Multiple Agency Fiscal Note Summary

Bill Number: 1213 E 2S HB AMS LC S2578.1	**Title:** 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	29,000	0	0	67,000	0	0	139,000
Office of Administrative Hearings	0	0	74,000	0	0	378,000	0	0	725,000
Employment Security Department	0	0	(2,000,000)	0	0	105,000,000	0	0	3,000,000
Total $	**0**	**0**	**(1,897,000)**	**0**	**0**	**105,445,000**	**0**	**0**	**3,864,000**

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI	Fiscal note not available					
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

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	29,000	.4	0	0	67,000	.5	0	0	139,000
Office of Financial Management	Fiscal note not available											
Office of Administrative Hearings	.2	0	0	74,000	1.2	0	0	378,000	2.3	0	0	725,000
Employment Security Department	5.9	0	0	4,957,748	7.4	0	0	2,232,294	8.0	0	0	2,768,698
SWF Statewide Fiscal Note - OFM	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Total $	**6.4**	**0**	**0**	**5,060,748**	**9.0**	**0**	**0**	**2,677,294**	**10.8**	**0**	**0**	**3,632,698**

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	Fiscal note not available								
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	Fiscal note not available								
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	.0	0	0	.0	0	0	.0	0	0
Total $	0.0	0	0	0.0	0	0	0.0	0	0

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	Fiscal note not available								
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Anna Minor, OFM	Phone: (360) 790-2951	Date Published: Preliminary 4/ 3/2025

Individual State Agency Fiscal Note

Bill Number: 1213 E 2S HB AMS LC S2578.1	Title: Paid family & medical leave	Agency: 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 405-1	11,000	18,000	29,000	67,000	139,000
Total $	11,000	18,000	29,000	67,000	139,000

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	0.5
Account					
Legal Services Revolving Account-State 405-1	11,000	18,000	29,000	67,000	139,000
Total $	11,000	18,000	29,000	67,000	139,000

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:

[X] 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:	Susan Jones	Phone: 360-786-7404	Date: 03/31/2025
Agency Preparation:	Dave Merchant	Phone: 360-753-1620	Date: 04/02/2025
Agency Approval:	Leah Snow	Phone: 360-586-2104	Date: 04/02/2025
OFM Review:	Val Terre	Phone: (360) 280-3073	Date: 04/03/2025

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: Amends RCW 50A.05.050 to require the Office of Actuarial Services (OSA) to submit a report within 10 business days of the effective date of this act to the advisory committee established in RCW 50A.05.030 and to legislative committees if the office projects that a deficit in the family medical leave account will not be recovered through the next quarter's collections.
Section 3: Amends RCW 50A.10.030 to incorporate this act and to make technical edits.
Section 4: Technical amendments to RCW 50A.15.020.
Section 5: 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 6: Amends RCW 50.20.020 to specify content of required postings.
Section 7: Amends RCW 50A.30.010 to modify requirements regarding employee qualifications for voluntary plans.
Section 8: Amends RCW 50A.24.010 clarify and modify language related to grants and assessments.
Section 9: New Section to RCW 50A.24. Enables employers with fewer than 50 employees to apply for grants; specifies amount and applicability of grant funding; ESD required to assess employers who receive grants under this subsection for premiums for three years from the date of receipt of a grant; employers that have a voluntary plan not eligible.
Section 10: New Section to RCW 50A.24. Grants under this chapter funded from family and medical leave insurance account; established timing and procedures for applications and payments.
Section 11: Amends RCW 50A.35.010 to 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. ESD may require employer to collect and report information regarding employment restoration. Section does not alter other laws.
Section 12: Amends RCW 50A.35.020 to incorporate changes above.
Section 13: New Section – effective date January 1, 2026.
Section 14: New Section – Act is null and void if not funded by June 30, 2025.

II. B - Cash receipts Impact

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

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: $18,000 for 0.1 AAG and 0.1 PL1
FY 2028: $22,000 for 0.1 AAG and 0.1 PL1

FY 2029: $45,000 for 0.2 AAG and 0.1 PL1
FY 2030: $59,000 for 0.2 AAG and 0.1 PL1
FY 2031: $80,000 for 0.3 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 approximately 0.05 percent of appeals will be referred to the AGO for legal representation at hearings before the Office of Administrative Hearings (OAH).

