

Multiple Agency Fiscal Note Summary

Bill Number: 1959 HB	Title: PFML/small employers
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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 Administrative Hearings	0	0	0	0	0	1,004,000	0	0	1,004,000
Employment Security Department	0	0	0	0	0	216,000,000	0	0	267,000,000
Total \$	0	0	0	0	0	217,004,000	0	0	268,004,000

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	3.2	0	0	1,004,000	3.2	0	0	1,004,000
Office of Minority and Women's Business Enterprises	.3	65,557	65,557	65,557	2.0	547,424	547,424	547,424	2.0	548,504	548,504	548,504
Employment Security Department	10.0	0	0	3,250,699	29.9	0	0	8,484,519	32.4	0	0	9,063,552
Total \$	10.3	65,557	65,557	3,316,256	35.1	547,424	547,424	10,035,943	37.6	548,504	548,504	10,616,056

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
Office of Minority and Women's Business Enterprises	.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

NONE

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Prepared by: Anna Minor, OFM	Phone: (360) 790-2951	Date Published: Final 2/12/2024
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Individual State Agency Fiscal Note

Bill Number: 1959 HB	Title: PFML/small employers	Agency: 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				1,004,000	1,004,000
Total \$				1,004,000	1,004,000

Estimated Operating Expenditures from:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.0	0.0	3.2	3.2
Account					
Administrative Hearings Revolving Account-State 484-1	0	0	0	1,004,000	1,004,000
Total \$	0	0	0	1,004,000	1,004,000

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: 01/10/2024
Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 01/30/2024
Agency Approval: Rob Cotton	Phone: 360-407-2708	Date: 01/30/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 02/02/2024

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 removes the exemption under RCW 50A.10.030 from Paid Family Medical Leave premium payment requirements that applied to employers with less than 50 employees. This law will result in premium assessment appeals to the Office of Administrative Hearings by smaller employers challenging the Employment Security Department's assessments and/or its determinations that they have improperly paid premiums.

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 Employment Security Department 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 Employment Security Department estimates that the proposed legislation will result in 350 new appeals per FY beginning in FY 2026 being referred to the Office of Administrative Hearings (OAH). On average, each appeal is expected to take approximately six hours of line Administrative Law Judge (ALJ) time including prehearing conferences, hearings, order writings, etc.

OAH Agency Workforce Assumptions:

- (1) 1.0 Line ALJ will include cost and FTE for 0.15 Senior ALJ (SALJ), 0.15 Lead ALJ (LALJ), 0.6 Legal Assistant 2 (LA2) (Range 40 step L), and 0.25 administrative support represented as a Management Analyst 5 (MA5) (Range 64 Step L).
- (2) 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.)
- (3) Benefit rates were analyzed by job class and projected using the latest benefit information available.
- (4) 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 2026: 1.5 ALJ, 0.23 SALJ; 0.23 LALJ; 0.9 LA2 and 0.38 MA5. The total cost is rounded to \$502,000 per FY.

These projected costs do not include approved COLA salary increases approved effective July 1, 2024.

Legal services associated with the enactment of this bill will begin on July 1, 2025.

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	0	0	1,004,000	1,004,000
Total \$			0	0	0	1,004,000	1,004,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years				3.2	3.2
A-Salaries and Wages				628,000	628,000
B-Employee Benefits				200,000	200,000
C-Professional Service Contracts					
E-Goods and Other Services				162,000	162,000
G-Travel				6,000	6,000
J-Capital Outlays				8,000	8,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	0	0	1,004,000	1,004,000

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	110,400				1.5	1.5
Lead Administrative Law Judge	118,932				0.2	0.2
Legal Assistant 2	52,964				0.9	0.9
Management Analyst 5	95,184				0.4	0.4
Senior Administrative Law Judge	128,400				0.2	0.2
Total FTEs					3.2	3.2

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Regulatory & Education (REG)				1,004,000	1,004,000
Total \$				1,004,000	1,004,000

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

Revised

Bill Number: 1959 HB	Title: PFML/small employers	Agency: 147-Office of Minority and Women's Business Enterprises
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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	0.0	0.5	0.3	2.0	2.0
Account					
General Fund-State 001-1	0	65,557	65,557	547,424	548,504
Total \$	0	65,557	65,557	547,424	548,504

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: 01/10/2024
Agency Preparation: Ian Shelley	Phone: (360) 407-2243	Date: 02/05/2024
Agency Approval: Ian Shelley	Phone: (360) 407-2243	Date: 02/05/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/05/2024

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.

