

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1696 HB	<b>Title:</b> Wage and salary information	<b>Agency:</b> 235-Department of Labor and Industries
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2020	FY 2021	2019-21	2021-23	2023-25
Supplemental Pension Account-State 881-1	800	800	1,600	1,600	1,600
<b>Total \$</b>	800	800	1,600	1,600	1,600

### Estimated Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	1.5	1.3	1.4	1.3	1.3
<b>Account</b>					
Accident Account-State 608-1	295,000	112,000	407,000	224,000	224,000
Medical Aid Account-State 609-1	53,000	19,000	72,000	38,000	38,000
<b>Total \$</b>	348,000	131,000	479,000	262,000	262,000

### 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.

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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.

See attached

### II. B - Cash receipts Impact

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

See attached

### II. C - Expenditures

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

See attached

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
608-1	Accident Account	State	295,000	112,000	407,000	224,000	224,000
609-1	Medical Aid Account	State	53,000	19,000	72,000	38,000	38,000
Total \$			348,000	131,000	479,000	262,000	262,000

### III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	1.5	1.3	1.4	1.3	1.3
A-Salaries and Wages	93,000	77,000	170,000	154,000	154,000
B-Employee Benefits	36,000	31,000	67,000	62,000	62,000
C-Professional Service Contracts	177,000		177,000		
E-Goods and Other Services	30,000	21,000	51,000	42,000	42,000
G-Travel	2,000	2,000	4,000	4,000	4,000
J-Capital Outlays	10,000		10,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	348,000	131,000	479,000	262,000	262,000

### III. C - Operating FTE 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 2020	FY 2021	2019-21	2021-23	2023-25
Fiscal Analyst 5	68,572	0.1	0.1	0.1	0.1	0.1
Industrial Relations Agent 2	60,633	1.0	1.0	1.0	1.0	1.0
Information Technology Specialist 3	72,030	0.2		0.1		
Revenue Agent 2	59,135	0.2	0.2	0.2	0.2	0.2
Total FTEs		1.5	1.3	1.4	1.3	1.3

**Part IV: Capital Budget Impact**

None.

**Part V: New Rule Making Required**

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

See attached

## **Part II: Explanation**

This bill would prohibit an employer from seeking the wage or salary history of an applicant for employment; require the employer to provide wage scales or salary ranges to all new employees; and allow an employee to bring civil action against the employer.

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

Added to RCW 49.12 – the Industrial Welfare Act:

**Section 3** (1) Adds new restrictions on employers: Bars an employer from seeking the wage or salary history of an applicant from the applicant or a current or former employer. Makes it unlawful for an employer from requiring that an applicant's prior wage or salary history meet certain criteria. (2) An employer may confirm an applicant's wage or salary history if the applicant voluntarily disclosed such information, or after an offer of employment has been made.

**Section 4** (1) Requires an employer, upon request, to provide the wage scale or salary range for the position to an applicant. (2) Requires an employer to provide to each employee the wage scale or salary range for the employee's job title and for comparable jobs upon hire, and annually, and upon request after hire. (3) Employers can satisfy the requirements of this section if wage scale or salary ranges for a position is available on the employer's website.

**Section 5** (1) (a) Requires L&I to investigate and make a determination if an employee files a complaint. Gives the authority to start an investigation on behalf of one or more employees with the authority to require witness testimony and the production of documents as part of an investigation. (b) Gives the authority to order an employer to pay actual damages, statutory damages (equal to the actual damages or five thousand dollars—whichever is greater), and interest of one percent per month on compensation owed to an employee if a violation is found. Also gives the authority to order an employer to pay the department a civil penalty (\$200 for first time violations and \$1,000 for repeat violations), costs of investigation and enforcement, and other appropriate relief. (c) L&I's determination can be appealed in accordance with RCW 34.05. If employees prevail they are entitled to costs and reasonable attorney's fees. (d) Civil

penalties must be deposited into the supplemental pension fund. (e) Wages and interest must be calculated from the first date wages were owed to the employee. (2) Employees have the right to civil action against their employer for violations of this law. (3) L&I may adopt rules to implement. (4) Gives L&I collection authority under RCW. 49.48.086.

**Section 6** Specifies that if any provisions of this act are determined to be invalid, the remainder of the act is not affected.

