

Multiple Agency Fiscal Note Summary

Bill Number: 5882ESB

Title: Musculoskeletal disorders

Estimated Cash Receipts

Agency Name	2001-03		2003-05		2005-07	
	GF-State	Total	GF-State	Total	GF-State	Total
Department of Labor and Industries	0	17,000,000	0	193,000,000	0	112,000,000
Total:	0	17,000,000	0	193,000,000	0	112,000,000

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

Estimated Expenditures

Agency Name	2001-03			2003-05			2005-07		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Joint Legislative Audit and Review Committee	1.4	0	319,920	.4	0	123,476	.0	0	0
Department of Labor and Industries	8.0	0	19,020,000	8.0	0	193,000,000	.0	0	112,000,000
Total:	9.4	\$0	\$19,339,920	8.4	\$0	\$193,123,476	0.0	\$0	\$112,000,000

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

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360-902-0541

Date Published:

Revised 3/30/2001

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

** See local government fiscal note

IndividualStateAgencyFiscalNote

BillNumber: 5882ESB	Title: Musculoskeletaldisorders	Agency: 014-JointLeg.Audit& ReviewCommittee
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PartI:Estimates

☐ NoFiscalImpact

EstimatedCashReceiptsto:

Fund					
Total					

EstimatedExpendituresfrom:

		FY2002	FY2003	2001-03	2003-05	2005-07
FTEStaffYears		1.7	1.1	1.4	0.4	0.0
Fund						
MedicalAidAccount-State 609-1		196,952	122,968	319,920	123,476	0
Total		196,952	122,968	319,920	123,476	0

Thecashreceiptsandexpenditureestimatesonthispagerepresentthemoslikelyfiscalimpact.Factorsimpactingtheprecisionoftheseestimates, andalternateranges(ifappropriate),areexplainedinPartII.

Checkapplicableboxesandfollowcorrespondinginstructions:

- ☒ Iffiscalimpactisgreaterthan\$50,000perfiscalyearinthecurrentbienniumorinsubsequentbiennia,completeentirefiscalnote formPartsI-V.
- ☐ Iffiscalimpactislessthan\$50,000perfiscalyearinthecurrentbienniumorinsubsequentbiennia,completethispageonly(PartI).
- ☐ Capitalbudgetimpact,completePartIV.
- ☐ Requiresnewrulemaking,completePartV.

LegislativeContact: JillReinmuth	Phone: 360-786-7452	Date: 03/20/2001
AgencyPreparation: CurtRogers	Phone: 360786-5188	Date: 03/30/2001
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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.

ESB 5882 directs the Department of Labor & Industries (L&I) to delay each stage of its implementation of state ergonomics rules until after JLARC has completed an extensive review, with annual reports to the Legislature, of the effectiveness of proposed rules based upon its assessment of the results of pilot demonstration projects within a broad range of industries. ESB 5882 also directs L&I to undertake outreach and develop pilot demonstration projects to affected industries, and to establish a program of safety and health impact grants. The focus of these comprehensive pilot demonstration projects is to be on the technological and economic feasibility of implementing the rules adopted on May 26, 2000, by the director of the Department of Labor and Industries and codified as WAC 296-62-05101 through 296-62-05176. These pilot demonstration projects are to be completed, to the maximum extent possible, by July 1, 2003.

Section 3 of ESB 5882 directs the Joint Legislative Audit and Review Committee (JLARC) to conduct a review of the rules as adopted on May 26, 2000 by L&I, the science behind the rules, the costs to employers of compliance with the rules, the accuracy of the cost-benefit analyses, other issues around the understanding and ease of implementation of the rules, expected musculoskeletal disorder reductions as the result of the rules and any alternatives to the proposed rules, and any other analyses/findings/recommendations that JLARC deems useful in assessing effectiveness in reducing musculoskeletal disorders. JLARC is to report its findings and recommendations by January 1 of each calendar year (beginning in 2002) and shall issue a complete report by January 1, 2004.

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 assumption translates into estimates. Distinguish between one-time and ongoing functions.

II.C-Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provision of the legislation that results 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 assumption translates into cost estimates. Distinguish between one-time and ongoing functions.

