

Multiple Agency Fiscal Note Summary

Bill Number: 5649 SB	Title: Modifying the Washington state paid family and medical leave act.
-----------------------------	---

Estimated Cash Receipts

Agency Name	2021-23			2023-25			2025-27		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Employment Security Department	0	0	0	0	0	(11,642,397)	0	0	208,642,157
Employment Security Department	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Total \$	0	0	0	0	0	(11,642,397)	0	0	208,642,157

Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of Attorney General	Fiscal note not available											
Office of Administrative Hearings	Fiscal note not available											
Employment Security Department	25.1	0	0	6,433,533	31.0	0	0	6,889,728	31.0	0	0	6,889,728
Total \$	25.1	0	0	6,433,533	31.0	0	0	6,889,728	31.0	0	0	6,889,728

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Attorney General	Fiscal note not available								
Office of Administrative Hearings	Fiscal note not available								
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) 790-2951	Date Published: Preliminary
-------------------------------------	---------------------------------	---------------------------------------

Individual State Agency Fiscal Note

Bill Number: 5649 SB	Title: Modifying the Washington state paid family and medical leave act.	Agency: 540-Employment Security Department
-----------------------------	---	---

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
Family and Medical Leave Insurance Account-State 22F-1				(11,642,397)	208,642,157
Total \$				(11,642,397)	208,642,157

In addition to the estimates above, there are additional indeterminate costs and/or savings . Please see discussion.

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	9.9	40.2	25.1	31.0	31.0
Account					
Family and Medical Leave Insurance Account-State 22f-1	1,353,401	5,080,132	6,433,533	6,889,728	6,889,728
Total \$	1,353,401	5,080,132	6,433,533	6,889,728	6,889,728

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: Matthew Shepard-Koningsor	Phone: 360-786-7627	Date: 01/06/2022
Agency Preparation: Geoff Medendorp	Phone: 360-890-3682	Date: 01/18/2022
Agency Approval: Danielle Cruver	Phone: 360-810-0901	Date: 01/18/2022
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 01/18/2022

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 amends the Paid Family and Medical Leave (PFML) Act to allow up to 14 calendar days to an employee with approved family leave when death, postnatal death, or stillbirth occurs. This bill also streamlines movement between leaves and permits prequalifying applications. This bill also requires the department posts voluntary plan employers on the website, and sunsets the Collective Bargaining Agreement exemption as of December 31, 2023.

Section 1 allows up to 14 calendar days to an employee who was approved to provide care for a family member or approved for medical leave or would have qualified for medical leave under Section 1 (23)(a)(ii)(B) when death, postnatal death, or stillbirth occurs. "Postnatal" is defined as the first six weeks after birth.

Using 2020 - 2021 data, ESD estimates that 0.5 percent would utilize the additional leave authorized in the case of a death of a family member, and that for those existing claims there would be an additional two weeks of average weekly benefits paid on those claims.

To implement this section, internal policies and procedures would need to be modified to incorporate this change. The Leave and Care data system "Portal" would need to be altered to process new bereavement requests in conjunction with family requests. Specifically, several software interfaces and prompts would need modification. This section will also require major rulemaking concerning Washington Administrative Code (WAC) 192-620-026, WAC 192-620-035 and WAC 192-620-040.

Section 2 sunsets the Collective Bargaining Agreement exemption in RCW 50A.15.020 as of December 31, 2023.

ESD assumes this section will increase the number of eligible workers and therefore claims. At this time it is indeterminate how to quantify the number of increased claims.

To implement this section, ESD would need to communicate the change via website, social media and support questions from impacted stakeholders. This section would also require major rulemaking concerning WAC 192-520-010.

Section 3 clarifies that benefits used in the postnatal period must be medical leave unless the employee chooses to use family leave and the benefits are subject to the maximum and minimum weekly benefits, duration, and other conditions and limitations of RCW Title 50A. No medical certification is required in the postnatal period

This section will require ESD to modify internal processes and procedures to incorporate the process shift. It will also require ESD to communicate the change via website, social media and support internal and external questions that arise over the increased complexity. This section is estimated to increase the total number of claims from current level, recognizing that what used to be one claim filed under family, could be two claims: medical for the postnatal period, then family thereafter. Claim increase is estimated at roughly 8500 claims per year.

