

Individual State Agency Fiscal Note

Bill Number: 1217 S HB PL	Title: Wage complaints	Agency: 235-Department of Labor and Industries
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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	0.6	1.1	0.9	1.1	1.1
Account					
Accident Account-State 608-1	223,000	95,000	318,000	190,000	190,000
Medical Aid Account-State 609-1	39,000	17,000	56,000	34,000	34,000
Total \$	262,000	112,000	374,000	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:	Phone:	Date: 04/19/2023
Agency Preparation: Jenifer Colley	Phone: (360) 902-6983	Date: 04/24/2023
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 04/24/2023
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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.

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	223,000	95,000	318,000	190,000	190,000
609-1	Medical Aid Account	State	39,000	17,000	56,000	34,000	34,000
Total \$			262,000	112,000	374,000	224,000	224,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.6	1.1	0.9	1.1	1.1
A-Salaries and Wages	35,000	70,000	105,000	140,000	140,000
B-Employee Benefits	14,000	28,000	42,000	56,000	56,000
C-Professional Service Contracts	189,000		189,000		
E-Goods and Other Services	12,000	11,000	23,000	22,000	22,000
G-Travel	2,000	3,000	5,000	6,000	6,000
J-Capital Outlays	10,000		10,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	262,000	112,000	374,000	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
Fiscal Analyst 5	71,520	0.1	0.1	0.1	0.1	0.1
Industrial Relations Agent 2	66,420	0.5	1.0	0.8	1.0	1.0
Total FTEs		0.6	1.1	0.9	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 requires certain wage complaint settlements to include interest on all amounts owed, with the option for an employee to request a waiver or reduction of interest as part of the settlement process.

SHB 1217 PL is different from SHB 1217 AMS LC in that it:

- Adds a date to Section 6 - Requires all wage complaint settlements, filed on or after January 1, 2024, to include interest on all amounts owed, with the option for an employee to request a waiver or reduction of interest as part of the settlement process.

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

Section 1

(6) For all wage complaints filed on or after January 1, 2024, if the department offers the employer the option to resolve a wage complaint without citation and notice of assessment, and the employer chooses to accept the offer, any settlement must include interest of one percent per month on all amounts owed. The employee may request a waiver or reduction of interest as part of the settlement process.

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.

1.0 FTE, Industrial Relations Agent 2, permanent, starting January 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

- Despite the change in bill language, L&I will still need to calculate interest on each wage complaint.
- 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 2023-25 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 2023-25 biennium for 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	2,500	5,500	5,500	5,500	5,500	5,500
609	Medical Aid	500	1,000	1,000	1,000	1,000	1,000
	Total:	\$3,000	\$6,500	\$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.