

Multiple Agency Fiscal Note Summary

Bill Number: 1399 S HB	Title: Paid family & medical leave
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Estimated Cash Receipts

Agency Name	2019-21		2021-23		2023-25	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of Attorney General	0	63,000	0	48,000	0	48,000
Office of Administrative Hearings	0	172,663	0	375,334	0	434,296
Total \$	0	235,663	0	423,334	0	482,296

Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of Attorney General	.2	0	63,000	.2	0	48,000	.2	0	48,000
Office of Administrative Hearings	.7	0	172,663	1.5	0	375,334	1.7	0	434,296
Employment Security Department	.0	0	236,000	.0	0	425,000	.0	0	484,000
Total \$	0.9	0	471,663	1.7	0	848,334	1.9	0	966,296

Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Office of Administrative Hearings	.0	0	0	.0	0	0	.0	0	0
Employment Security Department	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

Prepared by: Anna Minor, OFM	Phone: (360) 902-0541	Date Published: Final 4/ 2/2019
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Individual State Agency Fiscal Note

Bill Number: 1399 S HB	Title: Paid family & medical leave	Agency: 100-Office of Attorney General
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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
Legal Services Revolving Account-State 405-1	39,000	24,000	63,000	48,000	48,000
Total \$	39,000	24,000	63,000	48,000	48,000

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.3	0.2	0.2	0.2	0.2
Account					
Legal Services Revolving Account-State 405-1	39,000	24,000	63,000	48,000	48,000
Total \$	39,000	24,000	63,000	48,000	48,000

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: 03/27/2019
Agency Preparation: Bruce Turcott	Phone: (360) 586-2738	Date: 03/28/2019
Agency Approval: Nick Klucarich	Phone: 360-586-3434	Date: 03/28/2019
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 04/01/2019

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.

Section 63: Current law gives employees under a voluntary plan the right to an appeal only when they are appealing an employer's denial of liability for benefits. Section 63 of the bill broadens the language and allows employees under a voluntary plan to appeal any adverse decision.

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 assumed to equal the Legal Service Revolving Account (LSRA) cost estimates. These will be billed through the revolving account to the client agency.

The client agency is the Employment Security Department (ESD). The AGO will bill the client for legal services rendered.

These cash receipts represent the AGO's authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agency's fiscal note. Appropriation authority is necessary in the AGO budget.

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 for the AGO LAL Legal Services for ESD:

1. The AGO will bill ESD for legal services based on the enactment of this bill.
2. There will be approximately 10 additional superior court appeals each year attributable to Section 63 of the bill. AAGs will defend each such appeal, which will require approximately 20 AAG hours of work for each case.
3. AAGs will develop resources to be used in administrative appeals in the first year of the bill's implementation and will appear in some such administrative hearings, resulting in approximately 100 AAG hours of work attributable to the bill.
4. Direct litigation costs are not assumed in the enactment of this bill.
5. Total workload impact:
FY 2020: 0.17 Assistant Attorney General (AAG) and 0.09 Legal Assistant (LA) at a cost of \$39,167.
FY 2021 and in each FY thereafter: 0.11 AAG and 0.06 LA at a cost of \$24,816 per FY.

Note: Agency administration support FTEs are included in the tables below, using a Management Analyst 5 as a representative classification.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
405-1	Legal Services Revolving Account	State	39,000	24,000	63,000	48,000	48,000
Total \$			39,000	24,000	63,000	48,000	48,000

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.3	0.2	0.2	0.2	0.2
A-Salaries and Wages	25,000	16,000	41,000	32,000	32,000
B-Employee Benefits	9,000	5,000	14,000	10,000	10,000
C-Professional Service Contracts					
E-Goods and Other Services	5,000	3,000	8,000	6,000	6,000
G-Travel					
J-Capital Outlays					
Total \$	39,000	24,000	63,000	48,000	48,000

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
Assistant Attorney General	103,560	0.2	0.1	0.1	0.1	0.1
Legal Assistant 3	51,004	0.1	0.1	0.1	0.1	0.1
Total FTEs		0.3	0.2	0.2	0.2	0.2

III. D - Expenditures By Program (optional)

Program	FY 2020	FY 2021	2019-21	2021-23	2023-25
Licensing & Administrative Law Division (LAL)	39,000	24,000	63,000	48,000	48,000
Total \$	39,000	24,000	63,000	48,000	48,000

Part IV: Capital Budget Impact

NONE

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.

