

Multiple Agency Fiscal Note Summary

Bill Number: 1106 S HB PL	Title: Unemployment/voluntary
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Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	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
Office of Administrative Hearings	.0	0	0	0	.0	0	0	0	.0	0	0	0
Employment Security Department	.9	0	0	430,055	1.0	0	0	252,980	1.0	0	0	267,840
Total \$	0.9	0	0	430,055	1.0	0	0	252,980	1.0	0	0	267,840

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Administrative Hearings	.0	0	0	.0	0	0	.0	0	0
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

Prepared by: Anna Minor, OFM	Phone: (360) 790-2951	Date Published: Final 4/20/2023
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Individual State Agency Fiscal Note

Bill Number: 1106 S HB PL	Title: Unemployment/voluntary	Agency: 110-Office of Administrative Hearings
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

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: 04/17/2023
Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 04/20/2023
Agency Approval: Deborah Feinstein	Phone: 360-407-2717	Date: 04/20/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 04/20/2023

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.

No fiscal impact. This legislation will not measurably increase the appeal workload for the Office of Administrative Hearings (OAH).

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.

None.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

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

Bill Number: 1106 S HB PL	Title: Unemployment/voluntary	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	0.7	1.2	0.9	1.0	1.0
Account					
Unemployment Compensation Administration Account-Federal 119-2	272,606	157,449	430,055	252,980	267,840
Total \$	272,606	157,449	430,055	252,980	267,840

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: 04/17/2023
Agency Preparation: Lesley Carpenter	Phone: 360 902-9404	Date: 04/18/2023
Agency Approval: Lisa Henderson	Phone: 360-902-9291	Date: 04/18/2023
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 04/19/2023

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 (New Section): Vulnerable adult is defined to have the same meaning as in RCW 74.34.020

Section 2 Expands to include good cause for voluntarily quitting bona fide work due to:

- (1) death, illness, or disability of a family member (rather than a member of the claimant's immediately family);
- (2) care for a child or vulnerable adult in the claimant's care is inaccessible;
- (3) the employer changes the claimant's schedule without claimant's request and not based on seniority by six or more hours on a non-temporary basis; and
- (4) the claimant relocates to be near a minor child.

This section also updates the reasonable efforts a claimant must make to preserve their employment in certain circumstances to include requesting changes to working conditions or work schedule.

Section 3 Updates a cross-reference to include a new subsection in Sec. 2 to state that employers' experience rating will not be charged for separations resulting from a claimant relocating to be near a minor child.

The changes from the previous version include adding new section 4 which provides that benefits paid because a claimant quits due to inaccessible care for a child or vulnerable adult will not be charged to the experience rating of any contribution-paying employer and requires Employment Security to prepare and submit a report regarding benefits allowed for separations due to inaccessible care of a child or vulnerable adult and sunsets the provision allowing that quit on July 8, 2029

Operationally, implementation of the bill will require Policy, Legal Services, Unemployment Tax and Benefits (UTAB), Information Technology, Communications and Unemployment Insurance Customer Support.

- Sections 1 through 3 will require major rulemaking by Legal Services.
- Information Technology and UTAB have crucial rolls in necessary system changes.
- Communications will have to work with Policy to approve new determination letters and other public notices.
- Unemployment Insurance Customer Support will need to be able to update their training manuals and train staff.
- When implemented, the bill could cause an overall increase in ongoing work for Unemployment Insurance Customer Support.

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.

No impact on cash receipts. Any additional benefits paid to claimants out of the unemployment trust fund as a result of this bill will be offset by increased benefit charges and tax collections from employers.

