

Multiple Agency Fiscal Note Summary

Bill Number: 1773 S HB	Title: Wage replacement
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Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Employment Security Department	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Commission on Asian Pacific American Affairs	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Commission on Hispanic Affairs	.0	0	0	0	.0	0	0	0	.0	0	0	0
Commission on African-American Affairs	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Social and Health Services	Fiscal note not available											
Employment Security Department	1.0	0	0	6,408,984	.6	0	0	12,205,454	.6	0	0	12,205,454
Employment Security Department	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Total \$	1.0	0	0	6,408,984	0.6	0	0	12,205,454	0.6	0	0	12,205,454

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Commission on Asian Pacific American Affairs	.0	0	0	.0	0	0	.0	0	0
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Commission on Hispanic Affairs	.0	0	0	.0	0	0	.0	0	0
Commission on African-American Affairs	.0	0	0	.0	0	0	.0	0	0
Department of Social and Health Services	Fiscal note not available								
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: Preliminary 2/26/2025
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Individual State Agency Fiscal Note

Bill Number: 1773 S HB	Title: Wage replacement	Agency: 087-Commission on Asian Pacific American Affairs
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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: Kelly Leonard	Phone: 360-786-7147	Date: 02/14/2025
Agency Preparation: Annis Jones	Phone: 3604078020	Date: 02/21/2025
Agency Approval: Annis Jones	Phone: 3604078020	Date: 02/21/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 02/25/2025

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 1773 S HB seeks to create a wage replacement program for certain Washington workers excluded from unemployment insurance; amending RCW 50.29.041 and 50.24.014; reenacting and amending RCW 42.56.410 and 50.29.025; adding a new chapter to Title 50 RCW; creating a new section; and prescribing penalties.

Section 4 identifies the composition of the committee of 11 members including the Commission on Asian Pacific American Affairs (CAPAA)

Further sections clarify and expand on the Committee's membership, authority, and duties.

The Committee's membership duties and expectations are not expected to materially change or increase CAPAA's responsibilities to the Committee.

Therefore, this legislation is not expected to have a notable impact on CAPAA's finances.

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

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: 1773 S HB	Title: Wage replacement	Agency: 090-Office of State Treasurer
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

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

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: Kelly Leonard	Phone: 360-786-7147	Date: 02/14/2025
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 02/17/2025
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 02/17/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 02/25/2025

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.

SHB 1773 creates the Washington wage replacement account, coupled with the general fund as the recipient of the earnings from investments under RCW 43.79A.040(4).

There will be some de-minimis work for OST which can be completed within current practices and resources.

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.

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

There may be an impact on the debt service limitation calculation. Changes to the earnings credited to the general fund impacts, by an equal amount, general state revenues.

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.

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: 1773 S HB	Title: Wage replacement	Agency: 118-Commission on Hispanic Affairs
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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:

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- ☐ 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: 02/14/2025
Agency Preparation: Annis Jones	Phone: 3604078020	Date: 02/21/2025
Agency Approval: Annis Jones	Phone: 3604078020	Date: 02/21/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 02/25/2025

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 1773 S HB seeks to create a wage replacement program for certain Washington workers excluded from unemployment insurance; amending RCW 50.29.041 and 50.24.014; reenacting and amending RCW 42.56.410 and 50.29.025; adding a new chapter to Title 50 RCW; creating a new section; and prescribing penalties.

Section 4 identifies the composition of the committee of 11 members including the Commission on Hispanic Affairs (CHA)

Further sections clarify and expand on the Committee's membership, authority, and duties.

The Committee's membership duties and expectations are not expected to materially change or increase CHA's responsibilities to the Committee.

Therefore, this legislation is not expected to have a notable impact on CHA's finances.

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

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: 1773 S HB	Title: Wage replacement	Agency: 119-Commission on African-American Affairs
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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:

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- ☐ 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: 02/14/2025
Agency Preparation: Annis Jones	Phone: 3604078020	Date: 02/21/2025
Agency Approval: Annis Jones	Phone: 3604078020	Date: 02/21/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 02/25/2025

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 1773 S HB seeks to create a wage replacement program for certain Washington workers excluded from unemployment insurance; amending RCW 50.29.041 and 50.24.014; reenacting and amending RCW 42.56.410 and 50.29.025; adding a new chapter to Title 50 RCW; creating a new section; and prescribing penalties.