This section will also require system changes to store new required information, and new options for applicants.

Moving cases from family to medical will affect the revenue collection of Fund 22F Family and Medical Leave Insurance Account negatively. Small Businesses are exempt from paying for medical cases, but do pay for family cases. Moving cases from family to medical will decrease revenue collected from small businesses and in total.

This section would also require major rulemaking concerning WAC 192-610-010 and WAC 192-610-015.

Section 4 permits an employee the ability to apply for benefits up to 45 days before their qualifying event to receive a predetermination from the Employment Services Department (ESD) on a complete application. It requires that an employee

must notify the department after their qualifying event and provide certification or documentation validating the qualifying event prior to receipt of first weekly payment. “Predetermination” is defined as a determination of eligibility under RCW 50A.15.010 and benefit amount and duration under RCW 50A.15.020, which occurs before the employee's qualifying event. It clarifies that “Qualifying event” has the same meaning as provided in rule by the department.

ESD assumes that 60 percent of cases could have been anticipated by claimants and that 75 percent would pre-file to determine eligibility per Section 4. To implement this section, ESD will need to complete a predetermination which is assumed to be a full review, as well as a second review when all documents are submitted on 60% of its anticipated requests. To support the increased number of reviews, ESD will need to increase claim processing staff, supervisors, and managers. ESD would also need to modify several systems to manage timelines between predetermination, incorporate a predetermination status, and manage and archive elements of the predetermination process.

ESD will monitor utilization of predetermination and more resources may be required if utilization is materially higher.

ESD also assumes this section would require major rule making, to incorporate into the Washington Administrative Code and include all stakeholders.

Section 5 requires ESD to publish on its website, a current list of all approved voluntary plan employers per chapter 50A.30 of the RCW.

This section would require ESD to export a list of employers and publish it to a new section of its website.

ESD assumes that the number of appeals will increase but the impact to the Office of Administrative Hearings is unquantifiable.

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.

Impact is indeterminate for Section 2. ESD is unable to quantify the impact of sunseting the Collective Bargaining Agreement exemption in RCW 50A.15.020 as of December 31, 2023 at this time.

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 .

This bill amends the Paid Family and Medical Leave (PFML) Act to allow up to 14 calendar days to an employee with approved family leave when death, postnatal death, or stillbirth occurs. This bill also streamlines movement between leaves and permits prequalifying applications. This bill also requires the department posts voluntary plan employers on the website, and sunsets the Collective Bargaining Agreement exemption as of December 31, 2023.

To implement this bill, Employment Security Department (ESD) will need to process an estimated 45% (60% foreseeable, 75% utilization). of its claims a second time: first predetermination, then completion. It will need to modify several of its Information Technology (IT) systems to incorporate predetermination information, create new interfaces to support multiple related leaves between family and medical. It will need to create internal policies and procedures, and update its communication to incorporate this bill.

Non-Appropriated - Benefit Costs

There is a non-appropriated impact to the Family and Medical Leave Insurance Account, Fund 22F. (Non-appropriated costs are not included in the Fiscal Note Summary). See attached for non appropriated fund impact.

One-Time Costs for Implementation:

Information Technology (IT); Will start work after bill is signed into law, to be able to implement by June 9, 2022

IT Staff:

IT App Developer - Journey: Will work to write proposed code to implement changes to three affected IT systems. Will implement changes discovered during testing. (FY22: 0.3 FTE \$44,547 FY23: 0.5 FTE \$74,082).

IT Quality Assurance - Journey: Will work to develop testing for proposed changes, and will incorporate development changes for issues that arise out of testing. (FY22: 0.3 FTE \$44,547, FY23: 0.5 FTE \$74,082).