House Bill 1959 amends RCW 50A.10.030 and RCW 50A.24.010 which will extend paid family medical leave program requirements to employers with fewer than 50 employees.

As of January 1, 2024 the Office of Minority and Women's Business Enterprises (OMWBE) certified business directory contained 4672 certified businesses. Of these businesses, 98% or 4,578 have fewer than 50 employees.

To provide the necessary supports to the small OMWBE certified businesses affected during the period of fiscal year 2025 through fiscal year 2029, the Office of Minority and Women's Business Enterprises anticipates a fiscal impact of \$1,161,485 to support two MA4 positions to conduct outreach, education, and technical assistance to support certified businesses with implementation. The two MA4 positions have been set to begin April 1st 2025, 3 months prior to the bills effective date, so that OMWBE can begin outreach and education. See attached pdf for a detailed breakout of fiscal impact.

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.

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.

To provide the necessary supports to the small OMWBE certified businesses affected during the period of fiscal year 2025 through fiscal year 2029, the Office of Minority and Women's Business Enterprises anticipates a fiscal impact of \$1,161,485 to support two MA4 positions to conduct outreach, education, and technical assistance to support certified businesses with implementation. The two MA4 positions have been set to begin April 1st 2025, 3 months prior to the bills effective date, so that OMWBE can begin outreach and education. See attached pdf for a detailed breakout of fiscal impact.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	0	65,557	65,557	547,424	548,504
Total \$			0	65,557	65,557	547,424	548,504

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.5	0.3	2.0	2.0
A-Salaries and Wages		44,397	44,397	355,176	355,176
B-Employee Benefits		14,977	14,977	118,740	119,820
C-Professional Service Contracts					
E-Goods and Other Services		2,183	2,183	73,508	73,508
G-Travel					
J-Capital Outlays		4,000	4,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	65,557	65,557	547,424	548,504

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
Management Analyst 4	86,208		0.5	0.3	2.0	2.0
Total FTEs			0.5	0.3	2.0	2.0

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.

Individual State Agency Fiscal Note

Bill Number: 1959 HB	Title: PFML/small employers	Agency: 540-Employment Security Department
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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
Family and Medical Leave Insurance Account-State 22F-1				216,000,000	267,000,000
Total \$				216,000,000	267,000,000

Estimated Operating Expenditures from:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	20.0	10.0	29.9	32.4
Account					
Family and Medical Leave Insurance Account-State 22F-1	0	3,250,699	3,250,699	8,484,519	9,063,552
Total \$	0	3,250,699	3,250,699	8,484,519	9,063,552

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: 01/10/2024
Agency Preparation: Dan Phillips	Phone: 360 902-9448	Date: 02/02/2024
Agency Approval: Lisa Henderson	Phone: 360-902-9291	Date: 02/02/2024
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 02/06/2024

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.

HB 1959 requires small businesses to pay the employer share of the Paid Family Medical and Leave (PFML) premium. Currently, small businesses are exempt.

Sec. 1 removes the exemption that currently applies to small businesses to pay the employer share of the PFML premium. It also makes technical corrections regarding certain numbers in the bill.

Sec. 2 removes references to small businesses opting in to pay the employer share of the premium to be eligible for small business grants.

Sec. 3 sets an effective date of July 1, 2025.

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.

Please see attached Cash Receipt Narrative

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	0	3,250,699	3,250,699	8,484,519	9,063,552
Total \$			0	3,250,699	3,250,699	8,484,519	9,063,552

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29	
FTE Staff Years		20.0	10.0	29.9	32.4	
A-Salaries and Wages		1,380,697	1,380,697	3,927,394	4,229,094	
B-Employee Benefits		552,279	552,279	1,570,958	1,691,638	
C-Professional Service Contracts		309,172	309,172			
E-Goods and Other Services		629,697	629,697	1,910,575	1,984,810	
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		378,854	378,854	1,075,592	1,158,010	
9-						
Total \$		0	3,250,699	3,250,699	8,484,519	9,063,552