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

FY 2026 = 1
FY 2027 = 3
FY 2028 = 5
FY 2029 = 9
FY 2030 = 12
FY 2031 = 16

Each appeal is anticipated to result in an average of 30 hours of AAG time.

Rulemaking, advice on necessary operational and communication updates will require an additional 40 hours in FY 2026 and 10 hours in FY 2027.

LAL workload hours:

FY 2026: 70 AAG hours
FY 2027: 100 AAG hours
FY 2028: 150 AAG hours
FY 2029: 270 AAG hours
FY 2030: 360 AAG hours
FY 2031: 480 AAG hours

LAL total non-King County workload impact:
FY 2026: $11,000 for 0.1 AAG and 0.1 PL1
FY 2027: $18,000 for 0.1 AAG and 0.1 PL1
FY 2028: $22,000 for 0.1 AAG and 0.1 PL1
FY 2029: $45,000 for 0.2 AAG and 0.1 PL1
FY 2030: $59,000 for 0.2 AAG and 0.1 PL1
FY 2031: $80,000 for 0.3 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 OAH or the Office of Financial Management (OFM). 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 Revolving Account	State	11,000	18,000	29,000	67,000	139,000
		Total $	11,000	18,000	29,000	67,000	139,000

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	0.5
A-Salaries and Wages	8,000	12,000	20,000	46,000	96,000
B-Employee Benefits	2,000	4,000	6,000	14,000	29,000
E-Goods and Other Services	1,000	2,000	3,000	7,000	14,000
Total $	11,000	18,000	29,000	67,000	139,000

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	0.3
Management Analyst 5	98,040	0.1	0.1	0.1	0.1	0.1
Paralegal 1	71,148	0.1	0.1	0.1	0.1	0.2
Total FTEs		0.3	0.3	0.3	0.4	0.5

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Licensing & Administrative Law Division (LAL)	11,000	18,000	29,000	67,000	139,000
Total $	11,000	18,000	29,000	67,000	139,000

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

Bill Number: 1213 E 2S HB AMS LC S2578.1	Title: Paid family & medical leave	Agency: 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		74,000	74,000	378,000	725,000
Total $		74,000	74,000	378,000	725,000

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.0	0.4	0.2	1.2	2.3
Account					
Administrative Hearings Revolving Account-State 484-1	0	74,000	74,000	378,000	725,000
Total $	0	74,000	74,000	378,000	725,000

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:	Susan Jones	Phone: 360-786-7404	Date: 03/31/2025
Agency Preparation:	Pete Boeckel	Phone: 360-407-2730	Date: 04/01/2025
Agency Approval:	Rob Cotton	Phone: 360-407-2708	Date: 04/01/2025
OFM Review:	Val Terre	Phone: (360) 280-3073	Date: 04/02/2025

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 5 expands the information that an employee must post regarding employees' rights and protections to receive Paid Family Medical Leave (PFML) benefits. Willful violations are subject to a monetary penalty which is an appealable cause of action to the Office of Administrative Hearings.

Section 11(6)(a) removes the applicability of 50A.35.010 from employers with 50 or more employees, employees working at least 12 months, and employees working concurrent 1,250 hours for their employer, and changed it to the employee only working for the employer (regardless of employer size) to 90 calendar days prior to taking the PFML.

Section 12(1) creates an employee forfeiture clause for resuming employment after taking PFML 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) beginning in FY 2026.

FY2026: 7 Appeals
FY2027: 44 Appeals
FY2028: 87 Appeals
FY2029: 137 Appeals
FY2030: 189 Appeals
FY2031: 243 Appeals

OAH assumes, 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: No fiscal impact. OAH will provide services for appeals with existing resources.
FY 2027: 0.22 ALJ, 0.13 LA2 and 0.06 MA5. The total cost is rounded to $74,000.
FY 2028: 0.44 ALJ, 0.07 SALJ; 0.07 LALJ; 0.26 LA2 and 0.11 MA5. The total cost is rounded to $147,000.
FY 2029: 0.69 ALJ, 0.10 SALJ; 0.10 LALJ; 0.41 LA2 and 0.17 MA5. The total cost is rounded to $231,000.
FY 2030: 0.95 ALJ, 0.14 SALJ; 0.14 LALJ; 0.57 LA2 and 0.24 MA5. The total cost is rounded to $317,000.
FY 2031: 1.22 ALJ, 0.18 SALJ; 0.18 LALJ; 0.73 LA2 and 0.31 MA5. The total cost is rounded to $408,000.