ASSUMPTION: AS PROVIDED IN ESB 5882, JLARC ASSUMES THAT COSTS ASSOCIATED WITH THIS REVIEW CAN BE COVERED THROUGH AN INTERAGENCY REIMBURSEMENT TRANSFER FROM L&I FROM THE RESERVES OF THE MEDICAL AID FUND THAT ARE IN EXCESS OF ACTUARIAL NEEDS. AT A MINIMUM, ESTIMATED COSTS ASSOCIATED WITH ENGAGING EXPERT CONSULTANTS (\$125,000) FOR SOME OF THE TASKS OUTLINED IN ESB 5882 WOULD NEED TO BE COVERED FROM THIS SOURCE. JLARC COULD ABSORB THE COSTS ASSOCIATED WITH THE ESTIMATED TIME AND EFFORT FOR JLARC STAFF (\$318,000). IN THAT EVENT, OTHER PROPOSED JLARC STUDIES FOR THESE YEARS EITHER WOULD NOT BE DONE, OR WOULD BE DELAYED.

JLARC estimates its costs to be divided between JLARC staff costs, and the costs associated with engaging external experts to assist JLARC staff in reviewing the scientific bases for these proposed rules, conducting appropriate cost-benefit analyses, and evaluating ease of understanding, compliance and implementation among various employers in the varieties of affected industries in Washington State. These costs would be incurred in three fiscal years: FY02, 03, and 04.

JLARC estimates that its staff costs, from July 2001 through January 2004, will take a total of 26 audit months*, costing \$318,396. In addition, consultants would be engaged each year to assist in the evaluation review and analysis. At this juncture, JLARC assumes consultant costs at \$125,000. Thus JLARC's estimate is a requirement of a total cost of \$443,396 to accomplish the requirements of Section 2, Subsection (6) of this bill.

FY02-\$196,952[12auditmonthsataboverate,plus\$50,000consultantcosts]
FY03-\$122,968[8auditmonthsataboverate,plus\$25,000consultantcosts]
FY04-\$123,476[6auditmonthsataboverate,plus\$50,000consultantcosts]

*JLARCAuditMonths:JLARCcalculatesitsstaffresourcesin"AuditMonths"toestimatethetimeandeffortto undertakeandcompleteitsstudies.An"AuditMonth"reflectsaJLARCauditor'stimeforamonth,togetherwithrelated administrative,support,goods/servicesandsupervisorycosts.JLARC'santicipated2001-03costsarecalculatedat \$12,246perauditmonth.

PartIII:ExpenditureDetail

III.A-ExpendituresByObjectOrPurpose

	FY2002	FY2003	2001-03	2003-05	2005-07
FTEStaffYears	1.7	1.1	1.4	0.4	
A-SalariesandWages	101,271	67,514	168,785	50,635	
B-EmployeeBenefits	22,896	15,264	38,160	11,448	
C-PersonalServiceContracts	50,000	25,000	75,000	50,000	
E-GoodsandServices	16,260	10,840	27,100	8,130	
G-Travel	4,248	2,832	7,080	2,124	
J-CapitalOutlays					
M-InterAgency/FundTransfers					
N-Grants,Benefits&ClientServices					
P-DebtService					
S-InteragencyReimbursements					
T-Intra-AgencyReimbursements					
9-Equipment	2,277	1,518	3,795	1,139	
Total:	\$196,952	\$122,968	\$319,920	\$123,476	

III.B-FTEDetail: ListFTEsbyclassificationandcorrespondingannualcompensation.TotalsneedtoagreewithtotalFTEsinPartI andPartIIIA.

JobClassification	Salary	FY2002	FY2003	2001-03	2003-05	2005-07
Auditor(IncludesPMA)	63,538	1.0	.7	.8	.3	
Supervisory	93,859	.2	.1	.2	.1	
SupportStaff	41,597	.5	.3	.4	.1	
Total		1.7	1.1	1.4	.5	

PartIV:CapitalBudgetImpact

PartV:NewRuleMakingRequired

Identifyprovisionsofthemeasurethatrequiretheagencytoadoptnewadministrativerulesorrepeal/reviseexistingrules.

