

Multiple Agency Fiscal Note Summary

| | |
|-------------------------------|--|
| Bill Number: 1457 S HB | Title: Family & med leave insurance |
|-------------------------------|--|

Estimated Cash Receipts

| Agency Name | 2013-15 | | 2015-17 | | 2017-19 | |
|-------------------------------------|--|------------------|-----------|------------------|-----------|------------------|
| | GF- State | Total | GF- State | Total | GF- State | Total |
| Administrative Office of the Courts | Non-zero but indeterminate cost. Please see discussion." | | | | | |
| Office of State Treasurer | Non-zero but indeterminate cost. Please see discussion." | | | | | |
| Office of Administrative Hearings | 0 | 7,095,534 | 0 | 7,095,534 | 0 | 7,095,534 |
| Total \$ | 0 | 7,095,534 | 0 | 7,095,534 | 0 | 7,095,534 |

Estimated Expenditures

| Agency Name | 2013-15 | | | 2015-17 | | | 2017-19 | | |
|--|--|--------------------|---------------------|------------|---------------------|---------------------|------------|---------------------|---------------------|
| | 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. | | | | | | | | |
| Office of State Treasurer | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Office of Financial Management | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Office of Administrative Hearings | .0 | 0 | 7,095,534 | .0 | 0 | 7,095,534 | .0 | 0 | 7,095,534 |
| Department of Revenue | Fiscal note not available | | | | | | | | |
| Department of Enterprise Services | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Department of Labor and Industries | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Department of Social and Health Services | Fiscal note not available | | | | | | | | |
| Superintendent of Public Instruction | Fiscal note not available | | | | | | | | |
| Employment Security Department | Fiscal note not available | | | | | | | | |
| SWF Statewide Fiscal Note - OFM | .0 | 5,810,111 | 13,436,863 | .0 | 20,335,389 | 47,029,021 | .0 | 23,240,444 | 53,747,452 |
| Total | 0.0 | \$5,810,111 | \$20,532,397 | 0.0 | \$20,335,389 | \$54,124,555 | 0.0 | \$23,240,444 | \$60,842,986 |

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

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

** See local government fiscal note

FNPID 34398

FNS029 Multi Agency rollup

Estimated Capital Budget Impact

NONE

This preliminary note does not yet include the fiscal impact for multiple agencies.

| | | |
|-------------------------------------|-------------------------------|---|
| Prepared by: Ryan Black, OFM | Phone: 360-902-0417 | Date Published: Preliminary 2/22/2013 |
|-------------------------------------|-------------------------------|---|

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

** See local government fiscal note

FNPID 34398

Judicial Impact Fiscal Note

| | | |
|-------------------------------|--|---|
| Bill Number: 1457 S HB | Title: Family & med leave insurance | Agency: 055-Admin Office of the Courts |
|-------------------------------|--|---|

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

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: Joan Elgee | Phone: 360-786-7106 | Date: 02/18/2013 |
| Agency Preparation: Susan Arb | Phone: 360-704-4143 | Date: 02/20/2013 |
| Agency Approval: Dirk Marler | Phone: 360-705-5211 | Date: 02/20/2013 |
| OFM Review: David Dula | Phone: (360) 902-0547 | Date: 02/20/2013 |

Request # other-1

Part II: Narrative Explanation

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

This bill creates a procedure for filing with the courts warrants for overpayment of family and medical leave insurance benefits, making them enforceable warrants. It also provides for the filing of lawsuits by the Employment Security Department (ESD) Commissioner or the claiming employee for wrongful discharge or discrimination arising from a claim for family and medical leave insurance benefits.

Sections 10 and 19 of SHB 1457, the only sections which financially affect the courts, are identical to the sections in HB 1457.

Sections with potential court impact:

Section 10 amends RCW 49.86.080 to require the ESD to file with the appropriate county’s Superior Court clerk a warrant in the amount of an overpayment (of family and medical leave insurance benefits) assessment plus the filing fee. The clerk shall assign a cause number to the warrant and enter it in the judgment docket.

