

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1136 S HB	<b>Title:</b> Employee expenditures
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## Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of Attorney General	0	0	108,000	0	0	162,000	0	0	162,000
Office of Administrative Hearings	0	0	55,000	0	0	110,000	0	0	110,000
Department of Labor and Industries	0	0	29,160	0	0	58,320	0	0	58,320
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>192,160</b>	<b>0</b>	<b>0</b>	<b>330,320</b>	<b>0</b>	<b>0</b>	<b>330,320</b>

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts	No fiscal impact					
Loc School dist-SPI						
Local Gov. Other						
Local Gov. Total						

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Administrative Office of the Courts	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Attorney General	.3	0	0	108,000	.5	0	0	162,000	.5	0	0	162,000
Office of Administrative Hearings	.2	0	0	55,000	.4	0	0	110,000	.4	0	0	110,000
Department of Labor and Industries	2.2	0	0	736,000	3.2	0	0	938,000	3.2	0	0	938,000
SWF Statewide Fiscal Note - OFM	Non-zero but indeterminate cost and/or savings. Please see discussion.											
<b>Total \$</b>	<b>2.7</b>	<b>0</b>	<b>0</b>	<b>899,000</b>	<b>4.1</b>	<b>0</b>	<b>0</b>	<b>1,210,000</b>	<b>4.1</b>	<b>0</b>	<b>0</b>	<b>1,210,000</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Administrative Office of the Courts	.0	0	0	.0	0	0	.0	0	0
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
Department of Labor and Industries	.0	0	0	.0	0	0	.0	0	0
SWF Statewide Fiscal Note - OFM	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Anna Minor, OFM	<b>Phone:</b> (360) 790-2951	<b>Date Published:</b> Final 2/16/2023
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# Judicial Impact Fiscal Note

<b>Bill Number:</b> 1136 S HB	<b>Title:</b> Employee expenditures	<b>Agency:</b> 055-Administrative Office of the Courts
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.*

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 for 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.

Legislative Contact: Kelly Leonard	Phone: 360-786-7147	Date: 02/03/2023
Agency Preparation: Angie Wirkkala	Phone: 360-704-5528	Date: 02/07/2023
Agency Approval: Chris Stanley	Phone: 360-357-2406	Date: 02/07/2023
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 02/08/2023

182,299.00

Form FN (Rev 1/00)

Request # 146-1

Bill # 1136 S HB

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts

The bill would require employers to reimburse an employee for all necessary expenditures and losses incurred by the employee in direct discharge of their duties, within 30 days of notice of the expenditures or loss. If not, the employee may bring a civil cause of action and if prevails shall be awarded reasonable attorneys' fees and costs incurred for enforcing this section.

### II. B - Cash Receipts Impact

None

### II. C - Expenditures

No fiscal impact is expected to the Administrative Office of the Courts or the courts. The substitute bill does not create a new civil cause of action.

## Part III: Expenditure Detail

### III. A - Expenditure By Object or Purpose (State)

NONE

### III. B - Expenditure By Object or Purpose (County)

NONE

### III. C - Expenditure By Object or Purpose (City)

NONE

### III. D - FTE Detail

NONE

### III. E - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B1 - Expenditures by Object Or Purpose (State)

NONE

### IV. B2 - Expenditures by Object Or Purpose (County)

NONE

### IV. B3 - Expenditures by Object Or Purpose (City)

NONE

### IV. C - Capital Budget Breakout

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

NONE

182,299.00

Form FN (Rev 1/00)

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1136 S HB	<b>Title:</b> Employee expenditures	<b>Agency:</b> 100-Office of Attorney General
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## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Legal Services Revolving Account-State 405-1	27,000	81,000	108,000	162,000	162,000
<b>Total \$</b>	27,000	81,000	108,000	162,000	162,000

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.2	0.5	0.4	0.5	0.5
<b>Account</b>					
Legal Services Revolving Account-State 405-1	27,000	81,000	108,000	162,000	162,000
<b>Total \$</b>	27,000	81,000	108,000	162,000	162,000

### 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: Kelly Leonard	Phone: 360-786-7147	Date: 02/03/2023
Agency Preparation: Dave Merchant	Phone: 360-753-1620	Date: 02/08/2023
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 02/08/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/09/2023

## 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: Employers are required to reimburse employees for necessary, work-related expenses and losses within 30 days of notice. Failure to reimburse is a loss of wages equal to the reimbursable amount. The Department of Labor and Industries (L&I) may adopt rules to enforce.