IndividualStateAgencyFiscalNote

BillNumber: 5882ESB	Title: Musculoskeletaldisorders	Agency: 235-DepartmentofLabor andIndustries
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PartI:Estimates

☐ NoFiscalImpact

EstimatedCashReceiptsto:

Fund	FY2002	FY2003	2001-03	2003-05	2005-07
AccidentAccount-Non-Appropriated 608-6		9,350,000	9,350,000	106,150,000	61,600,000
MedicalAidAccount-Non-Appropriated 609-6		7,650,000	7,650,000	86,850,000	50,400,000
Total		\$17,000,000	\$17,000,000	\$193,000,000	\$112,000,000

EstimatedExpendituresfrom:

	FY2002	FY2003	2001-03	2003-05	2005-07
FTEStaffYears	8.0	8.0	8.0	8.0	0.0
Fund					
AccidentAccount-Non-Appropriated 608-6	0	9,350,000	9,350,000	106,150,000	61,600,000
MedicalAidAccount-State 609-1	1,020,000	1,000,000	2,020,000	0	0
MedicalAidAccount-Non-Appropriated 609-6	0	7,650,000	7,650,000	86,850,000	50,400,000
Total	1,020,000	18,000,000	19,020,000	193,000,000	112,000,000

Thecashreceiptsandexpenditureestimatesonthispagerepresentthemoslikelyfiscalimpact.Factorsimpactingtheprecisionoftheseestimates, andalternateranges(ifappropriate),areexplainedinPartII.

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- ☐ Capitalbudgetimpact,completePartIV.
- ☒ Requiresnewrulemaking,completePartV.

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OFMReview: LesMyhre	Phone: 360-902-0614	Date: 03/27/2001

PartII:NarrativeExplanation

II.A-BriefDescriptionOfWhatTheMeasureDoesThatHasFiscalImpact

Brieflydescribe,bysectionnumber,thesignificantprovisionsofthebill,andanyrelatedworkloadorpolicyassumptions,thathaverevenueor expenditureimpactontherespondingagency.

ESB5882hasmultiplefiscalimpactsonthedepartmentforwhichabriefreviewofeachsectionofthebillwillfacilitate anunderstanding:

Section1:Legislativeintent

TheintentofthelegislatureistominimizeMusculoskeletalDisorder(MSD)risktoemployees,accelerateergonomics awarenesseducation,establishpilotprograms,investigatealternativemeanstoreduceMSDsandmaximizecost effectiveness.ThelegislatureintendstogivetheJLARCresponsibilityforreviewingtheL&Irule,resultsofthepilot demonstrationprojects,alternativestotheruleandtheneedforimplementation.

Section2:EffortsL&Imustundertake

DirectsL&Itoacceleratedisseminationofergonomicsawarenesseducationinformationtoemployersandemployees, usingexistingresources.

DirectsL&Ito carryoutcomprehensivepilotdemonstrationprojects.Requiresthedepartmenttouseaminimumof180 small,mediumandlarge(volunteer)employersinthedemonstrationprojects(basedon5employersineachsizecategory foreachofthe12industriesaffectedbythefirstphase-indateintheL&Irules).Thepilotprojectsmustbecompletedto thedegreepossiblebyJuly1,2003.

Thegoalsoftheseprojectswouldbe1)evaluatecostofimplementation;2)evaluateeaseofimplementation;3) recommendrulemodifications;4)determinecosttothedepartment;and5)evaluateeffectivenessoftherules.

Thedemonstrationprojectsarealsointendedtoallowsomeparticipantstotestalternativestotherulesagainstthesame criterianotedabove.

Section3:JLARCresponsibilities

TheJointLegislativeAuditandReviewCommittee(JLARC)isrequiredtoconductareviewoftherulesasadoptedby L&Iandtoalsoreviewtheresultsofthedemonstrationprojects.JLARCshallassessandmakerecommendations includingbutnotlimitedto:1)literaturereviewfocusingonscientificjustificationandevidenceforreductionsin MSDs;2)theaccuracyofL&I'sCost-BenefitAnalysis;3)thecomprehensibilityoftherule;4)easeofimplementation; 5)resultsofthepilotprojects;6)MSDreductions;and7)costsofcompliancefordemonstrationprograms.Interim annualreportsareduewithacompletereportduebyJanuary1,2004.FundingforJLARCwillbetakenfromthe reservesofthemedicalaidfundthatareinexcessofactuarialneeds.

Section4:ErgonomicsImplementationTimeline.

DelaysL&Irulesimplementationbyatleast2years.Ergonomicsrulesmaytakeeffectnoearlierthan:

Group1:largehigh-riskindustriesdescribedintheL&Iergonomicsrules,July1,2005.