IT Project Manager - Journey: Will monitor and maintain change configuration throughout the implementation of the project. (FY22: 0.1 FTE \$15,433, FY23: 0.1 FTE \$15,401).

IT Project Manager - Senior/Specialist: Will manage overall team change, project implementation. (FY22: 0.1 FTE \$16,692, FY23: 0.1 FTE \$16,660).

FY22: \$44,547+\$44,547+\$15,433+\$16,692 = \$121,219

FY23: \$74,082+\$74,082+\$15,401+\$16,660 = \$180,225

IT Contracts:

Total IT one-time contract costs:

Business Analyst Lead: Will coordinate with users of the three affected systems to define user requirements. Will communicate among affected groups on proposed change. 160 hours at \$172 /hour = \$27,520 (FY22: \$9,082; FY23: \$18,438).

Delivery Architect: Will coordinate the application developers, and will act as a senior application developer. 800 hours at \$147/hour = \$117,600 (FY22: \$38,808; FY23: \$78,792).

Quality Assurance: Will work to develop testing for proposed changes, and will incorporate development changes for issues that arise out of testing. 1600 hours \$105/hour = \$168,000 (FY22: \$55,440; FY23: \$112,560).

Integration Tester: Will work primarily with the initial data load and follow the process to ensure desired technical outcomes. 800 hours at \$115/hour = \$92,000 (FY22: \$30,360; FY23: \$61,640).

Developer Journey: Will work to write proposed code to implement changes to three affected IT systems. Will implement changes discovered during testing. 2400 hours at \$135 /hour = \$324,000. (FY22: \$106,920; FY23: \$217,080).

FY22: \$9,082+\$38,808+\$55,440+\$30,360+\$106,920 = \$240,610

FY23: \$18,438+\$78,792+\$112,560+\$61,640+\$217,080 = \$488,510

Total IT one-time costs

FY22: \$121,219 + \$240,610 = \$361,829

FY23: \$180,225 + \$488,510 = \$668,735

Communications; Will start work after bill is signed into law, to be able to implement by June 9, 2022

Communication Staff:

Communications Consultant 4: Will develop communication plan concerning changes in policy, website content, and determining affected stakeholders. Will update the website to incorporate benefit changes and options for claimants. Will develop mailing content for affected groups to disseminate new options and benefits. (FY22: .1 FTE, \$11,933)

Total Communications one-time costs:

FY22: \$11,933

Leave and Care; Will start work after bill is signed into law, to be able to implement by June 9, 2022

Leave and Care Staff:

Management Analyst 3: Will draft, review and implement policy and procedure changes for all staff to follow to incorporate the bill. (FY22: 0.5 FTE \$57,536; FY23: 1.5 FTE \$172,125).

Office Assistant 3: Will process mail and fax inputs received from applicants and upload into the system. (FY22: 0.3 FTE, \$24,910; FY23: 0.5 FTE \$41,355)

Paid Family Medical Leave (PFML) Specialist 2: One-Time resources needed due to inefficient processing times until IT

modifications are complete to accommodate increased processing time driven by predetermination. ESD is estimating the IT changes will be implemented by December 31, 2022. Will be needed for increased processing time to process applications (FY22: 2.5 FTE \$268,149; FY23: 5.0 FTE \$534,688)

Paid Family Medical Leave (PFML) Specialist 3: One-Time resources needed due to inefficient processing times until IT modifications are complete to accommodate increased processing time driven by predetermination. ESD is estimating the IT changes will be implemented by December 31, 2022. Will act as a lead for PFML Specialist 2 s. (FY22 0.3 FTE \$34,521; FY23: 0.5 FTE \$57,375).