Section 19 amends RCW 49.86.130, which governs employees who claim to be terminated or discriminated against for filing a claim for family and medical leave. The procedures for an employee to file the suit in the Superior Court if the Commissioner does not find a violation are moved from RCW 51.48.025 to RCW 49.86.130.

II. B - Cash Receipts Impact

It is estimated by the Employment Security Department that there will be 1,100 warrants based on this bill filed with the state courts annually. The filing fee for such a warrant is \$20. Therefore, the state clerks anticipate new revenue of \$22,000 each year. The revenue is split between state and county funds. The state fund receives 11.5% of the revenue, and the county funds receive 88.5%. Therefore, it is estimated that the state fund will receive \$2,530, and the county funds will receive \$19,470.

\$19,470 County revenue
\$2,530 State revenue
\$22,000 Total revenue

II. C - Expenditures

Based on judicial input, it is believed that the changes in the bill are not expected to take additional court time. Based on clerk input, there is additional superior court clerk time needed for the filing of the new warrants for overpayment. At an average of 7 minutes per warrant, this is estimated to result in an increase of .08 FTEs for county clerk time. The cost to the county superior court clerks is estimated at \$4,986, and there is no cost to the state.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Individual State Agency Fiscal Note

| | | |
|-------------------------------|--|--|
| Bill Number: 1457 S HB | Title: Family & med leave insurance | Agency: 090-Office of State Treasurer |
|-------------------------------|--|--|

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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: Joan Elgee | Phone: 360-786-7106 | Date: 02/18/2013 |
| Agency Preparation: Dan Mason | Phone: 360-902-9090 | Date: 02/19/2013 |
| Agency Approval: Dan Mason | Phone: 360-902-9090 | Date: 02/19/2013 |
| OFM Review: Chris Stanley | Phone: (360) 902-9810 | Date: 02/19/2013 |

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.

SHB 1457 changes the name of the family leave insurance account to the family and medical leave insurance account.

Earnings from investments:

Estimated earnings from investments are indeterminable because projected cash flows are needed to make the estimate and are currently unavailable. Earnings for an account are a function of the average daily balance of the account and the earnings rate of the investment portfolio. The average daily balance is a function of the beginning balance in the account and the timing & amount of receipts, disbursements, & transfers during the time period under review. Accordingly, even with a beginning balance of zero, two accounts with the same overall level of receipts, disbursements, and transfers can have different average daily balances, and hence different earnings.

For illustrative purposes, assume based on the November 2012 revenue forecast that approximately \$1,600 in FY 13, \$1,000 in FY 14, \$1,000 in FY 15, \$5,300 in FY 16, and \$25,400 in FY 17 in net earnings would be gained or lost annually for every \$1 million shift in average daily cash balances.

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.

Estimated earnings from investments are indeterminable.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

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.

Individual State Agency Fiscal Note

| | | |
|-------------------------------|--|---|
| Bill Number: 1457 S HB | Title: Family & med leave insurance | Agency: 105-Office of Financial Management |
|-------------------------------|--|---|

Part I: Estimates

☒ No Fiscal Impact

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

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

| | | |
|--------------------------------------|-----------------------|------------------|
| Legislative Contact: Joan Elgee | Phone: 360-786-7106 | Date: 02/18/2013 |
| Agency Preparation: Stephanie Lidren | Phone: 360-902-3056 | Date: 02/20/2013 |
| Agency Approval: Aaron Butcher | Phone: 360-902-0406 | Date: 02/20/2013 |
| OFM Review: Tristan Wise | Phone: (360) 902-0538 | Date: 02/20/2013 |

Part II: Narrative Explanation

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

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

This bill will have a minimal workload impact to both the Labor Relations Division and the Office of the State Human Resources Director which can be absorbed within existing resources.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

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.