Section 4 identifies the composition of the committee of 11 members including the Commission on African American Affairs (CAAA)

Further sections clarify and expand on the Committee's membership, authority, and duties.

The Committee's membership duties and expectations are not expected to materially change or increase CAAA's responsibilities to the Committee.

Therefore, this legislation is not expected to have a notable impact on CAAA's finances.

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

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: 1773 S HB	Title: Wage replacement	Agency: 540-Employment Security Department
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Employment Service Administrative Account-State 134-1	(4,030,000)	(16,260,000)	(20,290,000)	(33,980,000)	(35,910,000)
Wage Replacement Account-State New-1	4,030,000	16,260,000	20,290,000	33,980,000	35,910,000
Total \$					

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	1.4	0.6	1.0	0.6	0.6
Account					
Wage Replacement Account-State NEW-1	306,257	6,102,727	6,408,984	12,205,454	12,205,454
Total \$	306,257	6,102,727	6,408,984	12,205,454	12,205,454

In addition to the estimates above, there are additional indeterminate costs 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: 02/14/2025
Agency Preparation: Dan Phillips	Phone: 360 902-9448	Date: 02/26/2025
Agency Approval: Sophal Espiritu	Phone: (360) 902-9254	Date: 02/26/2025
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 02/26/2025

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

This Legislation creates a wage replacement program for unemployed workers ineligible for unemployment insurance benefits and administered by a third-party administrator (TPA). The bill reduces the CPP rate by 0.01% and creates a new wage replacement surcharge and account. The new surcharge is set at 0.01% for FY26 and FY27. Beginning in FY28, ESD sets the rate to maintain solvency.

The substitute bill SHB 1773 updates terms and definitions, clarifies certain duties of the TPA, updates the application and eligibility requirements, and removes the intent section.

The changes included in the substitute bill from the original bill are as follows:

- Terms: Replaces "benefits" with "payments" and "claimant" with "applicant," adding definitions for both. Aligns definitions with UI-related terms.
- Third-Party Administrator (TPA): Clarifies that the TPA administers and implements the program, handles applications, payments, and appeal processes.
- Applications and Eligibility:
 - o Allows direct application to the TPA.
 - o Limits eligibility to those ineligible for UI benefits due to work authorization status.
 - o Requires applicants to have worked at least 680 hours in their base year.
- Clarifying Payments and Liability: No entitlement to services or payments; payments depend on fund availability. Removes liability for ESD and TPA beyond available funds.
- Clarifying Collection of Information: TPA may verify immigration or citizenship status for eligibility determination.
- Codification and Organization: Codifies new sections in Title 50C RCW, reorganizes sections, and adds cross-references.
- Intent: Removes the intent section.

These changes add clarifications to the administration of the program and not change ESD’s original estimates to conduct the request for proposal or manage the contract.

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 Receipts

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 Operations Narrative

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
NEW-1	Wage Replacement Account	State	306,257	6,102,727	6,408,984	12,205,454	12,205,454
Total \$			306,257	6,102,727	6,408,984	12,205,454	12,205,454

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	1.4	0.6	1.0	0.6	0.6
A-Salaries and Wages	118,362	56,578	174,940	113,156	113,156
B-Employee Benefits	47,345	22,631	69,976	45,262	45,262
C-Professional Service Contracts		6,000,000	6,000,000	12,000,000	12,000,000
E-Goods and Other Services	110,453	9,090	119,543	18,180	18,180
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	30,097	14,428	44,525	28,856	28,856
9-					
Total \$	306,257	6,102,727	6,408,984	12,205,454	12,205,454

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

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 2026	FY 2027	2025-27	2027-29	2029-31
ACTUARY 2	122,496		0.1	0.1	0.1	0.1
CONTRACTS SPECIALIST 3	74,724	0.3		0.1		
MANAGEMENT ANALYST 5	84,516	1.0	0.5	0.8	0.5	0.5
WMS BAND 2	105,072	0.1		0.1		
Total FTEs		1.4	0.6	1.0	0.6	0.6

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.

Sections 1-18 require major rulemaking

New rules would be needed to administer the program; potentially including but not limited to appeal process, reasonable fitness for work activities, denial letter requirements, and clarify disqualifications such as good cause to quit.

Cash Receipts Narrative

There is no impact to the Unemployment Insurance Trust Fund. This legislation would take 0.01% of the funds collected for the administrative contingency account and divert them into the newly created wage replacement account thus reducing administrative contingency account revenues by 0.01% year over year. Beginning in 2028, ESD would conduct actuarial analysis and can adjust the wage replacement surcharge appropriately to maintain program solvency in future years.

At the current forecasted rates, 0.01% is expected to provide the new program with:

Fiscal Year	Wage replacement account revenue (\$Million) .01% Tax Rate	CPP revenue (\$Million) .01% Tax Rate
2026	\$4.03	(\$4.03)
2027	\$16.26	(\$16.26)
2028	\$16.75	(\$16.75)
2029	\$17.23	(\$17.23)
2030	\$17.69	(\$17.69)
2031	\$18.22	(\$18.22)

*The FY26 estimates are due to effective date halfway through the fiscal year. Taxes are remitted on a quarterly basis, with a one-month lag for collection. Given this, FY26 will only see a single quarter of revenue collection for the Wage Replacement Account and a single quarter of reduction in funds for the Administrative Contingency Account.

Starting in FY28 ESD will set the rate at a level that will ensure program solvency. It is not possible at this time to predict the rate and therefore the revenue, so the amount over the 0.01% is indeterminate.

ESD uses these funds to support the unemployment Insurance Program. Reducing this funding will seriously impact ESD's ability to provide essential services. Fund solvency for account 134 should be considered.

Operations Narrative

Employment Security Department (ESD) considered the experience the Colorado Department of Labor and Employment had implementing a similar program to provide unemployment benefits to this worker population through a third-party administrator. In the first year it was \$6 million to establish the system; in the second year it was \$5 million to operate the program and disperse benefits and \$1 million would be passthrough funding to community-based organizations to support with outreach.

Based on the Colorado program costs ESD estimates \$6,000,000 per year in third-party administrators (TPA) operational costs. These will be ongoing costs beginning in FY 2027.

Section 2: Washington wage replacement account created to provide benefits to eligible and qualified applicants; other expenditures to fund contracting with community-based organizations, administration of advisory committee; ESD's administrative costs; and for third-party administrators.

Section 3: ESD to select third-party administrator by July 1, 2026; may adopt rules; and allocate funds each quarter. Third-party administrator within a year of selection must: contract with community-based organizations for outreach; screen applicants for benefits; pay benefits to eligible individuals; and establish appeal process for benefit denials, suspensions, or terminations.

Section 4: ESD to appoint 11-member advisory committee to review issues and topics related to chapter. Outlines membership reimbursement for travel expenses and appointment.

Advisory committee membership includes: 3 representing immigrants' interest, 2 representing workers interest, 3 ex officio members without a vote representing the commission of African, Hispanic, and Asian Affairs and 1 representing the department who will also serve as chair.

Section 5: Beginning January 1, 2027, applicants may apply for benefits with the TPA. To be eligible, the applicant must:

- Be ineligible for regular UI under Title 50 RCW;
- Be a Washington resident and provide photo id;
- Have worked 680 hours in their base year;
- Be unemployed through no fault of their own; and
- Served a waiting week.

The TPA is responsible for collecting and verifying documentation and making final decisions on eligibility, though the TPA may work with CBOs.

Section 6: Defines requirements for eligible applicants to receive payments, including:

- Actively seeking work;
- Reporting any wages or remuneration to the TPA;

The TPA may take reasonable steps to confirm work search activities.

Section 7: Eligible applicants receive the weekly benefit amount as defined in RCW 50.20.120.

Section 8: Denied applicants must receive written notice of the denial, including the reasons for denial.

Section 9: Provides instances where an applicant may be disqualified, including:

- Leaving work voluntarily without good cause;
- Being discharged for misconduct;
- Fraud; or
- Receiving other benefits during the same week.

Clarifies that cessation of operations by an employer for the purpose of granting vacations, whether by union contract or other reasons, must not be construed to be a voluntary quit or a voluntary unemployment on the part of the applicant.

Section 10: Payments may only be paid to eligible applicants if moneys are available.

Section 11: Specifies confidential status of records between TPA and governmental agencies.

Section 12: Any information or records received by ESD or third-party administrator related to applicant or employing entity must be private and confidential, except as provided in chapter. Chapter does not create a rule of evidence.

Information collected may be released to the person who is the subject of the records or an authorized representative; to

comply with lawful court order, judicial warrant or judicial subpoena; or if identities of applicants or employers cannot be determined.

Section 13: Chapter prohibits the department and third-party administrator for taking any of these actions:

- Soliciting from the applicant their nationality, race, ethnicity, place of birth, citizenship, or immigration status.
- Documenting the documents used to prove applicants age or identity.
- Forcing applicant to provide in writing whether lawfully in the U.S. or why cannot obtain a social security number.
- Contacting applicant's current, former, or prospective employer including but not limited to verifying employment status, and
- Trying to find out a applicant's immigration or citizen status except to determine whether a applicant is excluded from benefits under chapter 50.01-50.36 and potential eligibility for benefits under this chapter.

Section 14: Third-party administrator to create a process for applicants to notify of payment errors and to collect and forgive overpayments.

Section 15: This section provides additional safeguards to the benefits applicants are eligible for.

Section 16: Rulemaking authority granted to ESD.

Section 17: Clarifies there is no entitlement established and neither ESD nor the TPA are subject to a private right of action. Legislature reserves the right to amend or repeal any or all parts of this chapter.

Section 18: Amends 42.56.410 (Public records act – Employment security department records, certain purposes) to add information or records maintained by ESD or third-party administrator as exemptions to the public records act; includes certain allowances for disclosure.

Section 19: Amends RCW 50.29.025 (Employer experience rating – Contribution rates) to strike the solvency surcharge from subsection 1 on contribution rate calculations.

Section 20: Amends RCW 50.29.041 (Employer experience rating – Contribution rate—Solvency surcharge) to direct funds collected into the unemployment compensation fund; employers to pay surcharge to the wage replacement program broken down by years 2026-2027 rate will be .01 of a percent; 2028 and after commissioner to determine surcharge at lowest rate necessary to provide revenue for year that will fund the wage replacement program. However, total combined rate cannot exceed .08%.

Section 21: Amends RCW 50.24.014 (Contributions by employers – Financing special unemployment assistance.) to change the employer contribution rate into the administrative contingency fund from .02% to .01%

These estimates were built using assumptions from existing contracts or similar work.

Unemployment Insurance Customer Support Division

This work will include coordinating across the agency to implement and operationalize the program including partnering on rulemaking, requests for purchase (RFP) and contracting processes, and external communications. Work tasks will include:

- Program planning: develop program plan, including scope, objectives, deliverables/timelines, and resource requirements.
- Stakeholder management: Engages stakeholders, including standing up and facilitating the advisory committee. Communicate program status, risks and changes to stakeholders.
- Resource management: Identify and coordinate resources including contract, actuarial, and rulemaking staff.
- Performance, budget, and change management: Track program performance, creating metrics and milestones, manage budget and track expenditures. Manage changes to program scope, schedule and resources.
- Reporting and documentation: Prepare regular program reports, documentation and presentations for stakeholders, the advisory committee and decisions-makers.