WMS Band 1 - Will manage PFML specialist 2s and 3s until IT modifications are complete. (FY22: 0.3 FTE \$42,690; FY23: 0.5 FTE, \$70,990)

Leave and Care Non Staffing Costs:

This Bill will require major rulemaking for all sections. Major rulemaking is estimated at \$90,000. (FY23: \$90,000)

Total Leave and Care one time costs:

FY22: \$57,536 + \$24,910 + \$268,149 + \$34,521 + \$42,690 = \$427,806

FY23: \$172,125 + \$41,355 + \$534,688 + \$57,375 + \$70,990 + \$90,000 = \$966,533

Total Agency One Time Costs:

FY22: \$361,829 + \$11,933 + \$427,806 = \$801,568

FY23: \$668,735 + \$966,533 = \$1,635,268

On-going costs

Leave and Care on-going staff costs:

Office Assistant 3: Will process mail and fax inputs received from applicants and upload into the system. (FY22: 0.2 FTE, \$16,329; FY23 and on-going: 1.0 FTE \$81,717)

Paid Family Medical Leave (PFML) Specialist 2: Predetermination increases the total amount of time needed to process applications by requiring multiple iterations. (FY22: 3.8 FTE \$402,291; FY23 and on-going: 23 FTE \$2,436,697)

Paid Family Medical Leave (PFML) Specialist 3: Will act as a lead for PFML Specialist 2 s. Will also implement quality assurance for benefit applications, and develop training materials for Leave and Care division. (FY22 .8 FTE \$90,942; FY23 and on-going: 5.0 FTE \$568,777).

WMS Band 1 - Will manage PFML specialist 2s and 3s as they process predetermination and final applications. (FY22 : 0.3 FTE \$42,271; FY23 and ongoing: 2.0 FTE, \$281,968)

Total Leave and Care on-going staff costs:

FY22: \$16,329 + \$402,291 + \$90,942 + \$42,271 = \$551,833

FY23 and on-going: \$81,717 + \$2,436,697 + \$568,777 + \$281,968 = \$3,369,159 per year

Leave and Care on-going non staff costs:

ESD estimates that more communication to applicants will be required to implement predetermination notification, processing, approval and denials. Additional mail costs are estimated at \$75,705 per year starting in FY23 and on-going.

Total Leave and Care on-going non staff costs:

FY23 and on-going: \$75,705 per year.

Total Leave and Care on-going costs:

FY22: \$551,833

FY23 and on-going = \$3,369,159 + \$75,705 = \$3,444,864

Total Agency Costs:

One Time:

FY22: \$361,829 + \$11,933 + \$427,806 = \$801,568

FY23: \$668,735 + \$966,533 = \$1,635,268

On-going
 FY22: \$551,833
 FY23 and on-going = \$3,444,864

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
22f-1	Family and Medical Leave Insurance Account	State	1,353,401	5,080,132	6,433,533	6,889,728	6,889,728
Total \$			1,353,401	5,080,132	6,433,533	6,889,728	6,889,728

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	9.9	40.2	25.1	31.0	31.0
A-Salaries and Wages	577,118	2,287,890	2,865,008	3,476,004	3,476,004
B-Employee Benefits	230,847	915,156	1,146,003	1,390,402	1,390,402
C-Professional Service Contracts	240,610	488,510	729,120		
E-Goods and Other Services	149,985	774,735	924,720	1,090,710	1,090,710
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	154,841	613,841	768,682	932,612	932,612
9-					
Total \$	1,353,401	5,080,132	6,433,533	6,889,728	6,889,728

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 2022	FY 2023	2021-23	2023-25	2025-27
COMMUNICATIONS CONSULTANT 4	62,748	0.1		0.1		
IT APP DEVELOPER - JOURNEY	83,556	0.3	0.5	0.4		
IT PROJECT MANAGEMENT - JOURNEY	87,732	0.1	0.1	0.1		
IT PROJECT MANAGEMENT - SENIOR/SPECIALIST	96,720	0.1	0.1	0.1		
IT QUALITY ASSURANCE - JOURNEY	83,556	0.3	0.5	0.4		
MANAGEMENT ANALYST 3	59,688	0.5	1.5	1.0		
OFFICE ASSISTANT 3	36,804	0.5	1.5	1.0	1.0	1.0
PFML SPECIALIST 2	54,108	6.3	28.0	17.2	23.0	23.0
PFML SPECIALIST 3	59,688	1.1	5.5	3.3	5.0	5.0
WMS BAND 1	79,137	0.6	2.5	1.6	2.0	2.0
Total FTEs		9.9	40.2	25.1	31.0	31.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

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 .