Individual State Agency Fiscal Note

| | | |
|-------------------------------|--|--|
| Bill Number: 1457 S HB | Title: Family & med leave insurance | Agency: 110-Office of Administrative Hearings |
|-------------------------------|--|--|

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

| ACCOUNT | FY 2014 | FY 2015 | 2013-15 | 2015-17 | 2017-19 |
|---|-----------|-----------|-----------|-----------|-----------|
| Administrative Hearings Revolving Account-State 484-1 | 3,547,767 | 3,547,767 | 7,095,534 | 7,095,534 | 7,095,534 |
| Total \$ | 3,547,767 | 3,547,767 | 7,095,534 | 7,095,534 | 7,095,534 |

Estimated Expenditures from:

| | FY 2014 | FY 2015 | 2013-15 | 2015-17 | 2017-19 |
|---|-----------|-----------|-----------|-----------|-----------|
| Account | | | | | |
| Administrative Hearings Revolving Account-State 484-1 | 3,547,767 | 3,547,767 | 7,095,534 | 7,095,534 | 7,095,534 |
| Total \$ | 3,547,767 | 3,547,767 | 7,095,534 | 7,095,534 | 7,095,534 |

Estimated Capital Budget Impact:

NONE

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: Joan Elgee | Phone: 360-786-7106 | Date: 02/18/2013 |
| Agency Preparation: Jane Habegger | Phone: 360-407-2756 | Date: 02/22/2013 |
| Agency Approval: Larry Dzieza | Phone: 360-407-2717 | Date: 02/22/2013 |
| OFM Review: Chris Stanley | Phone: (360) 902-9810 | Date: 02/22/2013 |

Request # -2

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.

SHB 1457 provides for paid leave, called family and medical leave insurance benefits, for employees for:

- (1) the employee or a family member of an employee with a “serious health condition” or
- (2) the birth or placement of a child with an employee.

The paid leave benefit is based on the employee's wages. The benefits are capped at \$1,000 per month. The bill provides for a premium to be paid for by both the employer and employee.

The Employment Security Department (ESD) is designated to administer most parts of this program.

Sections 10, 17 and 18 provide that a person who disagrees with an ESD decision may file a request for a hearing with an Administrative Law Judge employed by the Washington State Office of Administrative Hearings.

Under Section 10, if family and medical leave insurance benefits are paid in error or as the result of willful misrepresentation, or if a claim is rejected after benefits are paid, the ESD may issue an overpayment assessment. The person receiving the overpayment assessment may request a hearing before an Administrative Law Judge under RCW 49.86.120.

Under Section 17, in hearings in which the Administrative Law Judge is reviewing a determination or redetermination made by the ESD Commissioner, the Administrative Law Judge conducts a hearing and issues a Proposed Decision and Order. This Order becomes a Final Order 30 days after the Order is served unless a party to the hearing files an appeal in Superior Court.

Under Section 18, the hearing involves a challenge to the amount of the benefit.

The Employment Security Department has told us that they expect to 430 applications per day or 156,950 per year. Of these they anticipate a 2.7 appeal rate to the Office of Administrative Hearings. This is the appeal rate for Unemployment Insurance determinations.

That would generate 4,238 new hearings per year for the Office of Administrative Hearings.

We assume that 10% of these hearings or 424 will be generated by Section 10 of the bill because we assume that most recipients will not be dishonest and that the ESD will not make numerous eligibility determination errors.

We assume that 60% or 2,544 of these hearings will be generated by Section 17 and 30% or 1,271 will be generated by Section 18 of the bill.

ASSUMPTIONS

Sec. 10 hearings involve an overpayment established against a recipient when family and medical leave insurance benefits are paid in error or as the result of willful misrepresentation, or if a claim is rejected after benefits are paid.

In our estimated costs below, we are assuming that the reason for the overpayment in the majority of cases will not be because the ESD changes it's mind on whether the recipient has a serious medical condition, but rather some other

reason.

(1) Parties to the Hearing:

The benefit recipient who files an appeal

An ESD representative

(2) Support Staff time: 1 ½ hours

(3) ALJ time: 5 hours total (1 for hearing and 4 for drafting the order)

Sec. 17 hearings involve appeals from a determination or redetermination of eligibility. We assume that most of the issues would involve whether there is a “serious medical condition”. That term is defined in RCW 49.78.020(16) and is lengthy (17 subparts) and complex. These hearings may be quite lengthy involving a review of medical evidence and there may be complex medical evidence to review.