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
ACTUARY 3	156,737		0.3	0.1	0.3	0.3
COMMUNICATIONS CONSULTANT 4	69,401		0.4	0.2		
COMMUNICATIONS CONSULTANT 5	80,464		0.1	0.1		
ECONOMIC ANALYST 3	82,515		0.1	0.1	0.1	0.1
ES BENEFITS SPECIALIST 2	59,847		13.5	6.8	20.5	23.0
ES BENEFITS SPECIALIST 3	66,015		2.0	1.0	5.0	5.0
ES BENEFITS SPECIALIST 4	72,924		2.0	1.0	2.0	2.0
IT APP DEVELOPMENT - MANAGER	117,927		0.1	0.1		
IT CUSTOMER SUPPORT - MANAGER	106,976		0.1	0.1		
IT POLICY & PLANNING - SENIOR/SPECIALIST	106,976		0.1	0.1		
IT PROJECT MANAGEMENT - SENIOR MANAGER	123,835		0.1	0.1		
IT PROJECT MANAGEMENT - SENIOR/SPECIALIST	106,976		0.1	0.1		
IT QUALITY ASSURANCE - SENIOR/SPECIALIST	101,871		0.1	0.1		
OFFICE ASSISTANT 3	40,714				1.0	1.0
OPERATIONS RESEARCH SPECIALIST	93,343				0.1	
WMS BAND 1	92,911		1.0	0.5	1.0	1.0
Total FTEs			20.0	10.0	29.9	32.4

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.

This bill will require minor rulemaking.

WAC 192-510-040, WAC 192-510-045, and WAC 192-560-010 will need to be updated to remove references to business size for the purposes of premium assessment and references to premium assessment to establish eligibility for small businesses.

Expenditure Impact Narrative

HB 1959 would require small businesses to pay the employer share of the Paid Family Medical Leave (PFML) premium.

The agency will need to implement a large outreach campaign, address customer service needs, and make changes to the IT infrastructure to account for the changes.

To implement this bill the following needs to occur in fiscal year 2025:

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

One -Time Cost

Rulemaking and Policy related cost (one time cost)

- Minor rulemaking cost = \$30,000

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

Summary of IT related work

- Updates to premium calculation functionality to assess small employers from the effective date forward but continue not to assess employer share for past reports/amendments.
- Enhancements to small business grant functionality to automate aspects to accommodate for higher volumes of applications as anticipated in the actuarial & data assumptions.
- Modify existing functionality to no longer begin assessment of the employer share of the premium on an employer with fewer than 50 employees upon that employer's receipt of a small business grant.
- Changes to multiple screens within employer accounts to accurately explain premium assessment, small business grant requirements, and transaction and/or assessment history to small employers who begin paying the employer share.

A single development team (comprised of a Scrum Lead, a Delivery Architect, a senior Application Developer, two journey Application Developers, a senior Test Engineer, a journey Quality Assurance tester and a journey DevOps Specialist) will design, code, test and implement the features defined by the product owner/Transformation team to update premium calculation functionality, enhancement small business grant functionality, modify existing premium assessment functionality and additional changes to provide new/additional information regarding premium assessment, grant requirements and transaction histories by modify and/or creating new screens within the system.

The staffing model above requires a single development team and assumes that four sprint periods to build, harden, and thoroughly test new functionality will be needed. A sprint is comprised of a two-week development cycle, where two sprints is equivalent to one month of technical work.

That development team will be supported by a Project Manager and will also engage performance and security testing (1 senior Performance Test Engineer, 1 journey Performance Test Engineer and 1 senior Security Tester) and the development, test and production environment implementations will be managed by the Build Manager.

The work will be overseen by LCD Technology Leadership including the LCD Technology Manger, the LCD AppDev Manger, the LCD Operations Manager, the Scrum of Scrums Master, and the Testing Supervisor. This assumes the standard staffing model based on a single development team build out.