Individual State Agency Fiscal Note

Bill Number: 1399 S HB	Title: Paid family & medical leave	Agency: 110-Office of Administrative Hearings
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2020	FY 2021	2019-21	2021-23	2023-25
Administrative Hearings Revolving Account-State 484-1	47,049	125,614	172,663	375,334	434,296
Total \$	47,049	125,614	172,663	375,334	434,296

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.4	1.0	0.7	1.5	1.7
Account					
Administrative Hearings Revolving Account-State 484-1	47,049	125,614	172,663	375,334	434,296
Total \$	47,049	125,614	172,663	375,334	434,296

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:

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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.

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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: 03/27/2019
Agency Preparation: Deborah Feinstein	Phone: 360-407-2717	Date: 03/29/2019
Agency Approval: Deborah Feinstein	Phone: 360-407-2717	Date: 03/29/2019
OFM Review: Bryan Way	Phone: (360) 902-0650	Date: 04/02/2019

Part II: Narrative Explanation

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

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

The Employment Security Department notes that this bill makes eight key changes to the Paid Family and Medical Leave (PFML) program. The program is still in the implementation phase.

Impact to OAH: Section 63: Voluntary plan appeals. Current law gives employees under a voluntary plan the right to an appeal only when they are appealing an employer's denial of liability for benefits. This change broadens the language and allows employees under a voluntary plan to appeal any adverse decision.

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.

As a central service agency, OAH bills referring agencies for its costs and collects the revenue into the Administrative Hearings Revolving Account. Cash receipts are assumed to equal costs. OAH will bill the Employment Security Department (ESD) Paid Family and Medical Leave Program for the costs related to this proposed legislation.

These cash receipts represent the OAH's authority to bill and are not a direct appropriation to OAH. Appropriation authority is necessary in OAH's budget.

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.

ESD expects an increase of 5% to the overall PFML appeal case load experienced by OAH. The Employment Security Department and the Office of Administrative Hearings (OAH) are assuming roughly 12,000 new employee benefit appeal cases per year related to PMFL program by FY 2024. A 5% increase of 12,000 benefit cases constitutes an increase of 600 cases total. ESD has supplied a ramp up schedule that was used by OAH to determine the number of appeal cases per fiscal year.

OAH assumes that like the other PFML employee benefit appeals these new cases will take approximately 2.4 billable judge hours per case.

Workforce Assumptions:

- * Ratio of 1 ALJ to 0.5 legal support to 0.25 administrative support.
- * Average ALJ salary for non-supervisory staff used.
- * Legal support staff assumed to be Legal Assistant 2 - range 40 step L.
- * Administrative support used a representative class of Management Analyst 4 - range 58 step L.
- * Benefit rates were analyzed by job class using SPS data.

* Goods and services, travel and on-going capital outlays were projected based on historical data for each of the job classes.

Total Workload Impact:

FY 2020: 0.20 Administrative Law Judge (ALJ) at a cost of \$27,779; 0.03 Senior ALJ at a cost of \$4,736; 0.10 Legal Assistant 2 (LA2) at a cost of \$8,667. Agency administrative support is included using .05 FTE of a Management Analyst 4 (MA4) as a representative at a cost of \$5,867. Total cost \$47,049.

FY 2021: 0.52 ALJ at a cost of \$74,166; .08 Senior ALJ at a cost of \$12,646; 0.26 LA2 at a cost of \$23,140. Agency administrative support is included using .13 FTE of a MA 4 as a representative at a cost of \$15,662. Total cost \$125,614.

FY 2022: 0.72 ALJ at a cost of \$101,945; .11 Senior ALJ at a cost of \$17,382; 0.36 LA2 at a cost of \$31,808. Agency administrative support is included using .18 FTE of a MA 4 as a representative at a cost of \$21,528. Total cost \$172,663.

FY 2023: 0.84 ALJ at a cost of \$119,663; .13 Senior ALJ at a cost of \$20,403; 0.42 LA2 at a cost of \$37,336. Agency administrative support is included using .21 FTE of a MA 4 as a representative at a cost of \$25,269. Total cost \$202,671.

FY 2024 and thereafter: 0.90 ALJ at a cost of \$128,211; .14 Senior ALJ at a cost of \$21,861; 0.45 LA2 at a cost of \$40,003. Agency administrative support is included using .23 FTE of a MA 4 as a representative at a cost of \$27,073. Total cost per fiscal year for FY 2024 and thereafter: \$217,148.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
484-1	Administrative Hearings Revolving Account	State	47,049	125,614	172,663	375,334	434,296
Total \$			47,049	125,614	172,663	375,334	434,296

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.4	1.0	0.7	1.5	1.7
A-Salaries and Wages	28,708	76,647	105,355	229,020	264,998
B-Employee Benefits	10,123	27,028	37,151	80,759	93,446
C-Professional Service Contracts					
E-Goods and Other Services	7,429	19,833	27,262	59,262	68,572
G-Travel	343	916	1,259	2,737	3,166
J-Capital Outlays	446	1,190	1,636	3,556	4,114
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	47,049	125,614	172,663	375,334	434,296