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

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	0	74,000	74,000	378,000	725,000
		Total $	0	74,000	74,000	378,000	725,000

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years		0.4	0.2	1.2	2.3
A-Salaries and Wages		46,000	46,000	237,000	455,000
B-Employee Benefits		15,000	15,000	75,000	144,000
C-Professional Service Contracts					
E-Goods and Other Services		12,000	12,000	61,000	117,000
G-Travel				2,000	4,000
J-Capital Outlays		1,000	1,000	3,000	5,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	0	74,000	74,000	378,000	725,000

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		0.2	0.1	0.6	1.1
Lead ALJ	122,496				0.1	0.2
Legal Assistant 2	55,584		0.1	0.1	0.3	0.7
Management Analyst 5	98,040		0.1	0.0	0.1	0.3
Senior Administrative Law Judge	131,880				0.1	0.2
Total FTEs			0.4	0.2	1.2	2.3

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Regulatory & Education (REG)		74,000	74,000	378,000	725,000
Total $		74,000	74,000	378,000	725,000

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

Bill Number: 1213 E 2S HB AMS LC S2578.1	Title: Paid family & medical leave	Agency: 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 Account-State 22F-1		(2,000,000)	(2,000,000)	105,000,000	3,000,000
Total $		(2,000,000)	(2,000,000)	105,000,000	3,000,000

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	5.5	6.4	5.9	7.4	8.0
Account					
Family and Medical Leave Insurance Account-State 22F-1	4,100,004	857,744	4,957,748	2,232,294	2,768,698
Total $	4,100,004	857,744	4,957,748	2,232,294	2,768,698

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:	Susan Jones	Phone: 360-786-7404	Date: 03/31/2025
Agency Preparation:	Dan Phillips	Phone: 360 902-9448	Date: 04/02/2025
Agency Approval:	Sophal Espiritu	Phone: (360) 902-9254	Date: 04/02/2025
OFM Review:	Anna Minor	Phone: (360) 790-2951	Date: 04/03/2025

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 version of the bill retains all prior changes to the policies regarding employer sizing, consecutive hours, requirements, job protection, solvency report, and health benefit continuation as the previous version of the bill. However, it does include notification of small business assistance grants to Sec 1 and removes the health care small business assistance grant established in Sec 9. This grant type isn't part of current statute but was adopted in SHB 1213.

Sec. 1 – Requires the department to conduct regular outreach to employers regarding legal responsibilities under Title 50A RCW and now includes information on small business assistance grants. This section also allows the department to include job protection provisions in employer audits.

Sec. 2 – Requires ESD submit a report within 10 days to the Paid Leave advisory committee and appropriate committees of the legislature when ESD projects that a deficit in the Paid Leave account will not be recovered through the next quarterly premium collections.

Sec. 3 – Changes the way employers are sized for the purposes of premium assessment and eligibility for small business assistance grants.

Sec. 4 – Reduces the number of consecutive hours of leave necessary from eight to four.

Sec. 5 – 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. 6 – 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. 7 – Changes job protection requirements for employers with voluntary plans to match those requirements modified in Sec. 11.

Sec. 8 through Sec. 10 – Changes how employers access small business assistance (SBA) grants, changes the documentation requirements for grant approval, allows for third party administrators to apply on behalf of small employers, redefines benefit amount for grants.

Sec. 11 – Reduces the eligibility criteria for job protection to 180 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. 12 – Aligns maintaining health benefits with job protections modifications set in Sec. 11.

Sec. 13 – Establishes an 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	4,100,004	857,744	4,957,748	2,232,294	2,768,698
		Total $	4,100,004	857,744	4,957,748	2,232,294	2,768,698

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	5.5	6.4	5.9	7.4	8.0
A-Salaries and Wages	416,069	394,168	810,237	917,405	991,248
B-Employee Benefits	166,428	157,667	324,095	366,962	396,500
C-Professional Service Contracts	3,038,190		3,038,190		
E-Goods and Other Services	374,206	207,387	581,593	718,636	1,133,178
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	105,111	98,522	203,633	229,291	247,772
9-					
Total $	4,100,004	857,744	4,957,748	2,232,294	2,768,698