IT Architect - Senior/Specialist – Delivery Architect

- FY25 (352 hours * 162 per hour = \$57,024)

IT Application Development – Journey – Application Developer

- FY25 (704 hours * 120 per hour = \$84,480)

IT Application Development – Senior/Specialist – Application Developer

- FY25 (352 hours * 135 per hour = \$47,520)

IT Application Development – Senior/Specialist – Build Manager

- FY25 (9 hours * \$120 per hour = \$1,080)

IT Data Management – Journey – Database Administrator

- FY25 (18 hours * \$104 per hour = \$1,872)

IT Quality Assurance – Entry – Quality Assurance Tester

- FY25 (704 hours * \$75 per hour = \$52,800)

IT Quality Assurance – Journey – Integrated Tester

- FY25 (352 hours * \$120 per hour = \$42,240)

IT Quality Assurance – Journey – Performance Tester

- FY25 (9 hours * \$95 per hour = \$855)

IT Quality Assurance – Senior/Specialist – Performance Tester

- FY25 (9 hours * \$135 per hour = \$1,215)

IT Quality Assurance – Senior/Specialist – Security tester

- FY25 (9 hours * \$198 per hour = \$1,782)

IT Systems Administration– Journey – Development Operations Specialist

- FY25 (176 hours * \$104 per hour = \$18,304)

Total IT one time contract cost for FY2025: \$57,024 + \$84,480 + \$47,520 + \$1,080 + \$1,872 + \$52,800 + \$42,240 + \$855 + \$1,215 + \$1,782 + \$18,304 = \$309,172

Information Technology (IT) Related Staff Costs (one time cost)

The contract work will be overseen by the Leave and Care Division (LCD) Technology Leadership and the development team will be supported by a Project Manager.

IT Project Management – Senior Manager

- FY25 (0.1 FTE = \$22,710)

IT Application Development – Manager

- FY25 (0.1 FTE = \$21,715)

IT Customer Support – Manager

- FY25 (0.1 FTE = \$19,871)

IT Project Management – Senior/Specialist

- FY25 (0.1 FTE = \$19,871)

IT Quality Assurance – Senior/Specialist

- FY25 (0.1 FTE = \$19,010)

IT Policy and Planning – Senior/Specialist

- FY25 (0.1 FTE = \$19,871)

Total IT one time staff cost for FY2025 (\$22,710 + \$21,715 + \$19,871 + \$19,871 + \$19,010 + \$19,871 = \$123,048)

Total Information Technology one time cost for FY2025: \$309,172 + \$123,048 = \$432,220

Communications Related Costs (one time)

To implement the bill the Communications team will develop and carry out an in-depth communications plan that utilizes most available communications tools. Meet with project team members to discuss project needs and communications plan progress. Create extensive copywriting, flyer creation, toolkit revisions, and document and form updates. Update marketing and engagement by doing across-the-board content creation and publishing. This includes initiation, multiple rounds of project team review, and publishing. Some possible communications strategies would include email campaigns, postal mailers, social media, and webinars. Communication would create new webpages and guides then modify, create and update content throughout the website, followed by running updates and new content through review and approval workflows. Finally, Communication would distribute updated information to staff throughout the division and assess needs with managers, meeting with project team members, and writing internal communications resources. This work would require the following:

Communications Consultant 5 – Communication and Web Manager

- FY25 (0.13 FTE = \$20,026)

Communications Consultant 4 – Communication Consultant and Web Specialist

- FY25 (0.38 FTE = \$51,456)

Communications also anticipates three (3) separate postal mailers to 230,000 employers totaling \$297,000.

Total Communications one time cost for FY2025: \$20,026 + \$51,456 + \$297,000 = \$368,482

Research Related Cost (one time)

Research and Data will need an Operation Research Specialist for FY26. After the first year of implementation there will be changes to our dashboards and reporting given the changes in HB 1959.

Operations Research Specialist

- FY26 (0.1 FTE = \$17,576)

Total Research one-time cost for FY2026: \$17,576

Total One Time Cost for FY2025: \$30,000 + \$432,220 + \$368,482 = \$830,702

Total One Time Cost for FY2026: \$17,576

Ongoing Cost

Claim Center Cost (ongoing)

The Operations Team will have an increase in communication and customer service needs from employers understanding the changes and working through account reconciliations and premium calculations and this communication increase is anticipated to last approximately 1 year. The Operations Team anticipates an additional increase related to small employer

workloads, such as small business assistant grants and voluntary plans. Based on estimates provided by the Paid Leave Actuary, small business assistant grants are expected to increase from 143 applications annually to 15,372 within the first year, then an additional increase to 34,317 within the second year, then remain over 30,000 each additional year. These numbers reflect both approved grants listed in the table above as well as grant applications that were ultimately denied. ESD's current approval rate for small business assistance grants is 69%, this is assumed to be the same in calendar year 2025 but increase slightly each year as more understanding and awareness of the program occurs; 74% in 2026 and 79% for 2028 and on.