(1) Parties to the Hearing:

The benefit recipient who files an appeal

An ESD representative

(2) Support Staff time: 1 ½ hours

(3) ALJ time: 10 hours total (2-4 for hearing and 6-8 for drafting the order)

Section 18 hearings involves a challenge to the amount of the benefit.

(1) Parties to the Hearing:

The benefit recipient who files an appeal

An ESD representative

(2) Support Staff time: 1 ½ hours

(3) ALJ time: 4 hours total (1 for hearing and 3 for drafting the order)

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 Office of Administrative Hearings anticipates receiving 4,238 new requests for hearings. Our estimated costs will be \$3,198,132 a year. Please see Expenditure Section for further detailed explanation. The OAH is a state revolving fund agency and we anticipate billing agencies for the costs detailed as an anticipated expenditures.

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 Office of Administrative Hearing anticipates receiving an additional 4,238 appeals per year. Our anticipated costs

will be \$3,547,767.

The Employment Security Department has told us that they expect to 430 applications per day or 156,950 per year. Of these they anticipate a 2.7% appeal rate to the Office of Administrative Hearings. This is the appeal rate for Unemployment Insurance determinations.

That would generate 4,238 new hearings per year for the Office of Administrative Hearings. We assume that 10% of these hearings or 424 will be generated by Section 10 of the bill because we assume that most recipients will not be dishonest and that the ESD will not make numerous eligibility determination errors. We assume that Section 10 hearings will require 5 hours of ALJ time and 1.5 hours of support services time. We assume that 60% or 2,544 of these hearings will be generated by Section 17. We assume that Section 17 hearings will require 10 hours of ALJ time and 1.5 hours of support services time. We assume that Section 18 hearings will be 30% of cases or 1,271 will require 4 hours of ALJ time and 1.5 hours of support services time.

Our billable rate for ALJ time is \$98. Our billable rate for support staff time is \$55 an hour. Annual support service cost of \$55 times 6,357 hours equal to \$349,635 and 3.1 FTEs and ALJ cost of \$98 an hour times 32,634 hours equal to \$3,198,132 15.7 FTEs a year for a total annual cost of \$3,547,767 and 18.7 FTEs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

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.

Individual State Agency Fiscal Note

| | | |
|-------------------------------|--|--|
| Bill Number: 1457 S HB | Title: Family & med leave insurance | Agency: 179-Department of Enterprise Services |
|-------------------------------|--|--|

Part I: Estimates

☒ No Fiscal Impact

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

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

| | | |
|----------------------------------|-----------------------|------------------|
| Legislative Contact: Joan Elgee | Phone: 360-786-7106 | Date: 02/18/2013 |
| Agency Preparation: Michael Rush | Phone: 407-8773 | Date: 02/21/2013 |
| Agency Approval: Bob Van Schoorl | Phone: (360)407-9222 | Date: 02/21/2013 |
| OFM Review: Chris Stanley | Phone: (360) 902-9810 | Date: 02/22/2013 |

Request # 1457 SHB-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.

Expands the Family Leave Insurance (FLI) program to establish the Family and Medical Leave Insurance (FMLI) program. Under FMLI, an eligible employee may receive limited income support when on leave for the following reasons:

- To bond with a biological newborn or child placed for adoption
- To care for a family member with a serious health condition
- To recover from his/her own serious health condition

The FMLI legislation is designed to complement state and federal family and medical leave laws.

This legislation directs the Employment Security Department (ESD) to administer the program that provides a maximum benefit of \$1,000 per week, adjusted annually for inflation, for up to twelve weeks for birth or placement of a child, and for a family member's serious health condition; plus 12 weeks for an individual's own serious health condition, in an application year. There is a waiting period of seven calendar days during which benefits are not payable.

For private employers in Section 16, a 0.02 percent premium of wages by an employee is assessed and collected by ESD from July 2014 through December 2015. This is increased to 0.04 percent of wages beginning January 2016 through December 2016. Employees are responsible for one half of the premium.