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
Administrative Law Judge	90,000	0.2	0.5	0.4	0.8	0.9
Legal Assistant 2	46,188	0.1	0.3	0.2	0.4	0.5
Management Analyst 4	72,036	0.1	0.1	0.1	0.2	0.2
Senior Administrative Law Judge	105,000	0.0	0.1	0.1	0.1	0.1
Total FTEs		0.4	1.0	0.7	1.5	1.7

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

Individual State Agency Fiscal Note

Bill Number: 1399 S HB	Title: Paid family & medical leave	Agency: 540-Employment Security Department
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
Account					
Family and Medical Leave Insurance	86,000	150,000	236,000	425,000	484,000
Account-State 22F-1					
Total \$	86,000	150,000	236,000	425,000	484,000

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:

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- ☐ 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: 03/27/2019
Agency Preparation: Heather McCormack-Martin	Phone: 360-902-9570	Date: 03/28/2019
Agency Approval: Sondra Walsh	Phone: 360/902-0023	Date: 03/28/2019
OFM Review: Anna Minor	Phone: (360) 902-0541	Date: 03/28/2019

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 version of 1399 SHB has no fiscal impact changes to the Employment Security Department. The following is the summary that remains in effect from the last version to this version.

This bill makes eight key changes to the PFML program. The program is still in the implementation phase and will not be fully live until 2020. Because of this, many expenses are mitigated as no current functionality needs to be changed; only pivots to current development will be required which ESD's agile methodology allows. The key areas affected are:

Employment benefits, taxable wages, child support obligation, duplication of benefits, voluntary plan employer flexibility, child support obligations, non-charging UI benefits and recodification.

Sec 63 broadens employee's appeal rights that are covered by voluntary plans.

ESD estimates an increase of 5% to the overall case load experienced by OAH due to benefit cases for employees on a voluntary plan. With the 5-year (FY20 to FY24) ramp up rate for employee benefit appeals, the number of appeals will be increased by 130 in FY20, 347 in FY21, 477 in FY22, 560 in FY23, and 600 in FY24 and thereafter.

In addition, the Attorney General (AG) estimated a total of 100 PFML cases in which their litigation services would be required. ESD expects only a 10% increase in PFML cases that reach Superior Court due to this change. A 10% increase of 100 cases is 10 cases total on which AGO where assistance would be required.

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.

Under this bill, the Employment Security Department (ESD) anticipates additional costs in legal services due to the increase in employee benefit appeals:

- 5% case load increase that will be heard by the Office of Administrative Hearings (OAH).
- 10% case load increase in PFML cases that reach Superior Court and require the Attorney General's Office (AGO) assistance.

FY2020 cost breakdown: \$86,000

- ESD estimates that OAH will experience 130 appeals costing \$362 each = \$47,060 in FY2020 (The estimated appeals is lower for 2020 than other future years since PFML benefits aren't available until January 1, 2020.)
- ESD estimates that the AGO will assist with 10 appeals and develop resources to be used in administrative

appeals in the first year of the bill's implementation, total cost is \$39,000 attributable to the bill

FY2021 cost breakdown: \$150,000

- ESD estimates that OAH will experience 347 more appeals annually costing \$362 each = \$125,614
- ESD estimates that the AGO will assist with 10 appeals costing \$2,482 each = \$24,820

FY2022 cost breakdown: \$197,000

- ESD estimates that OAH will experience 477 more appeals annually costing \$362 each = \$172,674
- ESD estimates that the AGO will assist with 10 appeals costing \$2,482 each = \$24,820

FY2023 cost breakdown: \$228,000

- ESD estimates that OAH will experience 560 more appeals annually costing \$362 each = \$202,720
- ESD estimates that the AGO will assist with 10 appeals costing \$2,482 each = \$24,820

FY2024 and subsequent fiscal years cost breakdown: \$242,000

- ESD estimates that OAH will experience 600 more appeals annually costing \$362 each = \$217,200
- ESD estimates that the AGO will assist with 10 appeals costing \$2,482 each = \$24,820

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
22F-1	Family and Medical Leave Insurance Account	State	86,000	150,000	236,000	425,000	484,000
Total \$			86,000	150,000	236,000	425,000	484,000

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services	86,000	150,000	236,000	425,000	484,000
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 \$	86,000	150,000	236,000	425,000	484,000

Part IV: Capital Budget Impact

NONE

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.

ESD PFML division is in the process of major rulemaking as it pertains to PFML premium assessments and administration of benefits. We will need to review and edit draft rulemaking. Rules already in effect that will need to be amended:

WAC 192-510-080 Conditional waiver

Chapter 192-530 WAC will need to be reviewed in its entirety.