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 Narrative

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
119-2	Unemployment Compensation Administration Account	Federal	272,606	157,449	430,055	252,980	267,840
Total \$			272,606	157,449	430,055	252,980	267,840

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.7	1.2	0.9	1.0	1.0
A-Salaries and Wages	42,607	83,724	126,331	133,633	141,783
B-Employee Benefits	17,043	33,490	50,533	53,453	56,713
C-Professional Service Contracts	100,800		100,800		
E-Goods and Other Services	100,605	17,423	118,028	29,542	30,755
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	11,551	22,812	34,363	36,352	38,589
9-					
Total \$	272,606	157,449	430,055	252,980	267,840

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
ACTUARIAL ANALYST 2	64,788				0.1	0.1
ECONOMIC ANALYST 3	73,260		0.5	0.3	0.3	0.3
IT Business Analyst - Journey	86,268	0.1		0.1		
IT DATA MANAGEMENT - SENIOR/SPECIALIST	95,100		0.3	0.1	0.1	0.1
MANAGEMENT ANALYST 3	61,632	0.1		0.1		
MANAGEMENT ANALYST 5	78,900				0.1	0.2
UI SPECIALIST 4	53,100	0.5	0.4	0.5	0.4	0.4
Total FTEs		0.7	1.2	0.9	1.0	1.0

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.

Major rulemaking will be needed to implement this bill.

Section 1:

Vulnerable adult needs to be added to “immediate family”: WAC 192-150-055:

Section 2:

Leaving work because of illness or disability - General rules and definitions - WAC 192-150-055

Leaving work because of disability - Notice to Employer - WAC 192-150-060

Change in worksite - WAC 192-150-125

Separation is considered a refusal of new work - WAC 192-150-150

New sections in Chapter 192-150 WAC for new quits relating to changes in workshift and relocation to be closer to a minor child.

Section 3:

Benefit Charging - WAC 192-320-070 and WAC 192-320-075

II. C - Expenditures

SHB.PL 1106 expands the good cause reasons an employee can voluntarily quit employment and qualify for unemployment benefits due to (1) death, illness, or disability of a family member; (2) care for a child or vulnerable adult; (3) changes to the claimant's regular shifts of employment; and (4) relocation to be near a minor child.

These new good cause reasons would result in an additional 696 claims in fiscal year 2024 based on their effective dates and an additional 795 claims in fiscal year 2025 and ongoing.

Employment Security Department (ESD) looked to other, similar states to estimate the increase in voluntary quits in Washington. ESD also obtained historical data on voluntary quits in Washington to help determine the impact of the proposed changes. ESD extracted data from the Unemployment Tax and Benefits (UTAB) system to capture the number of voluntary quits per year for all the categories under current law. ESD staff interpreted the voluntary quit data and used it to project how the proposed changes in law would impact the historical data that had been provided.

These research estimates were used to determine the increase in voluntary quits for each category.

To implement this bill the following needs to occur in fiscal year 2024:

- Major Rulemaking and policy work - 4 months.
- Updating the Unemployment Tax and Benefit system (UTAB) - 6 months.
- Update Employment Security Department (ESD) websites
- Developing and delivering training for staff.
- Staff training.
- Employment Security will need to gather data and prepare a report regarding claims for separations resulting from inaccessible care of a child or vulnerable adult.

Employment Security Department (ESD) must update the Unemployment Tax and Benefits (UTAB) system. Currently, the bill would go into effect 90 days after the end of the session in which it passes. It will take time to update UTAB, including testing the system.

While the UTAB system is being updated, the training unit can create curricula to be used to train staff.

ESD Communications will need to develop communications plans and update the agency website including updating translations for other languages. They will also draft and distribute the Quarterly Tax Update article on new voluntary quit provisions. These costs are minimal and will be absorbed within current funding.

One Time Cost

Rulemaking and Policy Related Costs (one-time cost)

- Major Rulemaking cost = \$90,000

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

- IT Application Development – Senior Specialist to develop the UTAB system
 - FY2024 (480 hours * \$210 = \$100,800)
- IT Business Analyst -Journey to update the UTAB system updates
 - FY2024 (0.10 FTE = \$16,258)
- Management Analyst 3 – to test the UTAB system
 - FY2024 (0.10 FTE = \$12,118)
- IT Data Management - Senior/Specialist to develop data tables, train analysts, maintenance, monitoring, and updates
 - FY2025 (0.25 FTE = \$44,349)
 - FY2026 through FY2029 (0.10 FTE = \$17,740)