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	0.4		0.2		
ES Benefits Specialist 2	59,844	0.8	5.2	3.0	6.4	7.0
ES Benefits Technician	49,116	0.8	1.0	0.9	1.0	1.0
IT Business Analyst Journey	92,416	1.0		0.5		
IT Policy and Planning Senior/Specialist	106,976	0.2		0.1		
IT Project Management Senior Specialist	92,416	0.2		0.1		
Management Analyst 3	66,012	0.9	0.1	0.5		
Management Analyst 4	76,608	0.3		0.1		
Technical Training Consultant	72,924	0.9	0.1	0.5		
Total FTEs		5.5	6.4	6.0	7.4	8.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

The bill will require major rulemaking for the following changes:

Sec. 1 New New WACs will likely be needed to implement audit requirements.
Sec. 2 WAC 192-620-005 Amend to account for reduction in consecutive hours to receive benefits.
Sec. 2 WAC 192-510-040 Changes to employer sizing
Sec. 4 WAC 192-540-020 Amend to include job protection and other statutory criteria in public area notice
Sec. 5 WAC 192-700-005 Amend to align with job protection provisions of the bill
Sec. 5 WAC 192-700-006 Repeal due to job protection eligibility being determined based on calendar days worked rather than hours worked.
Sec. 5 WAC 192-700-015 Repeal due to job protection eligibility being determined based on calendar days worked rather than employer size.
Sec. 5 WAC 192-700-020 Amend to align health insurance continuation provisions of the bill
Sec. 6 WAC 192-700-007 Amend to align predecessor/successor requirements with job protection provisions of the bill
Sec. 7-9 WAC 192-560 Multiple changes to rules pertaining to grants

Cash Receipts Narrative

Included in the cash receipts is the revenue generated based on the assumed changes in the premium rates with this bill. An actuarial analysis shows the impact to the premium rate, and consequently, the assumed changes to premium revenue collections. Outlined in RCW 50a.10.030, the premium rate is calculated using the account balance on Sept 30, the expenditures, both operating costs and benefit payments in the prior fiscal year, and total taxable wages.

Therefore, with this bill, premium rates are expected to increase for four reasons:

1. The increase in benefit applications resulting from the expanded eligibility of job protection,
2. The increase additional Small Business Assistance (SBA) grant payments,
3. The slight adjustments to employer sizing, and
4. The additional operational expenses to implement this bill. The projected benefit payments, premium rates, and revenue impacts are shown in the tables below, both for the baseline and adjusted for the assumed changes found in this bill.

This bill will increase benefit payments by increasing additional claims from expanding job protection eligibility and SBA grant payments from increasing both access to the grants and the number of available grants for small employers. Compared to the previous version of the bill, the tables below reflect a reduction in the number of SBA grants and their associated payments with the removal of the healthcare grant. The job protection provisions in both versions of the bill have stayed the same and thus show no change. ESD assumes a steady increase from an additional $8 million in FY26 to $337 million by FY31.

Fiscal Year	Baseline: Benefit Payments from Claims	Baseline: SBA Grant Payments	Baseline: Total Benefit Payments	Projected: Benefit Payments from Claims	Projected: SBA Grant Payments	Projected: Total Benefit Payments	Delta from this Bill to Baseline
2026	$2,328	$0.2	$2,328	$2,331	$5	$2,336	$8
2027	$2,631	$0.2	$2,631	$2,664	$15	$2,679	$48
2028	$2,970	$0.2	$2,971	$3,049	$25	$3,074	$103
2029	$3,351	$0.3	$3,351	$3,487	$37	$3,524	$173
2030	$3,724	$0.3	$3,724	$3,927	$50	$3,977	$253
2031	$4,077	$0.3	$4,077	$4,356	$58	$4,414	$337

Values depicted in millions.
Totals may not sum due to rounding.

As a result of increased payments and higher operating costs, premiums rates will need to increase to accommodate this growth. The rates will stay the same through rate year 2027 where they reach the premium rate cap in both scenarios. However, this bill assumes the rate will continue to be at the cap through 2031 whereas the baseline shows slight decreases in 2028 and 2029 before reaching, and sustaining, at the premium rate cap through 2031 as well. These assumptions hold despite the reduction in benefit payments compared to prior versions of this bill. The reduction in benefit payments is not enough to push the rate under the maximum 1.2% premium rate.

