

Individual State Agency Fiscal Note

Bill Number: 1217 HB	Title: Wage complaints	Agency: 235-Department of Labor and Industries
-----------------------------	-------------------------------	---

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.1	1.4	1.2	1.1	1.1
Account					
Accident Account-State 608-1	314,000	140,000	454,000	190,000	190,000
Medical Aid Account-State 609-1	22,000	25,000	47,000	34,000	34,000
Total \$	336,000	165,000	501,000	224,000	224,000

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.

Legislative Contact: Trudes Tango	Phone: 360-786-7384	Date: 01/18/2023
Agency Preparation: Jenifer Colley	Phone: (360) 902-6983	Date: 01/23/2023
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 01/23/2023
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 01/24/2023

Part II: Narrative Explanation

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

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

Section 1

1(a) If an employee files a wage complaint with the department, the department shall investigate the wage complaint. For all complaints filed on or after October 1, 2024, the department may demand all amounts owed, including interest of percent per month. The department may not waive or reduce any interest on any amounts owed unless an employee expressly requests a waiver or reduction of interest.

Section 2

(1) The department of labor and industries shall convene a work group to develop and recommend strategies that help workers who are victims of wage theft recover and be made whole as quickly and as fully as possible.

(2) The work group shall identify options to enhance the department of labor and industries' ability to provide swift relief to workers. Options the work group must explore include, but are not limited to:

(a) The creation of a wage recovery fund or other similar mechanism, the purpose of which is to enable the department of labor and industries to provide relief to victims of wage theft as quickly as possible, including before the employer has paid the worker or the department of labor and industries under an administrative order; and

(b) Procedures and mechanisms used in other states that ensure full and timely recovery for workers and that deter future violations.

(3)(a) Recommendations from the work group must be made by consensus.

(b) For each recommendation, the work group must identify and address implementation issues and assess feasibility.

(4) The work group must include at least one representative from each of the following:

(a) The department of labor and industries;

(b) A worker advocacy organization;

(c) A civil legal services organization;

(d) A business advocacy organization; and

(e) An academic institution with legal scholars who specialize in employment law.

(5) The work group shall submit a report with its recommendations to the appropriate committees of the legislature by December 1, 2023.

(6) This section expires December 1, 2024.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

See attached.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
608-1	Accident Account	State	314,000	140,000	454,000	190,000	190,000
609-1	Medical Aid Account	State	22,000	25,000	47,000	34,000	34,000
Total \$			336,000	165,000	501,000	224,000	224,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.1	1.4	1.2	1.1	1.1
A-Salaries and Wages	89,000	97,000	186,000	140,000	140,000
B-Employee Benefits	32,000	36,000	68,000	56,000	56,000
C-Professional Service Contracts	189,000		189,000		
E-Goods and Other Services	16,000	19,000	35,000	22,000	22,000
G-Travel		3,000	3,000	6,000	6,000
J-Capital Outlays	10,000	10,000	20,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	336,000	165,000	501,000	224,000	224,000

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 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Regulations Analyst 4	85,020	1.0	0.5	0.8		
Fiscal Analyst 5	71,520	0.1	0.1	0.1	0.1	0.1
Industrial Relations Agent 2	66,420		0.8	0.4	1.0	1.0
Total FTEs		1.1	1.4	1.2	1.1	1.1

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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

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

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Part II: Explanation

This bill authorizes the collection of interest in all wage complaints filed on or after October 1, 2024. It also specifies the development of a workgroup to include specific representatives and explore a wage recovery fund.

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

Section 1

1(a) If an employee files a wage complaint with the department, the department shall investigate the wage complaint. For all complaints filed on or after October 1, 2024, the department may demand all amounts owed, including interest of percent per month. The department may not waive or reduce any interest on any amounts owed unless an employee expressly requests a waiver or reduction of interest.

Section 2

- (1) The department of labor and industries shall convene a work group to develop and recommend strategies that help workers who are victims of wage theft recover and be made whole as quickly and as fully as possible.
- (2) The work group shall identify options to enhance the department of labor and industries' ability to provide swift relief to workers. Options the work group must explore include, but are not limited to:
 - a. The creation of a wage recovery fund or other similar mechanism, the purpose of which is to enable the department of labor and industries to provide relief to victims of wage theft as quickly as possible, including before the employer has paid the worker or the department of labor and industries under an administrative order; and
 - b. Procedures and mechanisms used in other states that ensure full and timely recovery for workers and that deter future violations.
- (3) (a) Recommendations from the work group must be made by consensus.
(b) For each recommendation, the work group must identify and address implementation issues and assess feasibility.

- (4) The work group must include at least one representative from each of the following:
- a. The department of labor and industries;
 - b. A worker advocacy organization;
 - c. A civil legal services organization;
 - d. A business advocacy organization; and
 - e. An academic institution with legal scholars who specialize in employment law.
- (5) The work group shall submit a report with its recommendations to the appropriate committees of the legislature by December 1, 2023.
- (6) This section expires December 1, 2024.

II. B – Cash Receipt Impact

None.

II. C – Expenditures

Appropriated – Operating Costs

This proposed bill increases expenditures to the Accident Account, 608, and the Medical Aid Account, 609. The following assumptions were used to estimate the resources requested to implement this bill.

Staffing

1.0 FTE, Administrative Regulations Analyst 4, temporary from July 1, 2023 to December 1, 2024. Duties include facilitating the work group created by the bill; research strategies to help workers who are victims of wage theft recover and be made whole quickly and fully; and draft the report to the legislature.

1.0 FTE, Industrial Relations Agent 2, permanent, starting October 1, 2024. Duties include enforcing the Industrial Welfare Act, Public Works Act, Farm Labor Contractors Act and the Minimum Wage and Overtime Act, the Wage Payment Act, and other related statutes. Investigates routine wage disputes. Provides assistance to higher level Industrial Relations Agents on more complex investigations and/or disputes, issues notices of violation, notices of infraction, and citations and assessments.

Workload Assumptions

- It is assumed L&I will demand all amounts owed, including interest.
- 1 FTE (IRA2) currently handles 240 complaints per year.
- 2088 hours (hours per FTE) divided by 240 cases per year = 8.7 hours spent working on each case by the agent.
- L&I estimates that each agent will spend 10% more time on each case based on the requirements of this bill to calculate wages, interest and its accrual, and administrative actions per case.
- 8.7 hours per case X 10% increase = .87
- 8.7 hours per case + .87 (10% increase) = 9.57 hours per case
- 240 cases per year divided by 9.57 hours per case = 25 agents to complete the work.
- 25 agents needed to complete the work – 24 agents currently in the field = 1 FTE

Information Technology

The expenditure calculations in this fiscal note include 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. All expenditures in this section are for the 2021-23 biennium.

Contract developers will modify and enhance the Complaint Activity Tracking System CATS. Quality Assurance (QA), hardware, software, and server infrastructure costs are also required for this effort.

A total of \$189,293 is needed in the 2021-23 biennium for all information technology changes. This includes:

- Contractor costs – \$167,293 is needed for 1301 contractor hours
- QA – \$22,000

Indirect Costs

The amount included in this fiscal note for indirect is:

Fund Name		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
608	Accident	5,000	6,800	5,500	5,500	5,500	5,500
609	Medical Aid	1,000	1,200	1,000	1,000	1,000	1,000
	Total:	\$6,000	\$8,000	\$6,500	\$6,500	\$6,500	\$6,500

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 59, Step G).

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.