Staffing is based off grant application and in current experience it takes each grant 45 minutes to process with an additional 15 minutes of phone calls, and 7 minutes handling emails. This results in a total of 0.8 hours of staffing time per application. Absent any automated improvements, which ESD has not included in the implementation of this policy, the estimated 0.8 hours per application is assumed to continue.

Using the above assumptions on time necessary for each grant application, the Claims Center will need 18 Employment Security Benefits Specialist (ESBS) 2's that will need to start 9 months prior to the effective date to support the increase in small employer communications, account reconciliation, and processing small business assistant grants. These positions will transition to working small business grants after the effective date, because account reconciliation will not be an ongoing workload. Then as the small business assistant grants increase the following year, we will need an additional 5 permanent staff. Based on current staffing structures, these ESBS 2's will be split into two teams.

ESBS 2

- FY25 (13.5 FTE = \$1,610,841)
- FY26 (18 FTE = \$2,147,787)
- FY27 and ongoing (23 FTE = \$2,744,396)

Given the above FTEs, current staffing models will indicate that the Paid Leave Claims Center will need to add an additional two Leads, two Supervisors, an Office Assistant, and a Manager prior to the onboarding the additional two teams of the ESBS's 2's. This allows them to support in the hiring process for their teams and allows for time to gain a better understanding of the work so that they can support the teams through the training process.

The Claims Center will need 5 Employment Security Benefits Specialist (ESBS) 3's to support the ESBS 2's, perform quality assurance for small business grant quality assurance checks due to the increased volume, and will act as an appeals specialist for small business grant appeals.

ESBS 3

- FY25 (2 FTE = \$259,421)
- FY26 and ongoing (5 FTE = \$648,550)

Employment Security Benefits Specialist (ESBS) 4 will manage and support the ESBS 2's

ESBS 4

- FY25 and ongoing (2 FTE = \$282,694)

WMS 1 (Manager) will provide management support related to the increase to the employer team.

WMS 1

- FY25 and ongoing (1 FTE = \$175,011)

An Office Assistant will be needed for the increase in documents received related to small business grants.

Office Assistant 3

- FY26 and ongoing (1 FTE = \$87,095)

Total Claims Center cost for FY2025: $\$1,610,841 + \$259,421 + \$282,694 + \$175,011 = \$2,327,967$
Total Claims Center cost for FY2026: $\$2,147,787 + \$648,550 + \$282,694 + \$175,011 + \$87,095 = \$3,341,137$
Total Claims Center cost for FY2027 and ongoing: $\$2,744,396 + \$648,550 + \$282,694 + \$175,011 + \$87,095 = \$3,937,746$

Actuarial cost (ongoing)

The Office of Actuarial Services will need 0.27 FTE of an Actuary 3 starting from the implementation year, to build a model similar to the actuarial model for the Small Business Assistance projections both annually and quarterly.

Actuary 3

- FY25 and ongoing (0.27 FTE = \$76,279)

Total Actuarial ongoing cost for FY2025 and ongoing: \$76,279

Research cost (ongoing)

The DATA and Research team needs 0.1 FTE of an Economic Analyst who will work with the actuary to provide data team support for new modeling.

Economic Analyst 3

- FY25 and ongoing (0.1 FTE = \$15,751)

Total Research ongoing cost for FY2025 and ongoing: \$15,751

Office of Administrative Hearings

Currently there have been two to five appeals per small business assistance grant application. Based on the increase in volume of grant applications and assuming this rate holds, ESD estimates there to be 225 to 550 appeals per year. Without any additional credible data to adjust the rate otherwise, ESD assumes a middle ground estimate of 350 appeals on average per year.