Rate Year	Baseline Rate Projection	This Bill's Rate Projection	Delta from this Bill to Baseline
2026	1.15%	1.15%	0.00%
2027	1.20%*	1.20%*	0.00%
2028	1.16%	1.20%*	0.04%
2029	1.19%	1.20%*	0.01%
2030	1.20%*	1.20%*	0.00%
2031	1.20%*	1.20%*	0.00%

* Indicates a rate that would exceed 1.2% if not for the premium rate cap established in RCW 50A.10.020

There may be cases where the premium rate may not have changed within a given year yet the revenue collection may show an increase or decrease. This is due to the Paid Leave premium rates being set for the calendar year whereas revenue collections are depicted in fiscal years. For example, fiscal year 2028 contains premium revenue collections from Q2-Q4 of rate year 2027 and Q1 of rate year 2028. This is because premiums are remitted to Employment Security one month following the end of the quarter.

As a result of the changes in premium rates the following table shows the impacts this bill will have on premium revenue. A slight adjustment of the assumed 4% increase in premium exemptions for those employers that are assumed to have the size adjusted to qualify are also captured here. However, the biggest driver of changes in revenue come from adjustments in the premium rates brought on by the increase in benefit claims and SBA grant payments.

ESD assumes that the number of employers that are exempt from the employer portion of the premium due having fewer than 50 employees will grow by 4%. This is based on the number of employers during the 2024 sizing that were within five employees of 50. As this new method of capturing employer size is based on headcount at the end of the quarter rather than total employees reported in the quarter, employers are assumed to see slight reductions in their size. The assumed 4% increase in employers qualifying for the employer premium exemption will result in a reduction of premium revenue of about $2 million in FY27. This is also the reason for the reduction of revenue in FY31

Fiscal Year	Baseline Premium Revenue Projection	This Bill's Premium Revenue Projection	Delta from this bill to Baseline
2026	$2,433	$2,433	$0

2027	$3,055	$3,053	-$2
2028	$3,313	$3,334	$21
2029	$3,448	$3,532	$84
2030	$3,726	$3,739	$13
2031	$3,967	$3,956	-$10

Values depicted in millions.

Operating Narrative

Section 2: Projected Deficit Report

This section of the bill adds a report that is to be submitted within 10 business days to the Paid Leave advisory committee and appropriate committees of the legislature when ESD projects that a deficit in the family and medical leave account will not be recovered through the next quarterly premium collections.

Currently, ESD provides the advisory committee with the current and projected account balance during public advisory meetings. Given this report, ESD does not expect this to generate more analytic work for the office of actuarial services within ESD as monitoring and updating account projections are happening quarterly as new premium revenue data becomes available. When short-term deficits are projected, which happens when the account temporarily enters a negative balance as the program is awaiting quarterly premium revenue, ESD is required to draft a letter to the Office of Financial Management (OFM) in order to gain authorization for deficit spending until premium collection return the account to a positive balance. ESD assumes that this report will follow these same standards but will only be required to be submitted to the additional bodies when premium collections following a deficit period do not return the account in a positive balance and as the assumed intent is to provide additional awareness to stakeholders when long-term deficits are projected. Following this standard, ESD assumes that this report will indicate the expected period that the account balance will become negative and if or when the account balance is expected to recover into a positive balance given current projection.

Drafting this report will take additional staff hours from the office of actuarial services and government relations within ESD. Based on current projections, this work can be absorbed within existing resources at this time. However, should future conditions adjust program expectations additional resources may be required.

Section 3: Employer Sizing

This section of the bill changes the way employers are sized for the purposes of premium assessment and eligibility for small business assistance grants. Should this bill pass, employers' size will be based on the total number of employees the employer employs at the end of each quarter and then averaged across the prior year. Currently employers are sized based on the number of employees that are reported to the department within that quarter during wage reporting. It is not based on current employee counts and could include employees that are no longer employed by the employer. In order to implement the change the ESD would need to add employee counts to the wage reporting and have employers submit this information when filing quarterly wage reports. The following updates to the technical systems would need to be conducted in order to implement this bill:

- Changes to manual reporting and the employer wage reporting process and database to include a new field for the employer to report current employment count as of the last day of each quarter, update employer screens so that their online portals accurately reflect counts based on the new field, and changes to processes for wage report amendments.

- Change the filing process used by third party administers for quarterly wage reporting and specifications to include employee count for each reporting employer.
- Update employer sizing calculation to utilize the new employee count data for annual employer sizing, build off and update existing systems used to size new employers.