Section 2: Effective date is 7/1/2024.

### 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.*

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

The client agency is the Department of Labor and Industry (L&I). The Attorney General's Office (AGO) will bill all clients 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.

#### AGO AGENCY ASSUMPTIONS:

L&I will be billed for Seattle rates:

FY 2024: \$27,000 for 0.10 Assistant Attorney General FTE (AAG) and 0.05 Legal Assistant 3 FTE (LA).

FY 2025: \$81,000 for 0.30 AAG and 0.15 LA, and each FY thereafter.

### 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.*

The Attorney General's Office (AGO) Agency Assumptions:

Legal services associated with the enactment of this bill will begin on July 1, 2024. However, immediate and complex legal advice for implementation, policymaking, and rulemaking is anticipated to start one year prior to the effective date of this bill.

Location of staffing is assumed to be in a Seattle office building.

Total workload impact in this request includes standard assumption costs for goods & services, travel, and capital outlays for all FTE identified.

Agency administration support FTE are included in the tables, for every 1.0 Assistant Attorney General FTE (AAG), the AGO includes 0.5 FTE for a Legal Assistant 3 (LA) and 0.25 FTE of a Management Analyst 5 (MA). The MA is used as a representative classification.

1. Assumptions for the AGO Labor and Industries Division's (LNI) Legal Services for the Department of Labor and

Industries (L&I):

In FY 2024, LNI will need 0.1 AAG for immediate and complex legal advice for implementation, policymaking, and rulemaking for approximately one year.

Thereafter, L&I estimates it will receive 575 complaints as a result of this bill. Historically, 14 percent of L&I employment standards complaints result in an appealable order. 14 percent of 575 complaints will result in approximately 81 anticipated orders. An average of 20 percent of orders result in appeals. 20 percent of 81 orders will result in approximately 16 orders appealed on an annual basis.

Comparable Wage Payment Act (WPA) appeals generally require 0.2 AAG per 10 appeals. Based on these assumptions, LNI will need approximately 0.3 AAG for 16 appeals, starting in FY 2025 and each year thereafter.

LNI total FTE workload impact for Seattle rates:

FY 2024: \$27,000 for 0.10 AAG and 0.05 LA.

FY 2025: \$81,000 for 0.30 AAG and 0.15 LA, and each FY thereafter.

2. The AGO Solicitor General’s Office (SGO) has reviewed this bill and determined it will not significantly increase or decrease the division’s workload. Therefore, costs are not included in this request.

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
405-1	Legal Services Revolving Account	State	27,000	81,000	108,000	162,000	162,000
<b>Total \$</b>			27,000	81,000	108,000	162,000	162,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.2	0.5	0.4	0.5	0.5
A-Salaries and Wages	18,000	54,000	72,000	108,000	108,000
B-Employee Benefits	6,000	17,000	23,000	34,000	34,000
E-Goods and Other Services	3,000	9,000	12,000	18,000	18,000
G-Travel		1,000	1,000	2,000	2,000
<b>Total \$</b>	27,000	81,000	108,000	162,000	162,000

**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
Assistant Attorney General-Seattle	124,635	0.1	0.3	0.2	0.3	0.3
Legal Assistant 3-Seattle	67,044	0.1	0.2	0.1	0.2	0.2
Management Analyst 5	91,524	0.0	0.1	0.1	0.1	0.1
<b>Total FTEs</b>		0.2	0.5	0.4	0.5	0.5

**III. D - Expenditures By Program (optional)**

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Labor & Industries Division (LNI)	27,000	81,000	108,000	162,000	162,000
<b>Total \$</b>	27,000	81,000	108,000	162,000	162,000