Yes. Employment Security Department (ESD) would undergo major rulemaking for sections 1, 2, 3, 4, and 5 to implement this bill.

Section 1 Washington Administrative Code (WAC) 192-620-026, WAC 192-620-035, and WAC 192-620-040 would need updating to incorporate this section.

Section 2 WAC 192-520-010 would need updating to incorporate sunseting the exemption for collective bargaining agreements.

Section 3 WAC 192-610-010, WAC 192-610-015 would need to be updated to accommodate this section.

Section 4 New rule(s) would be required to implement this section, primarily for determining what a predetermination conclusion would entail and what level would be communicated to the applicant.

Section 5 New rule(s) would be required to implement this section, primarily for determining the right amount of employer information for the public domain.

Non-Appropriated Fund Impact to Family and Medical Leave Insurance Account, Fund 22F:

It is estimated that 0.5% of family claims used the full benefits and had a death of a family member associated. It is assumed that going forward this percentage would stay the same. It is assumed that 100% of eligible claimants would use this benefit.

	Paid Claims	Claims with Bereavement	AWB	Calendar Year Payments
2021	149,216			
2022	164,138	410	\$894	\$733,892
2023	172,344	862	\$926	\$1,595,114
2024	180,962	905	\$958	\$1,733,491
2025	183,426	917	\$991	\$1,818,594
2026	185,924	930	\$1,026	\$1,907,875
2027	188,455	942	\$1,062	\$2,001,539
2028	191,021	955	\$1,099	\$2,099,802
2029	193,623	968	\$1,138	\$2,202,889
2030	196,259	981	\$1,178	\$2,311,036
2031	198,932	995	\$1,219	\$2,424,493

Cash Receipts Narrative:

Per Section 3, Revenue is projected to decrease as claims that are currently processed as family would become medical affecting the rate of contributions between employers and employees. When employers carry a larger portion of the premiums, revenues decrease as small employers are not responsible for a portion of the premiums.

It is estimated that recategorizing bonding leave as medical leave will impact claim split in the following manner:

	Baseline	SB 5649
	Family Medical Split	Family Medical Split
Family	51.3%	48.0%
Medical	48.7%	52.0%

Overall, projected revenues will decrease because of this, until FY26 and FY27, which increases because a fund solvency surcharge increases by 0.1% due to Fund balance.

Premium Revenue	Baseline Projection	SB 5649 Projection	Difference
FY 22	\$922,316,300	\$922,316,300	\$0
FY 23	\$1,376,031,593	\$1,376,031,593	\$0
FY 24	\$1,515,947,867	\$1,511,734,017	-\$4,213,851
FY 25	\$1,379,383,428	\$1,371,954,882	-\$7,428,546
FY 26	\$1,458,877,660	\$1,572,016,076	\$113,138,417
FY 27	\$1,614,702,148	\$1,710,205,888	\$95,503,740
FY 28	\$1,801,531,467	\$1,532,603,589	-\$268,927,878
FY 29	\$1,707,059,117	\$1,877,071,723	\$170,012,605
FY 30	\$1,813,692,081	\$2,011,663,768	\$197,971,687
FY 31	\$1,973,126,689	\$1,699,224,994	-\$273,901,695

Here is a table of Rate impacts driven by SB 5649

Rate Comparisons			
Rate Year	Baseline Rate	SB 5649 Rate	SB 5649 vs Baseline
2022	0.6%	0.6%	0.0%
2023	0.8%	0.8%	0.0%
2024	0.7%	0.7%	0.0%
2025	0.6%	0.6%	0.0%
2026	0.7%	0.8%	0.1%
2027	0.7%	0.7%	0.0%
2028	0.8%	0.6%	-0.2%
2029	0.6%	0.8%	0.2%
2030	0.8%	0.8%	0.0%
2031	0.7%	0.6%	-0.1%