Group2:Remainingsmallhigh-riskindustries,allotherlargeindustries(>49),July1,2006.

Group3:Allotheremployersemploying11to49FTEs,July1,2007.

Group4:Allotheremployersemploying10orfewerFTEs,July1,2008.

Section5:SafetyandHealthGrants

L&Imustprovidesafetyandhealthimpactgrantstoeducateemployeesandemployersaboutworkplacehazardsandsafe workplacepractices.Thedepartmentmayuseappropriatedindustrialinsurancefundstoaccomplishthistask.The departmentshallawardupto\$5millionperyeartobusinesses,tradeassociations,employersandemployeeassociations. Applicantsmayformpartnershipswitheducationalinstitutions.Materialsdevelopedarepublicdomain.Grantscannot beusedforlegislativeorregulatorypurposes.Informationonapplicationscannotbeutilizedforenforcementpurposes bythedepartment.Grantsshallcontainanaccountabilitycomponent.Grantworkmustbecompletedwithinthe biennium.Granteesmustapplyforadditionalfundingforextendedgrants.

Section6:SafetyandHealthImpactGrantReviewCommittee.
Anadvisorycommitteesisformedwiththefollowingmembership:fourmembersrepresentingemployers;fourmembersrepresentingemployees;andononenonvotingmemberfromthedeartment.Thecommitteewillreceive,reviewandapprovegrants.Membersareentitledtoexpenses.

Section7:EstablishingGrantApprovalCriteria
Thesafetyandhealthimpactgrantreviewcommitteeincooperationwiththedirectorshalldevelopgrantapplicationproceduresandapprovalcriteria.

Section8:AdditionalLargeGrantAward
Thereisestablishedforthe2001to2003timeframe,anadditionalgranttoemployee representatives of upto\$1milliondollarspereachofthetwofiscalyears.

Section9:ReviewoftheGrantProgram
ThecommitteeandthedirectorshallconductanannualreviewofthegrantprogramandpresentittotheWISHAadvisorycommittee.

Section10:ComprehensiveReview
ThedirectorandtheWISHAadvisorycommitteeshallconductacomprehensivereviewofthegrantprogram.

Section11-13:Sunsettimeline,EnablingClause,DeclarationofNecessitySections1-4
Sections5through10oftheactarerepealedeffectiveJuly1,2005,therebyeliminatingthegrantprogramunlessrenewedinthefuture.

Section12:enablingClause5through11.
AddsSections5through11tochapter49.17RCW.

Section13:Declarationofnecessityforsections1through4.
DeclaresanemergencyandtakeseffectimmediatelywithrespecttoSections1through4.

Atanygivenpoint,theworkloadforclaimsmanagementconsistsprimarilyoftheadjudicationofexisting,orolder,claims.Inaddition,becauseoccupationaldiseaseclaims,suchasmusculoskeletaldisorders,developovertimeandbecausethedepartmentanticipatesotherfutureimpacts onclaimmanagementworkloadsdueto economic growth and other considerations, no change in the required FTEs for claim management is expected.

Fullimplementationofthedepartment'sergonomicrulesisexpectedtoultimatelyreducethefrequencyofclaimsrelatedtomusculoskeletaldisorders.Areductioninthenumberoffutureclaimsrepresentsanavoidanceoftherelatedcostsassociatedwiththesecases.Thedepartmentestimates thattheergonomicsrulewillprevent40% of work-related musculoskeletal disorder (WMSD) injuries and 50% of WMSD costsonceall programs are fully effective.

Whilethedepartmentanticipatesaresultingcostavoidanceforfutureyears,thisdoesnotrepresentsavingstotheAccidentandMedicalAidFunds,oremployerpremiumsfortheyear.Historicalandanticipatedclaimfrequencies, history of cost to date, investment income, legislative changes and court decisions are all considered in the determination of appropriate future employer premium assessments.

The department has attempted to assess the impact of ESB 5882 on the insurance fund and premium over the next six years using two approaches. The first approach (see Table 1 on attachment) is more conservative and uses insurance fund cost estimates and assumptions presented in the department's Cost-Benefit Analysis for the ergonomics rules. The second approach (see Table 2 on attachment) is a less conservative, broader approach to estimating the impact of ESB 5882.