**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.*



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1136 S HB	<b>Title:</b> Employee expenditures	<b>Agency:</b> 110-Office of Administrative Hearings
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Hearings Revolving Account-State 484-1		55,000	55,000	110,000	110,000
<b>Total \$</b>		55,000	55,000	110,000	110,000

### Estimated Operating Expenditures from:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.4	0.2	0.4	0.4
Administrative Hearings Revolving Account-State 484-1	0	55,000	55,000	110,000	110,000
<b>Total \$</b>	0	55,000	55,000	110,000	110,000

### 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: Kelly Leonard	Phone: 360-786-7147	Date: 02/03/2023
Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 02/09/2023
Agency Approval: Deborah Feinstein	Phone: 360-407-2717	Date: 02/09/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/10/2023

## 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 requires employers to reimburse employees for all necessary expenses or losses within 30 days of receiving actual or constructive notice of them. The expenses or losses must be directly related to the performance of employees' job duties. Failure to properly reimburse constitutes lost wages.

Work activities associated with the enactment of this bill will begin on July 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.*

As a central service agency, the Office of Administrative Hearings (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 Department of Labor & Industries 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

*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.*

The Department of Labor & Industries estimates that the proposed legislation will result in 16 new appeals being referred to the Office of Administrative Hearings (OAH) per fiscal year beginning in FY 2025. On average, each appeal is expected to take approximately 17 hours of line Administrative Law Judge (ALJ) time including prehearing conferences, hearings, order writings, etc.

OAH Agency Workforce Assumptions:

- (1) The Governors proposed COLA increases in FY2024 and FY2025, and Collective Bargaining Agreement increases are not included in agency cost projections. Additional funding is required if these proposals are enacted.
- (2) Ratio of 1.0 FTE line ALJ to 0.15 Senior ALJ (SALJ), to 0.6 Legal Assistant 2 (LA2) (Range 40 step L), to 0.25 administrative support Management Analyst 5 (MA5) (Range 64 Step L).
- (3) ALJ salary is based on the ALJ collective bargaining agreement and assumed to be at step L. (Line ALJ-range 70. Senior ALJ-range 74.)
- (4) Benefit rates were analyzed by job class and projected using the latest benefit information available.
- (5) Goods and services, travel and on-going capital outlays were projected based on historical data for each of the job classifications.

Total workload impact beginning in FY 2025: 0.19 ALJ at a cost of \$31,578; 0.03 SALJ at a cost of \$5,107; 0.11 LA2 at a cost of \$11,389; and 0.05 MA5 at a cost of \$7,041. The total cost is rounded to \$55,000 per FY.

Legal services associated with the enactment of this bill will begin on July 1, 2024.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
484-1	Administrative Hearings Revolving Account	State	0	55,000	55,000	110,000	110,000
<b>Total \$</b>			0	55,000	55,000	110,000	110,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.4	0.2	0.4	0.4
A-Salaries and Wages		34,000	34,000	68,000	68,000
B-Employee Benefits		11,000	11,000	22,000	22,000
C-Professional Service Contracts					
E-Goods and Other Services		10,000	10,000	20,000	20,000
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-					
<b>Total \$</b>	0	55,000	55,000	110,000	110,000

### 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 Law Judge	106,152		0.2	0.1	0.2	0.2
Legal Assistant 2	50,592		0.1	0.1	0.1	0.1
Management Analyst 5	91,524		0.1	0.0	0.1	0.1
<b>Total FTEs</b>			0.4	0.2	0.4	0.4

### III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Regulatory & Education (REG)		55,000	55,000	110,000	110,000
<b>Total \$</b>		55,000	55,000	110,000	110,000

## 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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1136 S HB	<b>Title:</b> Employee expenditures	<b>Agency:</b> 235-Department of Labor and Industries
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Supplemental Pension Account-Non-Appropriated 881-6		29,160	29,160	58,320	58,320
<b>Total \$</b>		29,160	29,160	58,320	58,320

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.1	3.2	2.2	3.2	3.2
<b>Account</b>					
Accident Account-State 608-1	182,000	444,000	626,000	798,000	798,000
Medical Aid Account-State 609-1	32,000	78,000	110,000	140,000	140,000
<b>Total \$</b>	214,000	522,000	736,000	938,000	938,000

### 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: Kelly Leonard	Phone: 360-786-7147	Date: 02/03/2023
Agency Preparation: Rachel Reed	Phone: 360-902-4552	Date: 02/08/2023
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 02/08/2023
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 02/08/2023

## 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.

See attached.

