

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5586 SB	<b>Title:</b> Paid leave data	<b>Agency:</b> 540-Employment Security Department
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## 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	6.8	6.0	6.4	6.0	6.0
<b>Account</b>					
Family and Medical Leave Insurance Account-State 22F-1	2,007,178	681,399	2,688,577	1,362,798	1,362,798
<b>Total \$</b>	2,007,178	681,399	2,688,577	1,362,798	1,362,798

### 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

*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.*

This bill would provide employers access to certain data points regarding an employee's use of Paid Family Medical Leave (PFML).

Section 1 of the bill allows employers to have access to the type of leave being taken, the requested duration of leave including the approved dates of leave, remaining hours of leave available in the employee's entitlement, weekly benefit amount, and actual benefits paid and hours claimed each week.

Employment Security Department (ESD) must implement the bill in such a way as to allow employers access to specified data points. The agency has elected to implement the bill via online portal.

### 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.*

There is some impact on administrative costs, however they are not large enough to adjust the premium rate until 2032. Because the additional costs are not enough to adjust the premium rate (until 2032), there is no change in revenue because the rates remain the same.

### 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.*

Please see attached Expenditure Impact Narrative

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
22F-1	Family and Medical Leave Insurance Account	State	2,007,178	681,399	2,688,577	1,362,798	1,362,798
<b>Total \$</b>			2,007,178	681,399	2,688,577	1,362,798	1,362,798

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	6.8	6.0	6.4	6.0	6.0
A-Salaries and Wages	404,170	353,418	757,588	706,836	706,836
B-Employee Benefits	161,668	141,367	303,035	282,734	282,734
C-Professional Service Contracts	1,138,830		1,138,830		
E-Goods and Other Services	193,020	90,900	283,920	181,800	181,800
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	109,490	95,714	205,204	191,428	191,428
9-					
<b>Total \$</b>	<b>2,007,178</b>	<b>681,399</b>	<b>2,688,577</b>	<b>1,362,798</b>	<b>1,362,798</b>

**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
CUSTOMER SERVICE MANAGER	64,788	0.5	0.5	0.5	0.5	0.5
MANAGEMENT ANALYST 3	61,632	0.8		0.4		
PAID FAMILY & MEDICAL LEAVE SPECIALIST 2	55,872	5.0	5.0	5.0	5.0	5.0
PAID FAMILY & MEDICAL LEAVE SPECIALIST 3	61,632	0.5	0.5	0.5	0.5	0.5
<b>Total FTEs</b>		<b>6.8</b>	<b>6.0</b>	<b>6.4</b>	<b>6.0</b>	<b>6.0</b>

**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.*

SB 5586 will require major rulemaking.

WAC 192-500-035 will likely need to be amended in order to limit the scope of which employers have access to a particular employee's leave data. Significant additional rulemaking will likely be needed to offer guidance and details regarding how an employer may access this data via the portal. In addition, rulemaking will be required to provide guidance around the usage of data and enforcement as specified in (3)(d) in Sec. 1.

## **Expenditure Impact Narrative**

SB 5586 gives employers access to certain data points regarding an employee's use of Paid Family and Medical Leave (PFML). Section 1 of the bill allows employers to have access to the type of leave being taken, the requested duration of leave including the approved dates of leave, remaining hours of leave available in the employee's entitlement, weekly benefit amount, and actual benefits paid, and hours claimed each week. Employment Security Department (ESD) must implement the bill in such a way as to allow employers access to specified data points. The agency has elected to implement the bill via online portal.

To implement this bill the following needs to occur:

- Major rulemaking and policy work - 6 months
- Modifications to internal technology systems – 6 months
- Update Employment Security Department (ESD) websites and email communications
- Update training and reference materials
- Staff Training

The following can be absorbed within existing resources:

Communications plan is aimed at updating website content and responding to media inquiries. These costs can be absorbed with existing resources.

### **One-Time Cost:**

Rulemaking and Policy related cost (one time cost)

WAC 192-500-035 will likely need to be amended in order to limit the scope of which employers have access to a particular employee's leave data. Significant additional rulemaking will likely be needed to offer guidance and details regarding how an employer may access this data via the portal. In addition, rulemaking will be required to provide guidance around the usage of data and enforcement as specified in (3)(d) in Sec. 1.

- Major rulemaking cost = \$90,000

Information Technology (IT) Related Contract Costs (one-time cost):

Employment Security Department (ESD) will need to contract IT work to create the reporting needed with regards to the data model and ensuring ESD is collecting all the necessary data and can make updates to the data as it changes. IT contractors will also be updating the PFML/WACares Portal, the public facing component of our overall system, so that employers can access that data securely and create a new employer "role" in the system to support that data access.