FY26 and ongoing = \$502,000

Total Ongoing cost for FY2025: $\$2,327,967 + \$76,279 + \$15,751 = \$2,419,997$

Total Ongoing cost for FY2026: $\$3,341,137 + \$76,279 + \$15,751 + \$502,000 = \$3,935,167$

Total Ongoing cost for FY2027 and ongoing: $\$3,937,746 + \$76,279 + \$15,751 + \$502,000 = \$4,531,776$

Total Cost for FY2025: $\$830,702 + \$2,419,997 = \$3,250,699$

Total Cost for FY2026: $\$17,576 + \$3,935,167 = \$3,952,743$

Total cost for FY2027 and ongoing: \$4,531,776



Multiple Agency Ten-Year Analysis Summary

Bill Number 1959 HB	Title PFML/small employers
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This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
Office of Administrative Hearings	0	0	0	0	0	0	0	0	0	0	0
Office of Minority and Women's Business Enterprises	0	0	0	0	0	0	0	0	0	0	0
Employment Security Department	0	0	117,000,000	99,000,000	116,000,000	151,000,000	117,000,000	86,000,000	90,000,000	144,000,000	920,000,000
Total	0	0	117,000,000	99,000,000	116,000,000	151,000,000	117,000,000	86,000,000	90,000,000	144,000,000	920,000,000



Ten-Year Analysis

Bill Number 1959 HB	Title PFML/small employers	Agency 110 Office of Administrative Hearings
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Name of Tax or Fee	Acct Code												
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Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 1/30/2024 4:10:37 pm
Agency Approval: Rob Cotton	Phone: 360-407-2708	Date: 1/30/2024 4:10:37 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 1959 HB	Title PFML/small employers	Agency 147 Office of Minority and Women's Business Enterprises
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Name of Tax or Fee	Acct Code											

Agency Preparation: Ian Shelley	Phone: (360) 407-2243	Date: 2/5/2024 3:10:20 pm
Agency Approval: Ian Shelley	Phone: (360) 407-2243	Date: 2/5/2024 3:10:20 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 1959 HB	Title PFML/small employers	Agency 540 Employment Security Department
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
PFML Premium	22F			117,000,000	99,000,000	116,000,000	151,000,000	117,000,000	86,000,000	90,000,000	144,000,000	920,000,000
Total				117,000,000	99,000,000	116,000,000	151,000,000	117,000,000	86,000,000	90,000,000	144,000,000	920,000,000
Biennial Totals				216,000,000		267,000,000		203,000,000		234,000,000		920,000,000

Narrative Explanation (Required for Indeterminate Cash Receipts)

10-Year Analysis Narrative

HB 1959 requires small businesses to pay the employer share of the Paid Family Medical Leave premium. Currently, small businesses are exempt. Section 1 of the bill removes the small business exemption for the employer portion of the premium for those employers with fewer than 50 employees, however it still retains the Small Business Assistance (SBA) grants for employers with 150 or fewer employees, and removes language requiring small businesses that receive SBA grants to pay into program for three years following the grant as they now will be required to pay premiums regardless.

With the removal of the small business (employers with less than 50 employees) premium exemption, we expect significant improvement of the financial condition of the program. Meanwhile, the premium rate formula defined in SSB 5286 would result in an “excessive rate” to the public. As a result of HB 1959, we expect frequent downward adjustment to the calculated rate due to the account balance being higher than the three-months’ reserve. Due to the constant manual rate readjustment, moving to a rate calculation method that is more representative of the expected costs in the rate year could be considered to minimize the frequency of manual changes.

Projections found in the following tables include key inputs impacting the Paid Leave account balance and premium rate setting and are largely based on the projection developed for the November 2023 Actuarial Report for Paid Family & Medical Leave as required by RCW 50A.05.050. Projections used for this analysis included projections for benefit expenses, premium wages, operational expenses, and account balances based on these items. Approved grant applications and average grant cost for FY 2023 were reviewed as this experience period is aligned with the experience period utilized in the November 2023 Actuarial Report.



Ten-Year Analysis

Bill Number	Title	Agency
1959 HB	PFML/small employers	540 Employment Security Department

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Narrative Explanation (Required for Indeterminate Cash Receipts)

The baseline projection, including items such as premium exemptions for small employers, benefit expense, and account balance, are included from the November 2023 Actuarial Report for projection years 2024-2027. Because the November 2023 Actuarial Report projection ends in 2027, the projection after 2027 trends items such as premium wages, claims expenses, and operational expenses based on the projected change in 2027 in the Actuarial Report, carrying those changes forward to later years. FY 2023 data for baseline projected approved grants and their cost utilized was used and were trended at 3% per year for the projected grant counts and the cost of grants were held static at \$2,312.50, keeping the mix of grant types the same into the future. It is assumed that the grants projected during the projection period of the November 2023 Actuarial Report would have been included in the expenses assumed as part of that report.