### 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.

See attached.

### 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	182,000	444,000	626,000	798,000	798,000
609-1	Medical Aid Account	State	32,000	78,000	110,000	140,000	140,000
<b>Total \$</b>			214,000	522,000	736,000	938,000	938,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.1	3.2	2.2	3.2	3.2
A-Salaries and Wages	89,000	210,000	299,000	420,000	420,000
B-Employee Benefits	32,000	83,000	115,000	166,000	166,000
C-Professional Service Contracts					
E-Goods and Other Services	93,000	186,000	279,000	336,000	336,000
G-Travel		8,000	8,000	16,000	16,000
J-Capital Outlays		35,000	35,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	214,000	522,000	736,000	938,000	938,000

### 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		
Fiscal Analyst 5	71,520	0.1	0.2	0.2	0.2	0.2
Industrial Relations Agent 2	66,420		2.5	1.3	2.5	2.5
Revenue Agent 2	64,788		0.5	0.3	0.5	0.5
<b>Total FTEs</b>		1.1	3.2	2.2	3.2	3.2

**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

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.*

See attached.

## Part II: Explanation

This bill adds a new section to RCW 49.12 which requires employers to reimburse an employee for all necessary expenditures and losses incurred by the employee while completing their duties.

SHB 1136 is different from HB 1136 in that it:

- Removes language identifying private right of action;
- Adds language identifying that a violation would constitute loss of wage per RCW 49.48.082 (Wage Payment Act);
- Add language specifying that L&I may adopt rules to implement and enforce the bill;
- Adds language delaying the effective date of the bill until July 1, 2024.

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

**Section 1 (1)** states that employers must reimburse an employee for all necessary expenditures and losses incurred while the employee completes their duties within 30 days of the employer being notified of the expenditure or loss.

**Section 1 (2)** states that the failure of an employer to reimburse an employee for an expenditure or loss constitutes a loss of wages equal to the amount of the reimbursement owed to the employee.

**Section 1 (3)** directs L&I to conduct rulemaking to implement and enforce the reimbursement requirement and specifies that the reimbursement requirement constitutes a wage payment requirement under the Wage Payment Act RCW 49.48.082 for the purposes of enforcement.

**Section 2** states that this bill takes effect July 1, 2024.

### II. B – Cash Receipt Impact

#### Receivables – Operating

The penalties received by L&I related to enforcing this bill are to be deposited in the Supplemental Pension Fund, fund 881. L&I has the authority to issue penalties and anticipated



approximately an additional \$29,160 to be collected annually as a result of this bill. The following assumptions were made in developing the estimates:

- The proposed bill will result in approximately 81 new wage payment citations per year under the Wage Payment Act RCW 49.48.082, starting in fiscal year 2025.
- The penalty for these violations is \$1,000 per violation.
- The average historical collection rate for these types of penalties is 36 percent.
- Therefore, \$29,160 in additional penalties is expected to be collected and deposited into the Supplemental Pension Account Fund. (\$1,000 per violation X 81 violations per year X 36% penalty collection rate = \$29,160 in additional penalties)

## **II. C – Expenditures**

### **Appropriated – Operating Costs**

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

### **Staffing**

2.5 FTE, Industrial Relations Agent 2 (IRA2), permanent starting July 1, 2024. Duties include enforcing the Wage Payment Act, and other related statutes, investigating wage disputes, and providing assistance to higher level Industrial Relations Agents on complex investigations. The assumptions for this calculation are:

- L&I estimates 575 additional wage complaints per year starting in fiscal year 2025 as a result of this bill based on comparable current complaint cases.
- The workload for one IRA2 is 240 cases per agent per year.
- Therefore, 2.5 IRA2 FTEs will be needed to complete the additional work (575 new complaints per year / 249 case workload = 2.3, rounded to 2.5 FTEs)

1 FTE, Administrative Regulations Analyst 4 (ARA4), temporary July 1, 2023 – June 30, 2024. Duties include independently analyzing regulations, policies, procedures and practices to provide

expert consultation and written opinion to resolve complex regulatory issues or problems. The assumptions for this calculation are:

- Controversial stakeholdering, rulemaking, and policy activities are complex in nature and require 1 FTE until these tasks are complete. A temporary ARA would be needed to oversee the rulemaking and policy work required to implement this bill.

