

Individual State Agency Fiscal Note

Bill Number: 5586 S SB	Title: Paid leave data	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 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	5.4	6.0	5.7	6.0	6.0
Account					
Family and Medical Leave Insurance Account-State 22F-1	2,215,327	681,399	2,896,726	1,362,798	1,362,798
Total \$	2,215,327	681,399	2,896,726	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.

Legislative Contact:	Phone:	Date: 02/13/2023
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Agency Approval: Lisa Henderson	Phone: 360-902-9291	Date: 02/15/2023
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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 access to certain data points regarding an employee's use of Paid Family Medical Leave (PFML).

Changes made from the previous version of the bill are that SSB 5586 includes third-party administrators along with employers as entities who will have access to the data, which requires the development of a login process separate from that used by employers. It also implements an effective date of 1/1/24. Lastly, it gives the Employment Security Department (ESD) the ability to investigate unauthorized uses of records, ESD already has a compliance department to investigate unlawful acts, and this work would be handled within existing resources.

Section 1 of the bill allows employers and third-party administrators 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 and third-party administrators 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	2,215,327	681,399	2,896,726	1,362,798	1,362,798
Total \$			2,215,327	681,399	2,896,726	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	5.4	6.0	5.7	6.0	6.0
A-Salaries and Wages	319,067	353,418	672,485	706,836	706,836
B-Employee Benefits	127,627	141,367	268,994	282,734	282,734
C-Professional Service Contracts	1,511,136		1,511,136		
E-Goods and Other Services	171,052	90,900	261,952	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	86,445	95,714	182,159	191,428	191,428
9-					
Total \$	2,215,327	681,399	2,896,726	1,362,798	1,362,798

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	0.4	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	3.8	5.0	4.4	5.0	5.0
PAID FAMILY & MEDICAL LEAVE SPECIALIST 3	61,632	0.4	0.5	0.5	0.5	0.5
Total FTEs		5.4	6.0	5.7	6.0	6.0

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

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.

SSB 5586 will require major rulemaking.

WAC 192-500-035 will likely need to be amended in order to limit the scope of which employers and third-party administrators 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 or third-party administrator 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

SSB 5586 gives employers and third-party administrators access to certain data points regarding an employee's use of Paid Family and Medical Leave (PFML). Section 1 of the bill allows employers and third-party administrators 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 and third-party administrators 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 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 and third-party administrators 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 or third-party administrator 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.

The substitute bill expands access to employee benefit data to third-party administrators. This requires the development of a login process separate from that used by employers. Through their online account, third-party administrators will be able to request access from a specific employer that will allow the administrator to access the same data points related to employee benefit usage available to that employer. The employer will need to log in to their account to approve the request. Once that occurs, access will be granted to the administrator.

- IT Project Management Journey – Development Team Scrum Lead
 - FY24 (704 hours*\$188 per hour = \$132,352)
- Application Developer/Architect-Senior/Specialist – Development Team Lead
 - FY24 (1408 hours*\$162 per hour = \$228,096)
- IT Application Development – Journey – Developer for Dynamics and FACTS.next

- FY24 (2112 hours*\$120 per hour = \$253,440)
- IT Quality Assurance – Journey – Integrated Tester
 - FY24 (2112 hours*\$120 = \$253,440)
- IT Quality Assurance – Entry – Tester
 - FY24 (704 hours*\$75 per hour = \$52,800)
- IT Quality Assurance – Senior/Specialist – Performance Tester
 - FY24 (704 hours*\$135 per hour = \$95,040)
- IT Quality Assurance – Journey - Performance Tester
 - FY24 (1408 hours*\$95 per hour = \$133,760)
- IT Quality Assurance – Senior/Specialist – Security Tester
 - FY24 (704 hours*\$198 per hour = \$139,392)
- IT Architecture - Senior/Specialist – Technical Product Owner
 - FY24 (352 hours*\$150 per hour = \$52,800)
- IT Application Development/IT Systems Administration – Journey – Development Operations Specialist
 - FY24 (704 hours*\$120 per hour = \$84,480)
- Information Security - Senior/Specialist -Security Architect
 - FY24 (211.2 hours*\$198 per hour = \$41,818)
- IT Project Management - Senior/Specialist – Project Manager
 - FY24 (211.2 hours*\$207 per hour = \$43,718)

Total IT Related Contract Costs during FY2024 (\$132,352 + \$228,096 + \$253,440 + \$253,440 + \$52,800 + \$95,040 + \$133,760 + \$139,392 + \$52,800 + \$84,480 + \$41,818 + \$43,718 = \$1,511,136)

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 = \$96,950)

Total One-Time Cost for FY2024: (\$90,000 + \$1,511,136 + \$96,950 = \$1,698,086)

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 staff will need to begin 3 months prior to the effective date of the bill, January 1, 2024, to be onboarded and trained to support customers with electing coverage, customer service and processing additional claim volume.

- Paid Family and Medical Leave Specialist 2

 - FY24 (3.75 FTE = \$418,172)

 - FY25 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 (0.4 FTE = \$48,475)

 - FY25 and ongoing (0.5 FTE = \$60,593)

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

 - FY24 (0.4 FTE = \$50,594)

 - FY25 and ongoing (0.5 FTE = \$63,243)

Total Ongoing cost for FY2024: $(\$418,172 + \$48,475 + \$50,594 = \$517,241)$

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

Total Cost for FY2024: $\$1,698,086 + \$517,241 = \$2,215,327$

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