TFS/Sharepoint/Rept Svcs	0.0	0	0.0	0
ITS4-Server support	0.5	52,030	0.5	54,315
ITS4-Application tester	0.0	0	0.0	0
ITS4-Data warehouse	0.3	26,015	0.3	28,250
Equip. & maintenance		413,261		420,572
Interactive voice response sys		18,258		18,581
Data sharing		13,962		14,209
Imaging		214,800		218,600
Direct deposit		53,700		54,650
Fraud detection		161,100		163,950
Collection		107,400		109,300
Total annual	4.8	\$1,523,473	4.8	\$1,554,139
Three-year grand total				\$3,077,612