Total IT Related Contract Costs during FY2024: \$100,800

Total IT Related Staff Costs during FY2024: \$16,258 + \$12,118 = \$28,376

Total IT Related Staff Costs during FY2025: \$44,349

Total IT Related Staff Costs during FY2026 through FY2029: \$17,740

Claims Center Cost (one-time cost)

- All adjudicators will need to spend the following time receiving training:
- Unemployment Insurance Specialist 4's (UIS4) = 105 staff * 2 trainings at 2 hours per training = 420 hours
 - FY2024 (0.20 FTE) costing \$21,372

Data Architecture, Transformation, and Analytics (DATA) cost (one-time cost)

- Economic Analyst 3 to do data validation, monitoring, and support activities
 - FY2025 (0.50 FTE = \$70,358)
 - FY2026 through FY2029 (0.25 FTE = \$35,180)
- Management Analyst 5 to supervise, design, plan, and present
 - FY2026 and FY2027 (0.10 FTE = \$15,018)
 - FY2028 and FY2029 (0.20 FTE = \$30,037)
- Actuarial Analyst 2 to do maintenance and monitoring, final data and analysis, and write report sections
 - FY2026 (0.25 FTE = \$31,621)
 - FY2028 (0.13 FTE = \$16,442)

Total DATA related cost during 2025: \$70,358

Total DATA related cost during 2026: $\$35,180 + \$15,018 + \$31,621 = \$81,819$

Total DATA related cost during 2027: $\$35,180 + \$15,018 = \$50,198$

Total DATA related cost during 2028: $\$35,180 + \$30,037 + \$16,442 = \$81,659$

Total DATA related cost during 2029: $\$35,180 + \$30,037 = \$65,217$

Total One-Time Cost during FY2024: $\$90,000 + \$100,800 + \$28,376 + \$21,372 = \$240,548$

Total One-Time Cost during FY2025: $\$44,349 + \$70,358 = \$114,707$

Total One-Time Cost during FY2026: $\$17,740 + \$81,819 = \$99,559$

Total One-Time Cost during FY2027: $\$17,740 + \$50,198 = \$67,938$

Total One-Time Cost during FY2028: $\$17,740 + \$81,659 = \$99,399$

Total One-Time Cost during FY2029: $\$17,740 + \$65,217 = \$79,957$

Ongoing Cost

Claims Center Costs (ongoing cost):

Fiscal Year 2024:

- An adjudicated voluntary quit issue takes approximately 60 min to complete for a UI Specialist 4
- It is estimated that 696 voluntary quit claims relating to ESHB 1106 will need to be processed in fiscal year 2024.
- $1 \text{ hour} * 696 = 696$ hours annually
- In Fiscal year 2024 it will take 0.30 of a UI Specialist 4 FTE to process the additional adjudications costing \$32,058

Fiscal year 2025 and ongoing:

- It is estimated that 795 voluntary quit claims relating to ESHB 1106 will need to be processed in fiscal year 2025 and ongoing.
- $1 \text{ hour} * 795 = 795$ hours annually
- In fiscal year 2025 and ongoing it will take 0.40 of a UI Specialist 4 FTE to process the additional adjudications costing \$42,742

ESD does not anticipate any appeals to be impacted. While there will be a change to who qualifies for benefits under the new voluntary quits, ESD anticipates that the appeals from claimants who were previously denied benefits will simply transform into an equal number of appeals from employers protesting the allowance of benefits.

Total cost for FY2024: $\$240,548 + \$32,058 = \$272,606$

Total cost for FY2025: $\$114,707 + \$42,742 = \$157,449$

Total cost for FY2026: $\$99,559 + \$42,742 = \$142,301$

Total cost for FY2027: $\$67,938 + \$42,742 = \$110,680$

Total cost for FY2028: $\$99,399 + \$42,742 = \$142,141$

Total cost for FY2029: $\$79,957 + \$42,742 = \$122,699$

Total cost for FY2030 and ongoing: $\$42,742$