Table 1 demonstrates the expected impact, utilizing conservative assumptions, of a two-year delay in ergonomic rule implementation through 2007 on future required employer premiums. Total 6-year cost to the state insurance fund alone

are estimated at \$322 million dollars.

Table 2 demonstrates the expected impact, based on broader assumptions, of a two-year delay in the ergonomic rules implementation through 2007, on future required employer premium income. Total 6-year costs to the state insurance fund alone based on the assumptions outlined below are estimated at \$361 million dollars.

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 assumption translates into estimates. Distinguish between one time and ongoing functions.

Implementation of the department's ergonomic rules is expected to ultimately reduce the frequency of work related musculoskeletal disorders. Therefore delaying implementation of the rules will delay this reduction in claim frequency and resulting costs. The impact by Fiscal Year is indicated below for premium collection. The department's industrial insurance actuaries will set the future premium rate to balance the revenues with the expenditures. Changes in benefit expenditures related to requirements of the bill will be matched with corresponding premiums. It is assumed the premium collection will occur in the same fiscal year as the additional expenditures due to the delayed implementation. Once the other direct expenditures created by ESB 5882 are approved by the legislature, the necessary premium collections will be adjusted to offset expenditure requirements as needed.

Table 1

2001	0% ----
2002	0% ----
2003	-5.0% \$17 million
2004	-23.1% \$76 million
2005	-35.6% \$117 million
2006	-24.4% \$81 million
2007	-9.4% \$31 million

6- Year
Total \$322 million

II.C-Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provision of the legislation that results 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 assumption translates into cost estimates. Distinguish between one time and ongoing functions.

Application of claims cost avoidance to fiscal note:
For the purposes of estimating the fiscal costs of ESB 5882, the insurance funds (608/609) costs and revenues will use the more conservative Table 1 above, see attachment as well. The cost of not avoiding claims (expenditures) and revenues collected from premium stop pay for those claims balance.

Direct Operating Costs Associated with ESB 5882
The language of ESB 5882 requires that the pilot demonstration projects, accelerated education efforts and dissemination of information. These efforts will require the use of numerous professional, technical, management and support staff. However, since ESB 5882 mandates that these activities be done "within existing resources" the department will have to absorb these substantial costs by redirecting the workload of existing personnel and funding. This will create significant workload impact as normal activities will be disrupted which may include response to OSHA issues, employee workplace concerns and complaints, employer technical assistance not related to ergonomics, and work currently mandated by statute. Some work will not get done.

ESB 5882 also has the following costs associated with it:
\$5 million dollars per fiscal year for the safety and health impact grants program, however, this is currently contained in the department's carry forward level budget and therefore is not shown as a new cost in this fiscal note; the statutes under this legislation are scheduled to sunset July 1, 2005, unless renewed (see Section 10).

\$1milliondollarsperyearforaspecialgranttoemployee representatives;thisonlyappliestoFY2002andFY2003;and \$20,000forFY2002forrulemaking;additionalfuturerulemakingcostsareindeterminate.

FTE requirements: Sections 5 through 10 of ESB 5882 mandate a safety and health impact grant program. All the administrative costs including salary and benefits and associated support costs will be covered by the grant program itself. The funding for the cost of these FTE's will be considered administrative costs for the grant funding already included in the department's carry forward level of grant dollars in the Governor's budget proposal with the exception of the two million dollars in grant money for labor representatives. There are, however, no FTE's in the department's carry forward level budget for this purpose; additional FTE authority is required. A total of eight FTEs per year beginning in FY 2002 through FY 2005 are required to staff and support the grant program. The positions are:

- One WMSB and 2 manager (range 62)
- One office assistant senior (range K)
- One research analyst 2 (range K)
- Two industrial hygienist 3 (range K)
- Two safety and health specialist 3 (range K)
- One safety and health specialist 2 (range K)

Note: Although not a direct fiscal cost to L&I, there is an additional fiscal impact that affects the excess medical aid funds due to funding the JLARC activities of Section 3 of ESB 5882.

Implementation of the department's ergonomic rules is expected to ultimately reduce the frequency of work related musculoskeletal disorders. Therefore, delaying implementation of the rules, as required by ESB 5882, will delay this reduction in claim frequency and resulting costs. The future impact in claim costs by Fiscal Year is indicated below. This impact is offset by the effect on cash receipts due to the anticipated collection of State Fund premiums.