Methods used to estimate HB 1959 are identical in all aspects to the baseline projection outside of premium received, as premium exemptions are being removed, and the additional operational and grant costs associated with the bill. These changes will also affect the premium rate and account balance over time. HB 1959 approved grants counts are expected to be tied more closely with claim counts for small employers as the bill creates financial incentive for small employers to file applications, causing increased costs related to the additional grants as well as increased operational costs related to the changes. Premium rates are recalculated for HB 1959 using the regulatory method established in SSB 5286 including the removal of premium exemptions and additional grant and operational expenses. Projected premiums and fund balance projections incorporate updates to premium rates and expenses, as appropriate. With the removal of the small business (employers with less than 50 employees) premium exemption, we expect significant improvement of the financial condition of the program even after including the additional grant and operational costs for the program. SSB 5286 requires that premium rates are set at a level where the account balance in Q1 following the rate year does not exceed the 3-month reserve as of the premium rate calculation. Because of the improved financial condition and the requirement to cap rates if the projected account balance exceeds the 3-month reserve, the premium rates for rate years 2026-2033 are capped at the minimum needed for the fund balance as of Q1 following the rate year to not exceed the 3-month reserve as of the rate calculation.

Please note the values presented are a projection and include an estimate of the impacts of the changes outlined in HB 1959 given current data and assumptions and could vary from how data develops over time for a variety of reasons. Summary of the methodology used to obtain the volume and payment estimations of small business assistance grants are as follows.

- FY2023 claims were used as a baseline for assumptions. In FY2023 there were 42,251 claims from employers <50 who would have lost exemption status (less than 50 employees) under HB 1959. In 2025 we assume 50% of those claims would have an assistance grant associated to them after implementation, increasing to 60% in 2026.
- For example, FY2026, this would result in 23,209 approved small business assistance grants that year for employers sized 0-49. Historical experience indicates there would be 44 grants attached to employers with 50-150 employees. These numbers would not grow significantly as they are already currently paying the employer portion of the premium. The resulting sum of approved small business assistance grants of 23,253 in FY2026.
- Based on program experience for small business assistance grants, the average amount received by recipients of the grant was \$2,312.5.



Ten-Year Analysis

Bill Number 1959 HB	Title PFML/small employers	Agency 540 Employment Security Department
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Narrative Explanation (Required for Indeterminate Cash Receipts)

- 23,253 approved grants x \$2,312.505 = \$53,772,678 in grant payments.

Additional Small Business Assistance (SBA) Grants & Payments

This table reflects the estimated approved grants and the grant costs under the baseline projection, as well as under HB 1959. Grants and the costs associated with them will increase due to the incentive for small businesses to apply.

Fiscal Year	Baseline Projection: SBA Grants	Baseline Projection: SBA Grant Payments	HB 1959: SBA Grants	HB 1959: SBA Grant Payments*	Additional SBA Grants	Additional SBA Grants Payments*	Additional Operational Expenses
FY 24	97	\$225,330	97	\$225,330	-	\$0	\$0
FY 25	100	\$232,268	100	\$232,268	-	\$0	\$3,268,273
FY 26	104	\$239,344	23,253	\$53,772,678	23,150	\$53,533,334	\$3,433,169
FY 27	107	\$246,281	27,507	\$63,610,284	27,401	\$63,364,003	\$4,029,776
FY 28	110	\$253,219	31,732	\$73,380,828	31,623	\$73,127,609	\$4,029,776
FY 29	113	\$260,156	34,352	\$79,440,092	34,240	\$79,179,935	\$4,029,776
FY 30	116	\$267,094	35,383	\$81,823,294	35,268	\$81,556,200	\$4,029,776
FY 31	119	\$275,188	36,445	\$84,277,993	36,326	\$84,002,806	\$4,029,776
FY 32	123	\$284,438	37,538	\$86,806,333	37,415	\$86,521,895	\$4,029,776
FY 33	127	\$293,688	38,664	\$89,410,523	38,537	\$89,116,835	\$4,029,776

*Due to rounding number may not add precisely in this document

Assessed Premium Revenue (in Millions)

This table reflects the estimated assessed premium under HB 1959. Assessed premium will differ under HB 1959 due to the removal of small business exemptions and premium rate changes. The premium revenue shown would reflect any rate adjustments and rate capping that would apply for that year.