## **II. B – Cash Receipt Impact**

The bill requires penalties received by L&I to be deposited in the Supplemental Pension Fund, fund 881. The following assumptions were made in developing the estimates:

- 60 complaints filed annually. (see expenditure assumptions)
- Based on experience, 17 percent of those, or 10, will result in a determination of violation. (60 complaints x 17% = 10 violations)
- The bill sets penalties at \$200 for first violation, and up to \$1,000 for repeat violations. It is assumed violations are first time violations.
- Annual amount assessed is \$2,000. (10 violations x \$200 per violation = \$2,000)
- Historical collection rate of these types of assessments is 40 percent.
- Annual cash receipts are \$800 beginning in fiscal year 2018. (\$2,000 in assessments x 40% collection rate = \$800)

## **II. C – Expenditures**

This bill increases expenditures to the Accident Fund, fund 608, and the Medical Aid Fund, fund 609. The expenditure calculations in this fiscal note includes the compensation and benefit changes approved in the 17-19 Biennial Budget. The following resources are needed to carry out the functions of this legislation that impact L&I:

### **Collections:**

0.2 permanent Revenue Agent 2 (RA2) FTE and 0.2 project Information Technology Specialist 3 (ITS3) FTE are necessary to perform the following tasks:

- The RA2 will assist with implementation of the program, process complaints, issue legal documents and take collection actions, and handle calls with employers and workers. It is

assumed the average time of 200 hours for an RA2 to help add new receivables to the Accounts Receivable Collection system (ARC) program and set up collections processes and test, and then 200 hours to collect the documents the first year, increasing to 400 hours per year as more public awareness results in increased complaints filed.

$(400/2088 = 0.2 \text{ FTE})$

- The ITS3 will coordinate with ARC programmers and the business area regarding the business requirements, testing, producing new legal documents and validation. The new documents would need to be able to assess penalties to include the category, “Adverse action”, “Front pay”, “Interested party” or “Unfair immigration-related practice,” and also awards for treble damages and front pay. We assume it will take 400 hours to provide the Collections business analysis and requirements, add new receivables to the ARC program, set up collections processes for it, test and validate, and provide revenue agent assistance. The start date is July 1, 2019 and end date is December 31, 2019.

$(400/2088 = 0.2 \text{ FTE})$

### **Employment Standards:**

1.0 permanent FTE Industrial Relations Agent 2 (IRA2), permanent, beginning July 1, 2019.

Duties will include investigating alleged complaints generated from this proposed legislation.

One IRA2 investigates approximately 60 cases per year. The following assumptions were made in developing the estimates:

- According to Employment Security Data, there are approximately 3,041,473 employees in the State of Washington.
- The complaint rate assumption on protected leave is 0.002% annually.
- Sixty complaints are expected to be filed annually.  $(3,041,473 * 0.002\% = 60)$

### **Information Technology**

The following information technology resources will be needed to carry out the requirements of this legislation. The expenditure calculations in this fiscal note includes changes to the hourly rates for contract technology based on an annual analysis completed by L&I. These changes include rates based on expert skill level and an inflationary factor in all categories.

- \$176,686 is needed for 1,306 contractor hours to develop, test, and update IT systems:
  - Add a new receivable to the accounts receivable type and collections system.(ARC)
  - Add a new complaint activity tracking system (CATS)
  - Penalties will be assessed so a new penalty types will need to be added.
  - The PARC system will need to be modified to allow payments to all receivables created in the ARC system as a result of this bill; the ARC system will be modified to handle all legal process lifecycles as well.

## Indirect Costs

The amount included in this fiscal note for indirect is:

Fund Name		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
608	Accident	\$8,500	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
609	Medical Aid	\$1,500	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
	Total:	\$10,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000

The department assesses an indirect rate to cover agency-wide administrative costs. Labor and Industries indirect rate is applied on salaries, benefits, and standard costs. For fiscal note purposes the total indirect amount is converted into salary and benefits for partial or full indirect FTEs. Salary and benefits costs are based on a Fiscal Analyst 5 (Range 56, Step G).

## Part IV: Capital Budget Impact

None.

## Part V: New Rule Making Required

Rulemaking may be required for this bill.