Year Savings Additional WMSD Claim Costs
2001 0% ----
2002 0% ----
2003 -5.0% \$17 million
2004 -23.1% \$76 million
2005 -35.6% \$117 million
2006 -24.4% \$81 million
2007 -9.4% \$31 million

Part III: Expenditure Detail

III.A-Expenditures By Object Or Purpose

	FY2002	FY2003	2001-03	2003-05	2005-07
FTE Staff Years	8.0	8.0	8.0	8.0	
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services	20,000		20,000		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	1,000,000	18,000,000	19,000,000	193,000,000	112,000,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$1,020,000	\$18,000,000	\$19,020,000	\$193,000,000	\$112,000,000

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

Job Classification	Salary	FY2002	FY2003	2001-03	2003-05	2005-07
Industrial Hygienist 3	51,240	2.0	2.0	2.0	2.0	
Office Assistant Senior	28,560	1.0	1.0	1.0	1.0	
Research Analyst 2	37,200	1.0	1.0	1.0	1.0	
Safety & Health Spec 2	43,128	1.0	1.0	1.0	1.0	
Safety & Health Spec 3	46,440	2.0	2.0	2.0	2.0	
WMS Band 2	60,936	1.0	1.0	1.0	1.0	
Total		8.0	8.0	8.0	8.0	

Part IV: Capital Budget Impact

There is no capital budget impact.

Part V: New Rule Making Required

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

Section 4 of ESB 5882 requires adjustments to the phase-in implementation dates of the current WISHA ergonomics rules. The necessary rulemaking including printing and distribution and necessary hearings is estimated to cost \$20,000 with the cost of additional changes to the ergonomic rules which may result from legislative JLARC review and recommendations required by Section 3 of ESB 5882 indeterminate at this time.

Table 1: Impact of ESB 5882 on Insurance Fund and Premiums – Conservative Assumptions.

Fiscal Year	Resulting Effect of ESB 5882 on WMSD savings	Effect on Baseline MSD Expenditures *	Effect on State Fund Premiums **	Net Fund Income Effect
2001	0%	-----	-----	-----
2002	0%	-----	-----	-----
2003	-5.0%	\$ 17	\$ 17	-----
2004	-23.1%	\$ 76	\$ 76	-----
2005	-35.6%	\$ 117	\$ 117	-----
2006	-24.4%	\$ 81	\$ 81	-----
2007	-9.4%	\$ 31	\$ 31	-----
6-Year Total		\$ 322	\$ 322	-----

* Additional cost due to a 2-year delay of WISHA ergonomics rule and failure to reduce WMSDs.

** Additional premiums assessed due to failure to reduce ergonomic WMSDs.

Assumptions

1. One year cost to state industrial insurance fund due to WMSDs of \$278.3 million dollars: 1998 dollars and based on 1996-98 L&I data.
2. Value inflated to 2001 dollars using an inflation factor of 5.5% (derived from wage and medical inflation factors).
3. Lower extremity WMSDs not included in this estimate.

Table 2: Impact of ESB 5882 on Insurance Fund and Premiums – Broader Assumptions.

Fiscal Year	Resulting Effect of ESB 5882 on WMSD savings	Effect on Baseline MSD Expenditures *	Effect on State Fund Premiums **	Net Fund Income Effect
2001	0%	-----	-----	-----
2002	0%	-----	-----	-----
2003	-5.0%	\$ 19	\$ 19	-----
2004	-23.1%	\$ 85	\$ 85	-----
2005	-35.6%	\$ 132	\$ 132	-----
2006	-24.4%	\$ 90	\$ 90	-----
2007	-9.4%	\$ 35	\$ 35	-----
6-Year Total		\$ 361	\$ 361	-----

* Additional cost due to a 2-year delay of WISHA ergonomics rule and failure to reduce WMSDs.

** Additional premiums assessed due to failure to reduce ergonomic WMSDs.

Assumptions

1. One year cost to state industrial insurance fund due to WMSDs of \$284.8 million dollars: 1998 dollars and based on 1990-98 L&I data.
2. Value inflated to 2001 dollars using an inflation factor of 5.5% (derived from wage and medical inflation factors).
3. Lower extremity WMSD injuries were added to the estimated costs. Lower extremity injuries were estimated to add an additional 10 percent to costs.