Premium Revenue	Baseline Projection	HB 1959	Revenue Delta Between HB 1959 and Baseline
FY 24	\$1,643	\$1,643	\$0
FY 25	\$1,866	\$1,866	\$0



Ten-Year Analysis

Bill Number 1959 HB	Title PFML/small employers	Agency 540 Employment Security Department
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Narrative Explanation (Required for Indeterminate Cash Receipts)

FY 26	\$2,224	\$2,341	\$ 117
FY 27	\$2,350	\$2,449	\$99
FY 28	\$2,403	\$2,520	\$ 116
FY 29	\$2,570	\$2,721	\$151
FY 30	\$2,824	\$2,941	\$ 117
FY 31	\$3,094	\$3,180	\$86
FY 32	\$3,349	\$3,439	\$90
FY 33	\$3,575	\$3,719	\$144

Premium Rates

This table depicts the baseline projected premium rates calculated as our current statute stands compared to the introduced policy. Due to the improved financial condition of the program, the 2026-2033 premium rates were adjusted so that the account balance is not materially above the projected 3-month reserve and were capped. The amount the premium rate was adjusted by is included below, with capped years highlighted.

Rate Year	Baseline Premium Rate Projection	HB 1959 Premium Rate Projection	Delta Between HB 1959 and Baseline	HB 1959 Notes
2024	0.74%	0.74%	0.00%	
2025	0.93%	0.93%	0.00%	
2026	0.99%	0.97%	-0.02%	Rate adjusted by 3.05%
2027	0.97%	0.91%	-0.06%	Rate adjusted by 7.55%
2028	0.97%	0.95%	-0.02%	Rate adjusted by 3.07%
2029	1.02%	0.99%	-0.03%	Rate adjusted by 3.26%
2030	1.08%	1.03%	-0.06%	Rate adjusted by 3.41%
2031	1.13%	1.07%	-0.07%	Rate adjusted by 3.37%
2032	1.18%	1.11%	-0.06%	Rate adjusted by 3.35%
2033	1.20%	1.16%	-0.04%	Rate adjusted by 3.34%



Ten-Year Analysis

Bill Number 1959 HB	Title PFML/small employers	Agency 540 Employment Security Department
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Narrative Explanation (Required for Indeterminate Cash Receipts)

Account Balance and Target 3-Month Reserve (in Millions)

This table depicts the account balance as of the end of each rate collection year (quarter 1 of each calendar year), the estimated target 3-month reserve (calculated as the 3-month average of the prior 12 months to calculation of the premium rate), and the differences between those two values. A negative value in the difference between these two estimates does not reflect a cash deficit but rather a period in which the account balance fails to reach the targeted 3-month reserve. Highlighted years that have a \$0 difference under HB 1959 are highlighted because the premium rates were capped in this year so that the account balance would not exceed the target 3-month reserve as described.

Year	3-Month Reserve Target	Baseline Account Balance	HB 1959 Account Balance	Delta Between HB 1959 Account Balance and Baseline Account Balance	Delta Between HB 1959 Account Balance and Reserve
2024	\$360.3	\$21.2	\$19.0	-\$339.1	-\$341.3
2025	\$435.6	\$173.0	\$174.3	-\$262.6	-\$261.3
2026	\$471.2	\$385.0	\$471.2	-\$86.2	\$0
2027	\$524.0	\$459.7	\$524.0	-\$64.3	\$0
2028	\$568.8	\$427.4	\$568.8	-\$141.4	\$0
2029	\$617.0	\$417.1	\$617.0	-\$199.9	\$0
2030	\$667.6	\$461.9	\$667.6	-\$205.7	\$0
2031	\$721.9	\$526.4	\$721.9	-\$195.5	\$0
2032	\$780.6	\$578.2	\$780.6	-\$202.4	\$0
2033	\$844.2	\$551.9	\$844.2	-\$292.3	\$0

Agency Preparation: Dan Phillips	Phone: 360 902-9448	Date: 2/2/2024 4:32:16 pm
Agency Approval: Lisa Henderson	Phone: 360-902-9291	Date: 2/2/2024 4:32:16 pm
OFM Review:	Phone:	Date: