

# Multiple Agency Fiscal Note Summary

|                             |   |
|-----------------------------|---|
| <b>Bill Number:</b> 1213 HB | <b>Title:</b> Paid family & medical leave |
|-----------------------------|---|

## 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 Attorney General        | 0        | 0           | 31,000         | 0        | 0           | 88,000             | 0        | 0           | 171,000           |
| Office of Administrative Hearings | 0        | 0           | 111,000        | 0        | 0           | 480,000            | 0        | 0           | 929,000           |
| Employment Security Department    | 0        | 0           | 0              | 0        | 0           | 124,000,000        | 0        | 0           | 23,000,000        |
| <b>Total \$</b>                   | <b>0</b> | <b>0</b>    | <b>142,000</b> | <b>0</b> | <b>0</b>    | <b>124,568,000</b> | <b>0</b> | <b>0</b>    | <b>24,100,000</b> |

## 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            |
| Office of Attorney General        | .3                        | 0        | 0           | 31,000           | .4          | 0        | 0           | 88,000           | .7          | 0        | 0           | 171,000          |
| Office of Financial Management    | .0                        | 0        | 0           | 0                | .0          | 0        | 0           | 0                | .0          | 0        | 0           | 0                |
| Office of Administrative Hearings | .3                        | 0        | 0           | 111,000          | 1.5         | 0        | 0           | 480,000          | 3.0         | 0        | 0           | 929,000          |
| Employment Security Department    | 8.3                       | 0        | 0           | 2,855,887        | 9.3         | 0        | 0           | 2,817,176        | 9.3         | 0        | 0           | 3,353,176        |
| SWF Statewide Fiscal Note - OFM   | Fiscal note not available |          |             |                  |             |          |             |                  |             |          |             |                  |
| <b>Total \$</b>                   | <b>8.9</b>                | <b>0</b> | <b>0</b>    | <b>2,997,887</b> | <b>11.2</b> | <b>0</b> | <b>0</b>    | <b>3,385,176</b> | <b>13.0</b> | <b>0</b> | <b>0</b>    | <b>4,453,176</b> |

| Agency Name         | 2025-27  |          |       | 2027-29 |          |       | 2029-31 |          |       |
|---------------------|--|----------|-------|---------|----------|-------|---------|----------|-------|
|                     | FTEs   | GF-State | Total | FTEs    | GF-State | Total | FTEs    | GF-State | Total |
| Local Gov. Courts   |  |          |       |         |          |       |         |          |       |
| Loc School dist-SPI | Non-zero but indeterminate cost and/or savings. Please see discussion. |          |       |         |          |       |         |          |       |
| Local Gov. Other    | Non-zero but indeterminate cost and/or savings. Please see discussion. |          |       |         |          |       |         |          |       |
| Local Gov. Total    |  |          |       |         |          |       |         |          |       |

## Estimated Capital Budget Expenditures

| Agency Name                       | 2025-27                   |          |          | 2027-29    |          |          | 2029-31    |          |          |
|-----------------------------------|---------------------------|----------|----------|------------|----------|----------|------------|----------|----------|
|                                   | FTEs                      | Bonds    | Total    | FTEs       | Bonds    | Total    | FTEs       | Bonds    | Total    |
| Office of Attorney General        | .0                        | 0        | 0        | .0         | 0        | 0        | .0         | 0        | 0        |
| Office of Financial Management    | .0                        | 0        | 0        | .0         | 0        | 0        | .0         | 0        | 0        |
| Office of Administrative Hearings | .0                        | 0        | 0        | .0         | 0        | 0        | .0         | 0        | 0        |
| Employment Security Department    | .0                        | 0        | 0        | .0         | 0        | 0        | .0         | 0        | 0        |
| SWF Statewide Fiscal Note - OFM   | Fiscal note not available |          |          |            |          |          |            |          |          |
| <b>Total \$</b>                   | <b>0.0</b>                | <b>0</b> | <b>0</b> | <b>0.0</b> | <b>0</b> | <b>0</b> | <b>0.0</b> | <b>0</b> | <b>0</b> |

| Agency Name         | 2025-27  |          |       | 2027-29 |          |       | 2029-31 |          |       |
|---------------------|--|----------|-------|---------|----------|-------|---------|----------|-------|
|                     | FTEs   | GF-State | Total | FTEs    | GF-State | Total | FTEs    | GF-State | Total |
| Local Gov. Courts   |  |          |       |         |          |       |         |          |       |
| Loc School dist-SPI | Non-zero but indeterminate cost and/or savings. Please see discussion. |          |       |         |          |       |         |          |       |
| Local Gov. Other    | Non-zero but indeterminate cost and/or savings. Please see discussion. |          |       |         |          |       |         |          |       |
| Local Gov. Total    |  |          |       |         |          |       |         |          |       |

## Estimated Capital Budget Breakout

|                                     |                                 |   |
|-------------------------------------|---------------------------------|---|
| <b>Prepared by:</b> Anna Minor, OFM | <b>Phone:</b><br>(360) 790-2951 | <b>Date Published:</b><br>Preliminary 2/27/2025 |
|-------------------------------------|---------------------------------|---|

# Individual State Agency Fiscal Note

|                             |   |   |
|-----------------------------|---|---|
| <b>Bill Number:</b> 1213 HB | <b>Title:</b> Paid family & medical leave | <b>Agency:</b> 100-Office of Attorney General |
|-----------------------------|---|---|

## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

| ACCOUNT   | FY 2026 | FY 2027 | 2025-27 | 2027-29 | 2029-31 |
|---|---------|---------|---------|---------|---------|
| Legal Services Revolving Account-State<br>405-1 | 11,000  | 20,000  | 31,000  | 88,000  | 171,000 |
| <b>Total \$</b>                                 | 11,000  | 20,000  | 31,000  | 88,000  | 171,000 |

### Estimated Operating Expenditures from:

|   | FY 2026 | FY 2027 | 2025-27 | 2027-29 | 2029-31 |
|---|---------|---------|---------|---------|---------|
| FTE Staff Years                                 | 0.3     | 0.3     | 0.3     | 0.4     | 0.7     |
| <b>Account</b>                                  |         |         |         |         |         |
| Legal Services Revolving<br>Account-State 405-1 | 11,000  | 20,000  | 31,000  | 88,000  | 171,000 |
| <b>Total \$</b>                                 | 11,000  | 20,000  | 31,000  | 88,000  | 171,000 |

### 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: 01/17/2025 |
| Agency Preparation: Dave Merchant  | Phone: 360-753-1620   | Date: 01/24/2025 |
| Agency Approval: Leah Snow         | Phone: 360-586-2104   | Date: 01/24/2025 |
| OFM Review: Rayanna Evans          | Phone: (360) 902-0553 | Date: 01/28/2025 |

## 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.*

Section 1: Amends RCW 50A.05.020 to require the Employment Security Department (ESD) to conduct outreach that specifically includes information regarding premium collections and employment protection, and to conduct periodic employer audits.

Section 2: Technical amendments to RCW 50A.15.020.

Section 3: Amends RCW 50A.20.010 to require the ESD Commissioner to develop written statement of employee rights to be distributed by employers and specifies contents of statement.

Section 4: Amends RCW 50.20.020 to specify content of required postings.

Section 5: Amends RCW 50A.30.010 to modify requirements regarding employee qualifications for voluntary plans.

Section 6: Amends RCW 50A.35.010 clarify and modify requirements for employment restoration after taking family leave and to add provisions and deadlines related to forfeiture of the right to employment restoration and employer notification requirements related to forfeiture.

Section 7: Amends RCW 50A.35.020 to incorporate changes above.

Section 8: New Section – effective date January 1st, 2026.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

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

The client agency is the Employment Security Department (ESD). The Attorney General's Office (AGO) will bill all clients for legal services rendered.

These cash receipts represent the AGO's authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agency's fiscal note. Appropriation authority is necessary in the AGO budget.

#### AGO AGENCY ASSUMPTIONS:

ESD will be billed for non-King County rates:

FY 2026: \$11,000 for 0.1 Assistant Attorney General FTE (AAG), and 0.1 Paralegal 1 FTE (PL1)

FY 2027: \$20,000 for 0.1 AAG and 0.1 PL1

FY 2028: \$35,000 for 0.2 AAG and 0.1 PL1

FY 2029: \$53,000 for 0.2 AAG and 0.1 PL1

FY 2030: \$73,000 for 0.3 AAG and 0.2 PL1

FY 2031: \$98,000 for 0.4 AAG and 0.2 PL1

### 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.*

Attorney General's Office (AGO) Agency Assumptions:

Legal services associated with the enactment of this bill will begin on January 1, 2026 (FY 2026)

Location of staffing is assumed to be in a non-King County office building.

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

Agency administration support FTE are included in the tables. The Management Analyst 5 FTE (MA) is used as a representative classification. An example ratio is for every 1.0 Assistant Attorney General FTE (AAG), the AGO includes 0.5 Paralegal 1 FTE (PL1) and 0.4 MA.

1. Assumptions for the AGO Licensing & Administrative Law Division (LAL) for legal services for the Employment Security Department (ESD):

The AGO will bill ESD for legal services based on the enactment of this bill.

In FY 2026 and FY 2027, ESD anticipates rulemaking, communication and outreach to implement provisions of the bill. LAL anticipates providing legal advice to ESD on bill implementation and rulemaking. The bill also directs ESD to conduct periodic audits of employers for compliance (Section 1) which may result in legal advice needs and employer appeals. ESD anticipates that the enactment of this bill will result in an increase in the number of individuals applying for paid family and medical leave, which will also increase the number of appeals of program determinations. The increased number of job protected individuals will also likely result in an increase in unlawful act complaints and appeals of those determinations. ESD anticipates that approximately 0.05 percent of appeals will be referred to the AGO for legal representation at hearings before the Office of Administrative Hearings (OAH).

ESD estimates the increased number of appeals related to the bill as follows:

- FY 2026 = 1,183
- FY 2027 = 7,457
- FY 2028 = 14,970
- FY 2029 = 23,418
- FY 2030 = 32,377
- FY 2031 = 41,553
- FY 2032 = 50,750
- FY 2033 = 59,732
- FY 2034 = 68,548

Assuming a 0.05% referral rate to the AGO, the bill will result in the following increase in appeals referred for legal representation:

- FY 2026 = 1 appeal
- FY 2027 = 4 appeals
- FY 2028 = 7 appeals
- FY 2029 = 11 appeals
- FY 2030 = 15 appeals

FY 2031 = 20 appeals  
 FY 2032 = 24 appeals  
 FY 2033 = 28 appeals  
 FY 2034 = 32 appeals

LAL: Total non-King County workload impact:  
 FY 2026: \$11,000 for 0.1 AAG and 0.1 PL1  
 FY 2027: \$20,000 for 0.1 AAG and 0.1 PL1  
 FY 2028: \$35,000 for 0.2 AAG and 0.1 PL1  
 FY 2029: \$53,000 for 0.2 AAG and 0.1 PL1  
 FY 2030: \$73,000 for 0.3 AAG and 0.2 PL1  
 FY 2031: \$98,000 for 0.4 AAG and 0.2 PL1

2. The AGO Solicitor General’s Office Division (SGO) has reviewed this bill and determined it will not increase or decrease the division’s workload. Therefore, no costs are included in this request.

3. The AGO Revenue Division (REV) has reviewed this bill and determined it will not increase or decrease the division’s workload. It will not impact legal services to the Office of Administrative Hearing (OAH). While this bill will impact the volume of cases OAH processes, we do not anticipate that the bill will result in OAH needing significant legal resources. Therefore, no costs are included in this request.

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

| Account         | Account Title                       | Type  | FY 2026 | FY 2027 | 2025-27 | 2027-29 | 2029-31 |
|-----------------|-------------------------------------|-------|---------|---------|---------|---------|---------|
| 405-1           | Legal Services<br>Revolving Account | State | 11,000  | 20,000  | 31,000  | 88,000  | 171,000 |
| <b>Total \$</b> |                                     |       | 11,000  | 20,000  | 31,000  | 88,000  | 171,000 |

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

|                            | FY 2026 | FY 2027 | 2025-27 | 2027-29 | 2029-31 |
|----------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years            | 0.3     | 0.3     | 0.3     | 0.4     | 0.7     |
| A-Salaries and Wages       | 8,000   | 14,000  | 22,000  | 60,000  | 117,000 |
| B-Employee Benefits        | 2,000   | 4,000   | 6,000   | 18,000  | 35,000  |
| E-Goods and Other Services | 1,000   | 2,000   | 3,000   | 10,000  | 18,000  |
| G-Travel                   |         |         |         |         | 1,000   |
| <b>Total \$</b>            | 11,000  | 20,000  | 31,000  | 88,000  | 171,000 |

**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 2026 | FY 2027 | 2025-27 | 2027-29 | 2029-31 |
|----------------------------|---------|---------|---------|---------|---------|---------|
| Assistant Attorney General | 132,912 | 0.1     | 0.1     | 0.1     | 0.2     | 0.4     |
| Management Analyst 5       | 98,040  | 0.1     | 0.1     | 0.1     | 0.1     | 0.2     |
| Paralegal 1                | 71,148  | 0.1     | 0.1     | 0.1     | 0.1     | 0.2     |
| <b>Total FTEs</b>          |         | 0.3     | 0.3     | 0.3     | 0.4     | 0.7     |

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

| Program  | FY 2026 | FY 2027 | 2025-27 | 2027-29 | 2029-31 |
|--|---------|---------|---------|---------|---------|
| Licensing & Administrative Law Division<br>(LAL) | 11,000  | 20,000  | 31,000  | 88,000  | 171,000 |
| <b>Total \$</b>                                  | 11,000  | 20,000  | 31,000  | 88,000  | 171,000 |

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

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

NONE

**IV. C - Capital Budget Breakout**

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

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

|                             |   |   |
|-----------------------------|---|---|
| <b>Bill Number:</b> 1213 HB | <b>Title:</b> Paid family & medical leave | <b>Agency:</b> 105-Office of Financial Management |
|-----------------------------|---|---|

## 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: 01/17/2025 |
| Agency Preparation: Kathy Cody     | Phone: (360) 480-7237 | Date: 02/03/2025 |
| Agency Approval: Jamie Langford    | Phone: 360-902-0422   | Date: 02/03/2025 |
| OFM Review: Gwen Stamey            | Phone: (360) 790-1166 | Date: 02/04/2025 |

## 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.*

The bill expands protections for workers in the state's Paid Family and Medical Leave (PFML) Program.

Specifically, the bill:

- Reduces the minimum claim from eight (8) consecutive hours to four (4) consecutive hours.
- Extends employment protection rights in the PFML Program.
- Allows employers to prevent stacking of certain employment protection rights.
- Expands health care coverage protection.

These changes can be incorporated into existing business practices. There is no fiscal impact to OFM.

### 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.*

## 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

|                             |   |  |
|-----------------------------|---|--|
| <b>Bill Number:</b> 1213 HB | <b>Title:</b> Paid family & medical leave | <b>Agency:</b> 110-Office of Administrative Hearings |
|-----------------------------|---|--|

## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

| ACCOUNT   | FY 2026 | FY 2027 | 2025-27 | 2027-29 | 2029-31 |
|---|---------|---------|---------|---------|---------|
| Administrative Hearings Revolving Account-State 484-1 | 16,000  | 95,000  | 111,000 | 480,000 | 929,000 |
| <b>Total \$</b>                                       | 16,000  | 95,000  | 111,000 | 480,000 | 929,000 |

### Estimated Operating Expenditures from:

|   | FY 2026 | FY 2027 | 2025-27 | 2027-29 | 2029-31 |
|---|---------|---------|---------|---------|---------|
| FTE Staff Years                                       | 0.1     | 0.5     | 0.3     | 1.6     | 3.0     |
| <b>Account</b>  |         |         |         |         |         |
| Administrative Hearings Revolving Account-State 484-1 | 16,000  | 95,000  | 111,000 | 480,000 | 929,000 |
| <b>Total \$</b>                                       | 16,000  | 95,000  | 111,000 | 480,000 | 929,000 |

### 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: 01/17/2025 |
| Agency Preparation: Pete Boeckel   | Phone: 360-407-2730   | Date: 01/23/2025 |
| Agency Approval: Rob Cotton        | Phone: 360-407-2708   | Date: 01/23/2025 |
| OFM Review: Val Terre              | Phone: (360) 280-3073 | Date: 01/26/2025 |

## 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.*

Section 4 expands the information that an employee must post regarding employees' rights and protections to receive Paid Family Medical Leave benefits. Willful violations are subject to a monetary penalty. This is an appealable cause of action.

\*Section 6 (6)(a) removes the applicability of 50A.35.010 from employers with 50 or more employees, employees working at least 12 months, and working concurrent 1250 hours for that employers and changed it to the employee only working for the employer (regardless of employer size) to 90 calendar days prior to taking the leave.

\*Section 7(1) creates an employee forfeiture clause for resuming employment after the leave if certain criteria are not met.

### 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 new appeals being referred to the Office of Administrative Hearings (OAH) as a result of this enacted law. New appeal totals are assumed to increase:

FY2026: 9 appeals  
FY2027: 56 appeals  
FY2028: 112 appeals  
FY2029: 176 appeals  
FY2030: 243 appeals  
FY2031: 312 appeals  
FY2032: 381 appeals  
FY2033: 448 appeals  
FY2034: 514 appeals

On average, each appeal is expected to take approximately seven 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 76, Lead ALJ-range 73).

(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.

(5) Salary projections are based on the current FY 2025 salary tables.

**Total workload impact:**

FY 2026: 0.05 ALJ with a total cost is rounded to \$16,000.

FY 2027: 0.28 ALJ, 0.17 LA2 and 0.07 MA5. The total cost is rounded to \$95,000.

FY 2028: 0.56 ALJ, 0.08 SALJ; 0.08 LALJ; 0.34 LA2 and 0.14 MA5. The total cost is rounded to \$186,000.

FY 2029: 0.88 ALJ, 0.13 SALJ; 0.13 LALJ; 0.53 LA2 and 0.22 MA5. The total cost is rounded to \$294,000.

FY 2030: 1.22 ALJ, 0.18 SALJ; 0.18 LALJ; 0.73 LA2 and 0.31 MA5. The total cost is rounded to \$408,000.

FY 2031: 1.56 ALJ, 0.23 SALJ; 0.23 LALJ; 0.94 LA2 and 0.39 MA5. The total cost is rounded to \$521,000.

This bill is assumed effective 90 days after the end of the 2025 legislative session.

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

| Account         | Account Title                             | Type  | FY 2026 | FY 2027 | 2025-27 | 2027-29 | 2029-31 |
|-----------------|---|-------|---------|---------|---------|---------|---------|
| 484-1           | Administrative Hearings Revolving Account | State | 16,000  | 95,000  | 111,000 | 480,000 | 929,000 |
| <b>Total \$</b> |   |       | 16,000  | 95,000  | 111,000 | 480,000 | 929,000 |

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

|                                      | FY 2026 | FY 2027 | 2025-27 | 2027-29 | 2029-31 |
|--------------------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years                      | 0.1     | 0.5     | 0.3     | 1.6     | 3.0     |
| A-Salaries and Wages                 | 10,000  | 59,000  | 69,000  | 302,000 | 583,000 |
| B-Employee Benefits                  | 3,000   | 19,000  | 22,000  | 95,000  | 184,000 |
| C-Professional Service Contracts     |         |         |         |         |         |
| E-Goods and Other Services           | 3,000   | 15,000  | 18,000  | 77,000  | 150,000 |
| G-Travel                             |         | 1,000   | 1,000   | 3,000   | 5,000   |
| J-Capital Outlays                    |         | 1,000   | 1,000   | 3,000   | 7,000   |
| M-Inter Agency/Fund Transfers        |         |         |         |         |         |
| N-Grants, Benefits & Client Services |         |         |         |         |         |
| P-Debt Service                       |         |         |         |         |         |
| S-Interagency Reimbursements         |         |         |         |         |         |
| T-Intra-Agency Reimbursements        |         |         |         |         |         |
| 9-                                   |         |         |         |         |         |
| <b>Total \$</b>                      | 16,000  | 95,000  | 111,000 | 480,000 | 929,000 |

**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 2026 | FY 2027 | 2025-27 | 2027-29 | 2029-31 |
|---------------------------------|---------|---------|---------|---------|---------|---------|
| Administrative Law Judge        | 113,712 | 0.1     | 0.3     | 0.2     | 0.7     | 1.4     |
| Lead ALJ                        | 122,496 |         |         |         | 0.1     | 0.2     |
| Legal Assistant 2               | 55,584  |         | 0.2     | 0.1     | 0.4     | 0.8     |
| Management Analyst 5            | 98,040  |         | 0.1     | 0.0     | 0.2     | 0.4     |
| Senior Administrative Law Judge | 131,880 |         |         |         | 0.1     | 0.2     |
| <b>Total FTEs</b>               |         | 0.1     | 0.5     | 0.3     | 1.6     | 3.0     |

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

| <b>Program</b>               | <b>FY 2026</b> | <b>FY 2027</b> | <b>2025-27</b> | <b>2027-29</b> | <b>2029-31</b> |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Regulatory & Education (REG) | 16,000         | 95,000         | 111,000        | 480,000        | 929,000        |
| <b>Total \$</b>              | 16,000         | 95,000         | 111,000        | 480,000        | 929,000        |

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

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

NONE

**IV. C - Capital Budget Breakout**

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

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

|                             |   |   |
|-----------------------------|---|---|
| <b>Bill Number:</b> 1213 HB | <b>Title:</b> Paid family & medical leave | <b>Agency:</b> 540-Employment Security Department |
|-----------------------------|---|---|

## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

| ACCOUNT   | FY 2026 | FY 2027 | 2025-27 | 2027-29     | 2029-31    |
|---|---------|---------|---------|-------------|------------|
| Family and Medical Leave Insurance<br>Account-State 22f-1 |         |         |         | 124,000,000 | 23,000,000 |
| <b>Total \$</b>   |         |         |         | 124,000,000 | 23,000,000 |

### Estimated Operating Expenditures from:

| ACCOUNT   | FY 2026   | FY 2027   | 2025-27   | 2027-29   | 2029-31   |
|---|-----------|-----------|-----------|-----------|-----------|
| FTE Staff Years   | 7.4       | 9.3       | 8.3       | 9.3       | 9.3       |
| <b>Account</b>  |           |           |           |           |           |
| Family and Medical Leave Insurance<br>Account-State 22f-1 | 1,616,799 | 1,239,088 | 2,855,887 | 2,817,176 | 3,353,176 |
| <b>Total \$</b>   | 1,616,799 | 1,239,088 | 2,855,887 | 2,817,176 | 3,353,176 |

### 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: 01/17/2025 |
| Agency Preparation: Dan Phillips   | Phone: 360 902-9448   | Date: 01/24/2025 |
| Agency Approval: Lisa Henderson    | Phone: 360-902-9291   | Date: 01/24/2025 |
| OFM Review: Anna Minor             | Phone: (360) 790-2951 | Date: 01/24/2025 |

## 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.*

Sec. 1 – Requires the department to conduct regular outreach to employers regarding legal responsibilities under Title 50A RCW. This section also requires the department to include job protection provisions in employer audits.

Sec. 2 – Reduces the number of consecutive hours of leave necessary from eight to four.

Sec. 3 – Requires the department to publish the required notice employers must provide to employees upon learning they are eligible for PFML benefits. At a minimum, the notice must contain information pertaining to eligibility requirements, possible weekly benefits, application processes, employment protection rights, and nondiscrimination rights, and direct the employee to appropriate contacts and portals for more information.

Sec. 4 - Requires the department to publish the required notice employers must post in a public area in the place of employment. At a minimum, the notice must contain information pertaining to eligibility requirements, possible weekly benefits, application processes, employment protection rights, nondiscrimination rights, and other protections, and information pertaining to the filing of a complaint.

Sec. 5 – Changes job protection requirements for employers with voluntary plans to match those requirements modified in Sec. 6.

Sec. 6 – Reduces the eligibility criteria for job protection to 90 calendar days worked for the employer. It also establishes criteria, including a notice to the employee, under which the employer may to reduce job protection associated with Paid Leave commensurate with use of protected leave under the federal Family and Medical Leave Act prior to the employee’s use of Paid Leave.

Sec. 7 – Aligns maintaining health benefits with job protections modifications set in Sec. 6.

Sec. 8 – Establishes and effective date for the bill of January 1, 2026.

### 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 2026   | FY 2027   | 2025-27   | 2027-29   | 2029-31   |
|-----------------|--|-------|-----------|-----------|-----------|-----------|-----------|
| 22f-1           | Family and Medical Leave Insurance Account | State | 1,616,799 | 1,239,088 | 2,855,887 | 2,817,176 | 3,353,176 |
| <b>Total \$</b> |  |       | 1,616,799 | 1,239,088 | 2,855,887 | 2,817,176 | 3,353,176 |

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

|                                      | FY 2026   | FY 2027   | 2025-27   | 2027-29   | 2029-31   |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|
| FTE Staff Years                      | 7.4       | 9.3       | 8.3       | 9.3       | 9.3       |
| A-Salaries and Wages                 | 621,228   | 595,199   | 1,216,427 | 1,190,398 | 1,190,398 |
| B-Employee Benefits                  | 248,491   | 238,080   | 486,571   | 476,160   | 476,160   |
| C-Professional Service Contracts     | 360,000   |           | 360,000   |           |           |
| E-Goods and Other Services           | 229,353   | 256,744   | 486,097   | 852,488   | 1,388,488 |
| 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        | 157,727   | 149,065   | 306,792   | 298,130   | 298,130   |
| 9-                                   |           |           |           |           |           |
| <b>Total \$</b>                      | 1,616,799 | 1,239,088 | 2,855,887 | 2,817,176 | 3,353,176 |

**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 |
|---|---------|---------|---------|---------|---------|---------|
| Communications Consultant 4             | 69,396  | 0.3     |         | 0.2     |         |         |
| ES Benefits Specialist 2                | 59,844  | 1.0     | 7.0     | 4.0     | 7.0     | 7.0     |
| ES Benefits Specialist 3                | 66,012  | 1.0     | 1.0     | 1.0     | 1.0     | 1.0     |
| ES Benefits Technician                  | 49,116  | 1.0     | 1.0     | 1.0     | 1.0     | 1.0     |
| IT App Development Journey              | 92,416  | 0.7     |         | 0.3     |         |         |
| IT App Development Senior/Specialist    | 106,976 | 0.9     |         | 0.4     |         |         |
| IT Project Management Journey           | 97,038  | 0.3     |         | 0.2     |         |         |
| IT Project Management Senior/Specialist | 106,976 | 0.1     |         | 0.1     |         |         |
| IT Quality Assurance Journey            | 92,416  | 0.7     |         | 0.3     |         |         |
| IT Quality Assurance Senior/Specialist  | 101,871 | 0.5     |         | 0.2     |         |         |
| IT Security Senior/Specialist           | 106,976 | 0.1     |         | 0.1     |         |         |
| IT System Administration Journey        | 97,038  | 0.3     |         | 0.2     |         |         |
| Operations Research Specialist          | 93,348  | 0.3     | 0.3     | 0.3     | 0.3     | 0.3     |
| WMS Band 2                              | 105,072 | 0.1     |         | 0.1     |         |         |
| <b>Total FTEs</b>                       |         | 7.4     | 9.3     | 8.3     | 9.3     | 9.3     |

**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.*

The bill will require major rulemaking:

- Section 1 - New WACs will likely be needed to implement audit requirements.
- Section 2 - WAC 192-620-005 will need to be amended to account for reduction in consecutive hours to receive benefits
- Section 4 - WAC 192-540-020 will need to be amended to include job protection and other statutory criteria in public area notice.
- Section 5 - WAC 192-700-005 will need to be amended to align with job protection provisions of the bill.
- Section 5 - WAC 192-700-006 will need to be repealed due to job protection eligibility being determined based on calendar days worked rather than hours worked.
- Section 5 - WAC 192-700-015 will need to be repealed due to job protection eligibility being determined based on calendar days worked rather than employer size.
- Section 5 - WAC 192-700-020 will need to be amended to align health insurance continuation provisions of the bill.
- Section 6 - WAC 192-700-007 will need to be amended to align predecessor/successor requirements with job protection provisions of the bill.

## **Cash Receipts Narrative**

### **Overview of Impacts:**

In general, the updates included in this bill will increase costs to the program over time, over and above additional received premiums. The increased costs to the program result in decreases to the PFML account balance causing it to become consistently negative sooner than otherwise projected. This also results in the premium rate meeting the legislative maximum of 1.20% consistently in 2027, as opposed to not meeting the legislative maximum consistently until 2030 under the current projection.

### **Assumptions in Analysis:**

The proposed bill-specific analysis assumes there are benefit expense impacts related to the change from 8 hours minimum consecutive leave to 4, as well as related to the increase in job protection compared to current, and additional administrative expenses that result from these changes.

The benefit expense impact assumption for the decrease from 8 minimum consecutive leave hours to 4 was tested at multiple impact levels and what is included in the projection below is the midpoint of the estimated impacts of the scenarios tested, which was -\$1,818,000 based on FY24. The impact is adjusted proportionally for projection years. Multiple variables were considered to inform this impact:

- The estimated claims that are currently denied and would no longer be denied if they were between 4-7 hours.
- The estimated claims currently submitted as "nonpayment" due to not working 8 consecutive hours that would become payable under this change.
- The estimated claims where the hours of leave taken would be reduced if the full 8 consecutive hours was not required.

The benefit expense impact assumption for the increase in job protection is an increase of 18%, incrementally spread over 10 years, starting in 2026.

- The benefit expense impact assumption was developed by comparing the benefit uptake rates for those with job protection compared to those without job protection. It was assumed that most of who are estimated to receive additional job protection under this change would eventually have similar benefit uptake rates to the population that already has job protection.
- The resulting impact of 18% increase in benefit expense was spread over 10 years, assuming a slow change. This assumption was made due to reviewing other State program's public data which had similar job protection policies.

Due to the changes in the bill and the increased claims associated with it, there is an increase in administrative costs that is also reflected, starting in 2025.

### **Projection Methodology**

The Baseline projection for years 2025-2028 is from the FY24 projection that was included in the 2024 PFML Actuarial Annual Report, that has been updated with the final 2025 premium rate, and the account balance as of 9/30/2024. 2029+ is based on data that is trended forward based on 2028 trends, with some adjustments to benefit expenses where appropriate, to consider the increased maturity of the program over time.

This Baseline projection is the starting point projection before the bill-specific assumption changes are applied for the proposed bill projection.

There will be downstream changes to the projection, as appropriate, for assumptions that will be affected by the bill analysis even if they are not explicitly outlined. An example of this is investment income. Although the bill

may not explicitly affect investment income, because the changes result in different account balances, the projected investment income earned would change.

Future projections could vary, and results could vary from the projections for many reasons, such as changes in the uptake rates. Numbers will vary slightly with rounding.

### Benefit Payments

| Fiscal Year | Baseline Projections | HB 1213 Projections | Difference | % Change |
|-------------|----------------------|---------------------|------------|----------|
| FY26        | \$2,328              | \$2,332             | \$4        | 0%       |
| FY27        | \$2,631              | \$2,674             | \$43       | 2%       |
| FY28        | \$2,970              | \$3,073             | \$102      | 3%       |
| FY29        | \$3,351              | \$3,527             | \$176      | 5%       |
| FY30        | \$3,724              | \$3,986             | \$262      | 7%       |
| FY31        | \$4,077              | \$4,437             | \$360      | 9%       |

Projection reliability decreases over time as model uncertainty increases.  
Values reported in millions.

### Premium Rates

| Rate Year | Baseline Projections | HB 1213 Projections | Difference |
|-----------|----------------------|---------------------|------------|
| 2026      | 1.15%                | 1.15%               | 0%         |
| 2027      | 1.20%*               | 1.20%*              | 0%         |
| 2028      | 1.16%                | 1.20%*              | 0.04%      |
| 2029      | 1.19%                | 1.20%*              | 0.01%      |
| 2030      | 1.20%*               | 1.20%*              | 0%         |
| 2031      | 1.20%*               | 1.20%*              | 0%         |

\* Indicates incidents where the rate calculated in current statute would be higher if not for the 1.2% rate cap.  
Projection reliability decreases over time as model uncertainty increases.

### Premium Revenue

| Fiscal Year | Baseline Projections | HB 1213 Projections | Difference |
|-------------|----------------------|---------------------|------------|
| FY26        | \$2,433              | \$2,433             | \$0        |
| FY27        | \$3,055              | \$3,055             | \$0        |
| FY28        | \$3,313              | \$3,343             | \$30       |
| FY29        | \$3,448              | \$3,542             | \$94       |
| FY30        | \$3,726              | \$3,749             | \$23       |
| FY31        | \$3,967              | \$3,967             | \$0        |

Projection reliability decreases over time as model uncertainty increases.  
Values reported in millions.

## Operating Narrative

### Sec. 1 –

The department would need to update all existing employer and employee resources and information that customers utilize to understand how the program works to accommodate the changes laid out job protections and weekly claims. This includes items such as employer newsletters, employer posters, employee notices, employer toolkits, benefit and voluntary plan guides, the Paid Leave website, and other online tools.

### Sec. 2 –

Adjusting the weekly claims requirements to 4 consecutive hours: there is not a large technical implementation cost, but some resources will be required to make minor adjustments to online customer accounts, system calculations, and public-facing information on websites and Paid Leave guides.

Changes to the hours threshold for weekly claims will not generate new applications but may adjust how customers are filing/receiving payments on weekly claims. Analysis shows a net decrease in annual payments of about \$1.8 million. It's a range from -\$9 million to a positive \$6 million, analysis will use the midpoint of -\$1.8 million annually on benefit payments.

### Sec. 3 & 4 –

The department already publishes the notice employers provide to employees and the notice employers must post in a public area at the place of employment, but these do not currently adhere to the content requirements laid out in the bill. The notice and poster would need to be updated to include Paid Leave eligibility requirements, possible weekly benefits, applications processes, employment protection rights, and nondiscrimination rates that would direct employees to proper contacts and portals for information.

### Sec. 6 & 7 –

Employment Security will require a communication plan to inform employers and workers about the expansion of job protection. HB 1213 removes the sizing exemption for employers and now more employers will need to understand the complexity of the job protection provisions. Roughly 95%, or 230,000, active small employers in our program that have been exempt from providing job protections due to having less than 50 employees will now be required to provide job protection to their employees who take Paid Leave.

The responsibility for determining job protection at the time leave is taken is currently and would remain with the employer. In the event of a complaint, compliance would need to be familiar with the new job protections criteria during an illegal acts investigation in order to issue a determination. The number of individuals eligible for job protections would increase as a result of HB 1213, which would lead to a corresponding increase to the number of complaints related to job protection the department would receive. Employment Security may have to set employer requirements for sharing FMLA-related information during an audit of illegal acts. However, the department has no jurisdiction over FMLA or employers' interaction with it.

Employment Security assumes an increase in the number of applications the program will receive due to more workers being covered by the expanded job protection benefit. According to the legislative report, WA Paid Family and Medical Leave & Job Protection conducted at the Evans School of Public Policy & Governance at University of Washington, job protection is associated with a substantial increase in leave take-up. Roughly

1.8% of those who were estimated to be job protected with take up leave compared to 1.1% of those who are not job protected.

Following the statistical association found in the report, Employment Security assume that as more individuals have access to job protected leave under Paid Leave, their utilization rate will increase to match those who previously had job protection. This will lead to additional applications, approved claims, and benefit payments. The tables below show in the increase in application volumes associated with this policy change. As a result, we expect the expansion of job protection will have some measurable impact on the Paid Leave account and rate setting.

**Applications**

| Fiscal Year | Baseline Projections | HB 1213 Projections | Difference | % Change |
|-------------|----------------------|---------------------|------------|----------|
| FY26        | 344,080              | 345,263             | 1,183      | 0%       |
| FY27        | 366,432              | 373,889             | 7,457      | 2%       |
| FY28        | 390,257              | 405,227             | 14,970     | 4%       |
| FY29        | 415,410              | 438,828             | 23,418     | 6%       |
| FY30        | 435,676              | 468,053             | 32,377     | 7%       |
| FY31        | 450,083              | 491,636             | 41,553     | 9%       |

The following is the additional resources required by this bill organized by workstream:

**Leave and Care Operations**

Employment Security adopted a staffing model based on available staff time for direct customer service. This takes into consideration a 40-hour base week, with breaks, sick leave, vacation leave, PFML and FMLA, and holidays removed. Time is also allocated for meetings, training, and non-processing administrative desk time. The result is that for each Customer Care Team (CCT) FTE, there are 1,350 hours per year available for direct customer service. The projected benefit applications are expected to increase by 1,183 in FY26 and to 8,948 annually in FY27. The following calculations show the staffing need based on these projections.

Application processing and direct customer service for workers and benefit customers

- Annual direct customer service hours available per FTE: 1,350 hours
- Average number of applications processed annually per FTE: 1,167 (at an avg. time of 1.2 hours per application)
- 1,183 additional applications annually in FY26
- 1,183 \* 1.2 avg hours per application = 1,420 hours of staff time in FY26 ~ **1 FTE ES Benefit Specialist 2 beginning in FY26 and ongoing.**
- By FY27 Employment Security estimates an additional 7,457 applications annually.
- 7,457 \* 1.2 hours per application = 8,948 additional staff hours~ **6 FTE ES Benefit Specialist 2 beginning in FY27 and ongoing.**

Direct customer service and support for employer customers

Using the same staffing model and assumptions for application processing and benefit customer service outlined above, Employment Security expects 1,394 (FY26) and 1,509 (FY27) additional hours of direct employer customer service because of this change to the law.

Employment Security projects a total of 345,263 benefit applications will be received in FY26. Based on historical program experience, 19% of applications come from workers at small employers and it is assumed 7.5% of those employers will inquire about the job protection provisions in HB 1213 when one of their employees takes leave. The average call length for employer customers is 0.2833 hours. Therefore:

- $345,263 * 19\% * 7.5\% * 0.2833 \text{ hours} = 1,394 \text{ hours of additional work in FY26} \sim \mathbf{1 \text{ FTE ES Benefit Technician ongoing beginning in FY26.}}$
- Estimates for FY27 application volume are 373,889, requiring 1,509 total staff hours, which could be absorbed by the one additional FTE from FY26.

### **Customer Compliance**

Based on the expanded eligibility of job protection, the number of customers who will now qualify for this benefit, the number of employers who will now be required to offer the benefit to their workers, and the overall increase in application volumes associated with HB 1213, Employment Security estimates that the workload to deal with auditing illegal acts investigations will increase by 20%. This would necessitate the need for **1 FTE ES Benefit Specialist 3 beginning in FY26 and ongoing.**

### **Paid Leave Research and Actuary Office**

Sections 1-3 and 6 will require Paid Leave Research to conduct data analysis to inform and test content changes to employee and employer communications along with support staff responding to complaints relating to job protection complaints.

Paid Leave Research will need to support technical implementation of weekly claim system adjustments by data and customer researching assessing the change relating to customer experience and providing analytics to respond to inquiries about usage of leave in less than eight consecutive hours given the reduction in HB 1213.

Paid Leave Research will need to support technical implementation of job protection expansion by data and customer researching assessing the change relating to customer experience and analytics required to respond to inquiries about job protection eligibility, continuity of employment, and support compliance on inquiries from customer complaints as it relates to HB 1213.

The Actuary Office will need to develop a process and methodology to track the utilization rate based on the expansion of job protections. This includes to setting up data foundation and methodology in the first year, performing analysis, presenting findings, adding statistics in actuarial annual report, and conducting additional analysis on ongoing basis.

This will require 460 hours of work in FY 26 and 400 hours in FY27 and **ongoing** of an **Operations Research Specialist.**

### **Communications**

The Paid Leave Communications team will create and implement a communications plan to track edits and outreach needed to communicate the changes. This will include updates to existing materials that mention FMLA/job protection and requirements around missing 8 hours of work. The scope of work includes web content, guides and toolkits for customers and employers, and public-facing program materials used throughout the agency for outreach to customers, employers and human resource departments. Communications will use GovDelivery newsletters to contact employers (small and large), customers and other key audiences to inform about the changes and new resources.

Communications will also work with the project team to review and approve FAQs, talking points or other materials used by the agency for outreach.

This is **one-time** work in FY26 that will require 486 hours of **Communication Consultant 4**.

**Product Planning and Performance (PPP)**

Develop and update content for required employer notifications and materials to support employer outreach. These materials include employer newsletters, employer posters, employee notices, employer toolkits, benefit and voluntary plan guides, the Paid Leave website, and other online tools. These materials need to be updated to include Paid Leave eligibility requirements, possible weekly benefits, applications processes, employment protection rights, and nondiscrimination rates that would direct employees to proper contacts and portals for information.

To accommodate changes on weekly claims from eight consecutive hours to four consecutive hours, updates to the content referring to the consecutive missed hours requirements across our content products (e.g., benefit guides, weekly claim explainer in approval letter, factfinding letters, secure messages, denial reasons, etc.). This also requires updated language translations.

To accommodate changes in job protection and health benefit continuation, updates to content referring to job protection across our content products (e.g., benefit guides, employer toolkit, voluntary plan guide, factfinding letters, secure messages, etc.). This also requires updated language translations.

This will be **one-time** work in FY26 that will require 160 hours of a **WMS Band 2** and 280 hours of an **IT Project Manager Senior/Specialist**.

There will also be a **one-time** cost in FY26 for translation services for updated guides, letters, and factfinding documents costing approximately \$1,000.

**Office of Modernization**

The Office of Modernization will need to incorporate and update system technology for audit workflow integration to incorporate job protection requirements into the case management system.

This will require contracted services taking place in FY26 at the following **one-time amounts**:

| <b>Position Title</b>                          | <b>Work to be Performed</b>   | <b>Hours and rate</b>       | <b>Total amount</b> |
|--|---|-----------------------------|---------------------|
| IT Application Development – Senior/Specialist | Handles complex coding tasks and designs system architecture while mentoring other developers and ensuring code quality.                                  | 480 hours at \$160 per hour | \$76,800            |
| IT Application Development – Journey           | Writes clean, efficient code to develop software applications. Collaborates with team members to integrate systems and troubleshoot issues.               | 480 hours at \$135 per hour | \$64,800            |
| IT Quality Assurance – Senior/Specialist       | Designs automated tests to validate application functionality. Works closely with developers to incorporate testing into the technology delivery process. | 480 hours at \$135 per hour | \$64,800            |
| IT Data Management – Senior/Specialist         | Plans and designs the implementation, and administration of IT systems for the acquisition, storage and retrieval of data.                                | 480 hours at \$160 per hour | \$76,800            |

|  |  |                             |           |
|--|--|-----------------------------|-----------|
| IT Application Development – Senior/Specialist | Handles complex coding tasks and designs system architecture while mentoring other developers and ensuring code quality. | 480 hours at \$160 per hour | \$76,800  |
|  |  | Total Cost                  | \$360,000 |

**Leave and Care IT**

Leave and Care Technology will need to make system changes to existing technology to support changes that will adjust the weekly claims requirements to four consecutive hours. There will need to be other minor adjustments to online customer accounts, system calculations, and public-facing information on websites and guides as well. This can be absorbed using existing resources.

This will be **one-time** work in FY26 that will require the following resources:

| Job Classification                           | Hours |
|--|-------|
| IT Project Management - Journey              | 504   |
| IT Application Development–Senior/Specialist | 1260  |
| IT Application Development–Journey           | 1008  |
| IT Quality Assurance–Senior/Specialist       | 672   |
| IT Quality Assurance–Journey                 | 1008  |
| IT Systems Administration–Journey            | 504   |
| IT Security–Senior/Specialist                | 168   |

**Rulemaking**

This bill will require major rulemaking for a **one-time** cost in FY26 of \$90,000.

**Office of the Attorney General (AGO)**

ESD anticipates that the enactment of this bill will result in an increase in the number of individuals applying for paid family and medical leave, which will also increase the number of appeals of program determinations. The increased number of job protected individuals will also likely result in an increase in unlawful act complaints and appeals of those determinations. ESD anticipates that approximately 0.05% of appeals will be referred to the AGO for legal representation at hearings before the Office of Administrative Hearings.

ESD estimates the increased number of appeals related to the bill as follows, along with the associated AGO costs by fiscal year:

| Fiscal Year | Additional Applications from HB 1213 | Additional Appeals Referred to AGO | AGO Staff Hours | Anticipated amount billed to ESD by AGO |
|-------------|--------------------------------------|------------------------------------|-----------------|---|
| FY26        | 1,183                                | 1                                  | 70              | \$11,000                                |
| FY27        | 7,457                                | 4                                  | 130             | \$21,000                                |
| FY28        | 14,970                               | 7                                  | 210             | \$36,000                                |
| FY29        | 23,418                               | 11                                 | 330             | \$55,000                                |
| FY30        | 32,377                               | 15                                 | 450             | \$76,000                                |

|      |        |    |     |           |
|------|--------|----|-----|-----------|
| FY31 | 41,553 | 20 | 600 | \$102,000 |
|------|--------|----|-----|-----------|

**Office of Administrative Hearings (OAH)**

The following table show the increase to OAH appeals from HB 1213, along with associated costs by fiscal year:

| Fiscal Year | Additional Applications from HB 1213 | Additional Appeals Referred to OAH | Anticipated amount billed to ESD by OAH |
|-------------|--------------------------------------|------------------------------------|---|
| FY26        | 1,183                                | 9                                  | \$16,000                                |
| FY27        | 7,457                                | 56                                 | \$95,000                                |
| FY28        | 14,970                               | 112                                | \$186,000                               |
| FY29        | 23,418                               | 176                                | \$294,000                               |
| FY30        | 32,377                               | 243                                | \$408,000                               |
| FY31        | 41,553                               | 312                                | \$521,000                               |

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

**Bill Number:** 1213 HB

**Title:** Paid family & medical leave

## Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

Cities: All cities. Increases in administrative and staffing costs.

Counties: All counties. Same as above.

Special Districts: All special districts. Same as above.

Specific jurisdictions only:

Variance occurs due to:

## Part II: Estimates

No fiscal impacts.

Expenditures represent one-time costs:

Legislation provides local option:

Key variables cannot be estimated with certainty at this time: The number of new PFML claims. Staff time needed for implementation. Training costs.

### Estimated revenue impacts to:

None

### Estimated expenditure impacts to:

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

## Part III: Preparation and Approval

|  |                       |                  |
|--|-----------------------|------------------|
| Fiscal Note Analyst: Kristine Williams | Phone: (564) 250-5931 | Date: 01/31/2025 |
| Leg. Committee Contact: Kelly Leonard  | Phone: 360-786-7147   | Date: 01/17/2025 |
| Agency Approval: Alice Zillah          | Phone: 360-725-5035   | Date: 01/31/2025 |
| OFM Review: Anna Minor                 | Phone: (360) 790-2951 | Date: 01/31/2025 |

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Description of the bill with an emphasis on how it impacts local government.*

This legislation reduces the minimum claim for benefits paid under the Washington Paid Family and Medical Leave (PFML) Program from 8 consecutive hours to 4 consecutive hours and extends employment protection rights to any employee who began employment with their current employer at least 90 calendar days before taking leave, regardless of the size of the employer. The legislation allows employers to prevent stacking of certain employment protection rights if the employer provides certain notices to employees. The legislation also expands certain health care coverage protections for employees.

This legislation would take effect on January 1, 2026.

### **B. SUMMARY OF EXPENDITURE IMPACTS**

*Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.*

This legislation would have an indeterminate, but potentially significant, impact on local governments.

Responsibility for determining job protection at the time leave is taken rests with the employer. All local governments will need to dedicate staff time for training and may need to hire additional staff. Local governments, especially those with smaller human resource departments, may experience increased administrative burdens due to a higher volume of claims. This legislation expands the requirement for employers to maintain health care coverage to cover the additional PFML period, which may result in an increase in premiums paid by these employers. Local governments may see an increase in overtime or contracted labor costs to ensure work is completed while employees are on leave.