.5 FTE, Revenue Agent 2 (RA2), permanent starting July 1, 2024. Duties include reviewing citations, contacting customer, establishing payment plans, and issuing notices, warrants for lien on property, garnishments and levies. The assumptions for this calculation are:

- L&I estimates 575 additional wage complaints per year as a result of this bill based on comparable current complaint cases.
- On average, 14 percent of complaints result in a citation.
- There will be 81 new citations per year starting in fiscal year 2025. (575 additional wage complaints per year X .14 complaints result in a citation = 81 new citations per year)
- The workload for one RA2 is 300 cases per year.
- Therefore, .5 RA2 FTEs will be needed to complete the additional work ( $81 / 300 = .3$  FTE, rounded to .5 FTE)

### **Information Technology**

In order to implement this bill, L&I will need to add a new complaint type to the technology solution for complaint/case management system on the Aithent SaaS platform, with minimal IT contractor support needed for project management. This modification/enhancement is anticipated to take 4 months to deliver in fiscal year 2024, with a total cost of \$50,000.

### **Rule making**

\$5,000 is needed for 2 rule making hearings to occur during fiscal year 2024. The average cost of one rule making hearing is \$2,500. (2 hearings x \$2,500 each = \$5,000)

**Attorney General – Legal Services**

\$27,000 is needed in fiscal year 2024 for complex legal advice for implementation, policymaking and rulemaking requiring .1 Assistant Attorney General FTEs. \$81,000 is needed annually beginning in fiscal year 2025 for legal services requiring .3 Assistant Attorney General FTEs. The following assumptions were used to calculate the estimates:

- There will be 81 new citations per year starting in fiscal year 2025. (see above RA2 assumptions)
- 20% of orders result in an appeal.
- 16.1 orders are anticipated to be appealed annually beginning in fiscal year 2025. (81 new citations X .20 = 16.1 new appeals)

**Administrative Hearings**

\$55,000 is needed for 16 administrative hearings per year, beginning in fiscal year 2025.

**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	6,000	16,000	16,000	16,000	16,000	16,000
609	Medical Aid	1,000	3,000	3,000	3,000	3,000	3,000
	Total:	\$7,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000

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**

This legislation would result in rule changes to:

- WAC 296-126, Standards of labor for the protection of the safety, health and welfare of employees for all occupations subject to chapter 49.12 RCW.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1136 S HB	<b>Title:</b> Employee expenditures	<b>Agency:</b> SWF-SWF Statewide Fiscal Note - OFM
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

**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: Kelly Leonard	Phone: 360-786-7147	Date: 02/03/2023
Agency Preparation: Julie Pettit	Phone: 3608902669	Date: 02/15/2023
Agency Approval: Jamie Langford	Phone: (360) 870-7766	Date: 02/15/2023
OFM Review: Robyn Williams	Phone: (360) 704-0525	Date: 02/16/2023

## 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 may affect all state agencies as it requires employers to reimburse an employee for all expenditures and losses incurred in direct consequence of the employee's duties. The reimbursement must occur within 30 days of an actual or constructive notice of expenditure or loss.

### 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.*

None.

### 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.*

It is unknown what the fiscal impact to agencies will be since agencies will be required to reimburse employees for items that they do not currently pay for, but incur in carrying out their job duties. It is impossible to know the cost with any specificity and without any rules or guidance, it is impossible to estimate whether all agencies will reimburse for the same types of items or whether they will vary by agency and funding availability.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

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

Non-zero but indeterminate cost and/or savings. Please see discussion.

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### 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

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.*