- IT Project Management Journey – Development Team Scrum Lead
  - FY24 (530 hours\*\$188 per hour = \$99,640)
- Application Developer/Architect-Senior/Specialist – Development Team Lead
  - FY24 (1060 hours\*\$162 per hour = \$171,720)
- IT Application Development – Journey – Developer for Dynamics and FACTS.next
  - FY24 (1590 hours\*\$120 per hour = \$190,800)
- IT Quality Assurance – Journey – Integrated Tester

- FY24 (1584 hours\*\$120 = \$190,080)
  - IT Quality Assurance – Entry – Tester
    - FY24 (530 hours\*\$75 per hour = \$39,750)
  - IT Quality Assurance – Senior/Specialist – Performance Tester
    - FY24 (530 hours\*\$135 per hour = \$71,550)
  - IT Quality Assurance – Journey - Performance Tester
    - FY24 (1060 hours\*\$95 per hour = \$100,700)
  - IT Quality Assurance – Senior/Specialist – Security Tester
    - FY24 (530 hours\*\$198 per hour = \$104,940)
  - IT Architecture - Senior/Specialist – Technical Product Owner
    - FY24 (275 hours\*\$150 per hour = \$41,250)
  - IT Application Development/IT Systems Administration – Journey – Development Operations Specialist
    - FY24 (530 hours\*\$120 per hour = \$63,600)
  - Information Security - Senior/Specialist -Security Architect
    - FY24 (160 hours\*\$198 per hour = \$31,680)
  - IT Project Management - Senior/Specialist – Project Manager
    - FY24 (160 hours\*\$207 per hour = \$33,120)
- Total IT Related Contract Costs during FY2024 (\$99,640 + \$171,720 + \$190,800 + \$190,080 + \$39,750 + \$71,550 + \$100,700 + \$104,940 + \$41,250 + \$63,600 + \$31,680 + \$33,120 = \$1,138,830)

#### Claims Center Cost (one-time cost)

The Operations Process Coordinator (OPC) would work with Technology and Product to become a subject matter expert (SME) with the new functionality the Technology and Product team will create. They would also look at the functionality Paid Leave staff will use to process new requests. The OPC would be looking for differences in current functionality and then determine if new procedures need to be created or existing procedures updated. Creating a procedure takes about three times longer than updating a procedure and requires a longer review and testing process. For each procedure, once it has been created or updated the OPC would work through the review process within the OPC team and SMEs within Operations. Once the review process is complete, the OPCs will work with Specialists, Leads and Supervisors to test the procedure to ensure its accuracy. After testing, final edits will be made and the OPC will walk through the changes with the Training team. Next, the procedure will be sent to managers prior to publication. Finally, the procedure will be published to all of Operations. The OPC will be available after publication to assist with any updates that need to be made.

- Management Analyst 3 –
  - FY24 (0.8 FTE = \$96,949)

Total One-Time Cost for FY2024: (\$90,000 + \$1,138,830 + \$96,949 = \$1,325,779)

## Ongoing Cost:

### Claims Center Cost (ongoing)

Based on the assumption that Employment Security Department receives roughly 90,000 employer related calls in a year, and approximately 72,000 of those calls are related to Employee Benefits, Employment Security Department anticipates an increase of 25% of those employee benefits related calls will be to inquire about the process of how to request the employee's benefits information and how to understand the information received.

Operations will need an additional 5 PFML Specialist 2s to support customers with electing coverage, customer service and processing additional claim volume.

- Paid Family and Medical Leave Specialist 2

  - FY24 and ongoing (5 FTE = \$557,563)

- Paid Family and Medical Leave Specialist 3 – To provide support to the PFML 2's and Customer care Manager

  - FY24 and ongoing (0.5 FTE = \$60,593)

- Customer Care Manager – Provide support and supervise PFML 2's

  - FY24 and ongoing (0.5 FTE = \$63,243)

Total Ongoing cost for FY2024:  $(\$557,563 + \$60,593 + \$63,243 = \$681,399)$

Total Ongoing cost for FY2025 and ongoing:  $(\$557,563 + \$60,593 + \$63,243 = \$681,399)$

Total Cost for FY2024:  $\$1,325,779 + \$681,399 = \$2,007,178$

Total Cost for FY2025 and ongoing:  $\$681,399$