The Association of Washington Cities (AWC) reports that over half of Washington cities have fewer than 50 employees. These cities will need to create a compliance system which may include hiring and training new staff. Also, this legislation expands job protection in a manner that may interfere with probationary periods and job certifications for certain positions. For example, new police officers that are hired contingent on completing the Basic Law Enforcement Academy within a certain period would need to attend the next Academy if they went on PFML leave and could not complete the training.

The Chelan County Public Utility District, which has approximately 900 employees, reports that the district has approximately 100,000 hours of work that is performed by seasonal and temporary employees. Under the existing 1,250-hour eligibility threshold, the district would lose approximately 800 hours to PFML usage, equating to \$25,000 in lost productivity. The district estimates, based on prior trends observed when PFML was introduced for full-time employees, the rate of usage will quadruple over a short period of time, resulting in approximately 14,000 productive hours, equivalent to \$415,000 in lost productivity. To compensate for this loss, the district would need to increase seasonal hiring by approximately 13%.

Costs to implement this legislation will vary depending on the jurisdiction and cannot be predicted in advance. The fiscal impact on local governments is indeterminate.

### **C. SUMMARY OF REVENUE IMPACTS**

*Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.*

This bill would not impact local government revenues.

#### **SOURCES**

Association of Washington Cities (AWC)

Chelan County Public Utility District

Washington State Association of Counties (WSAC)

# Individual State Agency Fiscal Note

|                             |   |  |
|-----------------------------|---|--|
| <b>Bill Number:</b> 1213 HB | <b>Title:</b> Paid family & medical leave | <b>Agency:</b> SDF-School District Fiscal Note - SPI |
|-----------------------------|---|--|

## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

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

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

|                                    |                       |                  |
|------------------------------------|-----------------------|------------------|
| Legislative Contact: Kelly Leonard | Phone: 360-786-7147   | Date: 01/17/2025 |
| Agency Preparation: Amy Kollar     | Phone: 360 725-6420   | Date: 02/25/2025 |
| Agency Approval: Mike Woods        | Phone: (360) 725-6283 | Date: 02/25/2025 |
| OFM Review: Shea Hamilton          | Phone: (360) 229-4774 | 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.*

#### Sec. 1. Amended

1(6)(a) The department is required to conduct regular outreach to employers about their responsibilities, including information on premium collection, notice requirements, and employment protection under specified chapters of RCW.

1(6)(b) The department is mandated to carry out periodic audits of employer files and records to aid in compliance.

#### Sec. 2. Amended

2(2)(c) Reduces the minimum claim duration payment from eight hours of leave to four.

#### Sec. 3. Amended

3(2) Language is added requiring the commissioner to create a written statement of employee rights for distribution by employers. This statement should clearly outline eligibility requirements, potential benefits, application processes, employment protection, nondiscrimination rights, and provide contacts and portals for further information.

#### Sec. 4. Amended

Adds language requiring each employer to post and maintain information about eligibility requirements, potential weekly benefits, application processes, employment protection rights, nondiscrimination rights, and other protections.

#### Sec. 5. Amended

5(5)(h) Modifies language about voluntary plan that ensures that employees taking family or medical leave under the plan receive employment protection as specified in RCW 50A.35.010. Eliminates the requirement that an employee is eligible for leave if they have worked for their employer for at least nine months and have accumulated 965 hours during the twelve months immediately preceding the start of the leave.

#### Sec. 6. Amended

6(1) An employee is entitled to employment restoration upon returning from family or medical leave under this title, whether it is concurrent with federal family and medical leave, or unpaid leave protected by the federal act, with some exceptions.

6(6)(a) Eliminates the prerequisite that an employee is eligible for leave if they work for an employer with fifty or more employees, have been employed for twelve months or more, and have worked at least 1,250 hours in the twelve months before the leave starts. The employer must have fifty or more employees for at least twenty weeks in the current or previous year. Modifies the language to apply to an employee who has worked for the current employer for at least 90 calendar days before taking leave.

6(7)(a) Except by agreement between the employer and employee, the employee forfeits the right to employment restoration if they do not return to work on the first scheduled workday after either the period of leave ends or after 16 workweeks of leave within 52 consecutive weeks, extended to 18 workweeks if the leave was due to a pregnancy-related serious health condition.

6(7)(b) For leave periods exceeding two typical workweeks continuously or 14 typical workweeks intermittently, the employer must give at least five business days' advance written notice to the employee about the expiration of employment restoration rights and the date of the employee's first scheduled workday.

6(7)(c) The expiration of the specified periods does not impact an employee's eligibility for paid family and medical leave benefits.

6(8)(a) For unpaid leave to qualify for employment restoration rights and count towards the maximum periods, the employer must promptly provide written notice to the employee in a language they understand, the following:

6(8)(a)(i) Employers must designate and count an employee's unpaid leave against their entitlement under the federal family and medical leave act of 1993, specifying the amount used and remaining;

6(8)(a)(ii) The start and end dates of the employer's designated 12-month leave year are determined under the federal family and medical leave act of 1993, as it existed on the effective date of this section;

- 6(8)(a)(iii) If an employee is eligible for paid family or medical leave but does not apply for or receive benefits, the employer must count the unpaid leave towards the maximum periods specified, including the start and end dates, and the total amount of unpaid leave; and
- 6(8)(a)(iv) The use of unpaid leave counting against the periods in subsection (7)(a)(ii) does not impact the employee's eligibility for paid family or medical leave benefits.
- 6(8)(b) The employer must provide the required written notice within five business days of the employee's initial request or use of unpaid leave, and at least monthly for the rest of the designated 12-month leave year.
- 6(9) The department may require employers to collect and report information on the exercise of employment restoration rights for auditing compliance and enforcement purposes.
- 6(10) This section ensures that all existing employee rights and protections under state or federal laws remain unaffected, including sick leave, temporary disability for pregnancy or childbirth, and leave protections under the federal family and medical leave act of 1993.

**Sec. 7. Amended**

- 7(1) Eliminates reference to the federal family and medical leave act, as it existed on October 19, 2017, and replaces the language with a reference to subsection (2) of this section.
- 7(2) This section does not apply if:
  - 7(2)(a) The employee is not employed by the employer when applying for benefits;
  - 7(2)(b) The employee is not entitled to employment protection under RCW 50A.35.010; or
  - 7(2)(c) The employee did not exercise the right to employment protection within the specified time periods under RCW 50A.35.010(7).

**Sec. 8. New**

The act takes effect January 1, 2026.

**II. B - Cash receipts Impact**

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

No cash receipts impact is projected for Local Education Agencies (LEA).

**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 cost impact is indeterminate. The proposed legislation would extend employment protection to employees who have been with their employer for at least 90 days prior to taking leave. LEA's could experience challenges with staffing shortages related to an increased number of staff using Paid Family Medical Leave (PFML) services, as well as overtime costs to ensure work is completed while employees are on leave.

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

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

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

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

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

NONE

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

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

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

NONE

**IV. C - Capital Budget Breakout**

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

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

No capital budget impact.

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*