Staffing estimates are new one-time (July 2025 – June 2026) and include:

- 1480 hours or 1.0 FTE – Management Analyst 5 (MA5) - Handle the contract proposal process, performance management, relationship management, and start-up issues; build the advisory committee

Staffing estimates beginning July 2026 and ongoing:

- 740 hours or 0.5 FTE - MA5- Contract management and oversight; facilitate the advisory committee

Administrative Services Division

Procurement for a successful third-party administrator bidder from start to finish would take up to 12 months beginning July 2025. This complex contract development would be performed at an expectation of 20 hours per week for a Contract Specialist 3 and 10 hours a week for a Contracts Supervisor to supervise the contracting. This includes information gathering, document drafting, posting to state vendor platform, evaluation, contract negotiation and finalization. This Request for Proposal and subsequent contract would be highly complex and will require a high degree of legal analysis by staff to ensure the bid and contract accurately reflect the scope of work required by a winning bidder; it will also need to account for and mitigate potential areas of risk for the agency to include the record management requirements of the third-party administrator outlined in sections 11-13.

- Contract Specialist 3 will work closely with the Contract Manager – MA5 and lead a lot of the work, drafting documents, scheduling and facilitating meetings related to the RFP development and bidding selection; they will lead efforts around selections and interviewing and serve as the agency's contact for bidders inquiring about the bid. This work will take an average of about 20 hours a week over the course of the year – some weeks may be fewer hours but during the active bidding, vetting and awarding timeframe it would likely be full time for those weeks.
- Contracts Supervisor will meet with the legislative team to interpret statutes and advise on RFP development and evaluation team formation. They will supervise CS3 to ensure the RFP is accurately drafted, complete, and posted on time, including performing final edits and peer reviews. Additionally, the Supervisor will serve as a panel member for the RFP bidder conference, provide training and advice to the RFP evaluation team on RFP-related matters and unconscious bias training per DES best practices. They will also supervise CS3 in developing contracts and related documents, lead contract negotiations.

Staffing estimates are one-time (July 2025 – June 2026) and include:

- 370 hours or .25 FTE - Contract Specialist 3 - Information gathering, document drafting, evaluations, contract negotiation and finalization.
- 280 hours or .1 FTE - WMS2 - Oversee procurement and contract development, work with internal division and units, lead Contract negotiations; ensures compliance.

Labor Market Information and Research Division

0.1 FTE, Actuary 2, is needed starting FY2027 to perform the required work in Section 21. The size of the program indicates the sophistication of the actuarial analysis as well as the amount of work to protect the program from solvency risk.

The actuary will:

- (1) Build up actuarial data necessary to support the actuarial analysis
- (2) Set up simple actuarial models to inform high level benefit trend and one-year pricing
- (3) Conduct annual actuarial analysis to propose surcharge rate
- (4) Provide two updates per year to advisory committee on account financials and trends
- (5) Provide cashflow projections to finance for account cash balance projection
- (6) Support any legislative inquiries regarding the program

The scope and sophistication of the work will be redefined with additional resource when the size of the program benefit payment surpass 0.01% taxable wage.

Staffing estimates are July 2026 and ongoing:

- 208 hours or .1 FTE - Actuary 2 - Build actuarial data foundations; develop actuarial models/process; conduct actuarial analysis for surcharge setting; analysis to support decisions on program.

Treasury

Treasury staff will manually split the monies collected and deposited in the administrative contingency account; 50% to remain in the administrative contingency account and 50% deposited into the newly created wage replacement account. Staff will do this following each quarterly report period and costs will be absorbed within existing resources.

Advisory Board Costs

Advisory committee is assumed to meet 4 times a year virtually.

Rulemaking

This bill will require major rulemaking for a one-time cost of \$90,000.

Benefit Projections

Based on the 2023 Funding a Wage Replacement Program of Undocumented Workers Report, the program could potentially provide up to \$43.1 million in benefits if fully funded. Section 7 of the bill limits costs and benefit payments to funds available in the Wage Replacement Account. ESD estimates that in the first year of benefits payments, the funding would provide approximately \$10.2 million in benefits which would serve approximately 1750 claimants. The multiple social and environmental dynamics make it difficult to accurately project the potential uptake rate for the program.

Because of the difficulty of projecting the benefits payment, the overall fiscal impact of the bill is indeterminate.

****2023 Funding a Wage Replacement Program of Undocumented Workers Report***

<https://esd.wa.gov/media/pdf/2882/wage-replacement-undocumented-workers-reportpdf/download?inline>