Employment Security has shared that as a state agency we do not pay a tax for Unemployment Insurance (UI) per Title 50 RCW. This bill clearly states in Section 16 that the requirements relating to the assessment and collection of Family and Medical Leave insurance premiums are the same as the requirements for UI. The state has elected to make payments in lieu of employee or employer payroll contributions, we are assuming this would be considered a reimbursable to Employment Security when a claim is filed.

DES assumes that this bill has no fiscal impact on the services that we provide to state agencies because it would not require changes to our existing Human Resources and Payroll systems. DES may be required to provide reimbursement to Employment Security when a claim is filed for a DES employee but without history we have no basis to estimate a cost.

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.

NA

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.

NA

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

NA

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.

NA

Individual State Agency Fiscal Note

| | | |
|-------------------------------|--|---|
| Bill Number: 1457 S HB | Title: Family & med leave insurance | Agency: 235-Department of Labor and Industries |
|-------------------------------|--|---|

Part I: Estimates

☒ No Fiscal Impact

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

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

| | | |
|---------------------------------|-----------------------|------------------|
| Legislative Contact: Joan Elgee | Phone: 360-786-7106 | Date: 02/18/2013 |
| Agency Preparation: Jeri Deuel | Phone: 360-902-6982 | Date: 02/21/2013 |
| Agency Approval: Tamara Jones | Phone: 360-902-6805 | Date: 02/21/2013 |
| OFM Review: Tristan Wise | Phone: (360) 902-0538 | Date: 02/21/2013 |

Request # SHB 1457-1

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.

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.

None

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

See Attached

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

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

None

Part II: Explanation

This bill:

- Changes the Family Leave Insurance Program to the Family and Medical Leave Insurance Program.
- Allows workers to care for family members with a serious health condition or to recover from their own serious health condition.
- Expands the duties of the Employment Security Department (ESD).
- Requires each employer, for each individual, to pay a premium to ESD based on the amount of the employee's wages.
- Specifies terms for premium taxes.

This bill takes effect 90 days from sine die.

Change from HB 1457 fiscal note: A new section is added and one section changed which affects the rate of B&O tax assessment. These changes do not affect the Department of Labor and Industries (L&I).

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

Section 4 (7) – Specifies that ESD develop and implement an outreach program to inform eligible individuals of the benefits provided in this Act and their relation to other workplace benefits with technical assistant from the Department of Labor and Industries (L&I).

Section 11 (3) (b) - Reduces the number of months an individual must be employed by an employer before receiving benefits. Twelve months would be reduced to six months of employment prior to a leave, and one thousand two hundred fifty hours of service has been reduced to six hundred fifty hours of service prior to a leave.

Section 11 (4) Specifies that enforcement authority of this section is held by L&I when an employer fails to restore an employee to the job held after taking family and medical leave.

Section 15 - Requires each employer to pay a premium to ESD based on the amount of employee's wages at two-tenths of one percent beginning July 1, 2014 through December 2015. Beginning January 1st 2016 through December 31, 2016 employer are required to pay four-tenths of one percent January 2016 through December 31, 2016. Beginning September 1st and each September thereafter the premium amount will be adjusted by administrative law by the ESD commissioner. The employee may pay for one-half of the premium.

Section 20 – Coordination of Leave

Sub-section (2) - Provides that if an individual is entitled to family and medical leave, the employer may require that leave under this chapter be taken concurrently with leave under other applicable laws. Leave from employment is in addition to leave during which benefits are paid or payable under federal or state industrial insurance laws.

Subsection (3) - States that an individual is disqualified from receiving family and medical leave insurance benefits in any week in which he or she is earning waiting period credits or receiving benefits under applicable federal or state crime victims' compensation, unemployment compensation, industrial insurance, or disability insurance laws.

II. B – Cash Receipt Impact

None

II. C – Expenditures

Section 3 – The requirement to provide technical assistance to ESD for outreach would be minimal and would be absorbed using existing resources.

Section 11 – The assumptions for L&I to enforce the job restoration requirement are as follows: Historically, enforcement of similar laws (protected leave) resulted in a per employer complaint rate of .016 percent. Based on the ESD Report, it is estimated the bill could affect 235,779

employers. Using the .016 percent historical rate of complaints per employer, times number of affected employers, would result in 38 new complaints per year. ($235,779 \times .016\% = 37.72$ or 38 complaints).

An agent can handle 240 complaints per year; the added complaints will be absorbed using current staffing levels.

Section 15 – Cost associated with premiums will be shown on an OFM state wide fiscal note.

Section 20 – This section could require a new data share agreement will so ESD can identify individuals receiving Family Medical Leave Act (FMLA) benefits who are also receiving industrial insurance and/or crime victim benefits. The burden appears to be on ESD to identify those individuals and deny FMLA benefits or process FMLA overpayments. Any cost to L&I would be minimal and could be absorbed.

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

None

Individual State Agency Fiscal Note

| | | |
|-------------------------------|--|---|
| Bill Number: 1457 S HB | Title: Family & med leave insurance | Agency: SWF-SWF Statewide Fiscal Note - OFM |
|-------------------------------|--|---|

Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

| | FY 2014 | FY 2015 | 2013-15 | 2015-17 | 2017-19 |
|-----------------------------|---------|------------|------------|------------|------------|
| Account | | | | | |
| All Other Funds-State 000-1 | 0 | 7,626,752 | 7,626,752 | 26,693,632 | 30,507,008 |
| General Fund-State 001-1 | 0 | 5,810,111 | 5,810,111 | 20,335,389 | 23,240,444 |
| Total S | 0 | 13,436,863 | 13,436,863 | 47,029,021 | 53,747,452 |

Estimated Capital Budget Impact:

NONE

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: Joan Elgee | Phone: 360-786-7106 | Date: 02/18/2013 |
| Agency Preparation: Jane Sakson | Phone: (360) 902-0549 | Date: 02/19/2013 |
| Agency Approval: Pam Davidson | Phone: (360) 902-0550 | Date: 02/19/2013 |
| OFM Review: Ryan Black | Phone: 360-902-0417 | Date: 02/22/2013 |

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.

Employers, including the state and its political subdivisions, would be assessed premiums for family and medical leave insurance. The premiums are charged based on a percentage of employees' wages, starting July 1, 2014 at 0.2% of pay and increasing to 0.4% of pay through December 31, 2016. Future premium rates are to be set by the Commissioner of Employment Security. Although there are specific criteria for employees to qualify to use family and medical leave, the bill language applies premiums to all employees of covered employers. The bill permits employers to deduct half of the premium for an employee from the employee's pay.

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.

There are no cash receipts associated with this bill.

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.

Assumptions:

- This analysis covers the expected cost of the full premium for state employees, including graduate students but excluding undergraduate student employees (the OFM Compensation Model does not calculate costs for student employees).
- The calculations reflect the entire premium rate. If the premium cost for some or all employees is shared by those employees, the state's cost would be less.
- For costs beyond December 31, 2016, in the absence of information about future rates, the calculations use the assumption that the 0.4% rate continues unchanged.
- For purposes of the calculations, it is assumed that family and medical leave insurance would not affect the number or duration of employee absences, and that the use of existing paid leave, including shared leave, is unaffected.

Administrative costs for agencies, local governments, and costs for non-state employees who bargain collectively with the state are not included in this fiscal note.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

| | FY 2014 | FY 2015 | 2013-15 | 2015-17 | 2017-19 |
|--------------------------------------|---------|--------------|--------------|--------------|--------------|
| FTE Staff Years | | | | | |
| A-Salaries and Wages | | | | | |
| B-Employee Benefits | | 13,436,863 | 13,436,863 | 47,029,021 | 53,747,452 |
| C-Professional Service Contracts | | | | | |
| E-Goods and Other Services | | | | | |
| G-Travel | | | | | |
| J-Capital Outlays | | | | | |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | | | | |
| 9- | | | | | |
| Total: | \$0 | \$13,436,863 | \$13,436,863 | \$47,029,021 | \$53,747,452 |

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.