Sizing takes place in the fall and is effective for employers for the following calendar year. This bill's effective date is Jan 1, 2026, therefore the first employer sizing impacted will be in the fall of 2026 and apply to calendar year 2027.

In addition to increased staffing needs for technical implementation relating to employer sizing, ESD expects additional expenses associated with printing and postage costs associated with the communications plan and campaign in the amount of $184,800, based on a projected additional 240,000 employers that will receive the mailers. This will inform employers about the additional wage reporting requirements to collect employee counts at the end of the quarter. This is based off a similar strategy used when adding date of birth requirements to wage reporting requirements.

Increased mailing costs are based on average letter printing and postage costs of $0.04 for printing and $0.69 for metered postage, per letter. Each letter is expected to be two (2) pages.

- Printing cost: $0.04 per page
- Total additional mailings (number of employers): 240,000
- Metered postage cost: $0.69 per letter

(240,000 * 2 pages * $0.04) + (240,000 * $0.69) = $184,800 total one-time mailing costs in FY 26.

Section 4: Consecutive Hours Requirements

This section of the bill adjusts the weekly claims requirements to four 4 consecutive hours, down from 8. There is not a large technical implementation cost, but some resources will be required to adjust online customer accounts, system calculations, and public-facing information on websites and Paid Leave guides to account for this change.

ESD 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 requirements, 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 and 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.

Section 8-10: Small Business Assistance (SBA) Grants

These sections of the bill make a number of changes regarding how employers access small business assistance grants, the documentation requirements for grant approval, changes the maximum number of grants an employer can receive to be based on approval of grants as opposed to applications, allows for third party administrators ability to apply on behalf of small employers, and redefines benefit amount for grants. This version of the bill was amended to remove the healthcare grant that was included in SHB 1213. The following updates to the technical systems would need to be conducted in order to implement this bill if it were to pass:

- Section 8 adjusts grants for employers with 50-150 employees.
  - This would require updates to functionality to base the maximum number of grants on 10 approved grants rather than 10 applications.
- Section 9 adds a section to adjust how grants for employers with fewer than 50 employees function.
  - Subsection 2 changes the award amount to a flat $3,000 and removes documentation requirements. This will require ESD to adapt current grant application functionality, remove document upload and adjust attestation statement, and to crossmatch to employees who take leave to automate grant processing.
- Section 10 provides updates for all grants, including grant submission deadlines, allowing third party administrators to apply on behalf of employers, and employer notifications.
  - This would require the department to add access to grant application in the employer context using the existing databases, updates to application screens, and changes to allow for employer notifications.

ESD assumes there to be an increase to the number of small business assistance grants if this bill were to pass. This bill adds a number of provisions that would lead the department to assume application volumes will increase, including the following:

- Allowing third party administrators to apply for grants on behalf of employers eligible for grants. This will increase access to applications for small employers.
- Requires ESD to notify employers with fewer than 50 employees when they may be eligible for a grant based on an employee taking Paid Leave.
- Increases the number of grants a small employer can receive in a calendar year.
- Removes documentation requirements for employers with fewer than 50 employees applying for temporary worker or wage replacement grants.

Due to the ease of application, amount of benefit received per grant, and improved awareness, ESD assumes an increase in grant applications. However, historically the grant program has been underutilized, with only 88 approved applications in FY24. If this bill were to pass, the high levels of potential impact it will have on the grant benefit and the limited amount of historical data, ESD provides the following assumed growth.

- The growth in grants coming from employers with fewer than 50 employees is assumed to have an initial utilization rate of 10% starting in calendar year 2026. This utilization is estimated to increase to a 50% utilization rate over the next five years. The cost per grant is set at $3,000 per grant as noted in Sec. 8 of this bill.
- The growth in grants coming from employers with 50-150 employees is assumed to have an

initial utilization rate of 10% starting in calendar year 2026. This utilization is estimated to increase to a 18% utilization rate over the next five years. This has a lower utilization rate as this bill has fewer modification to employers of this size. The average cost per grant is assumed to be similar to historical experience in the Paid Leave grant program, $1,909 per grant.

Below is a complete table showing assumed grant applications should this bill pass.

Fiscal Year	Total Grant Applications	Temp. Worker & Wage Related Grants: Employers Sized < 50	Temp. Worker & Wage Related Grants: Employers Sized 50-150
2026	2,144	1,330	814
2027	6,075	4,205	1,870
2028	9,918	7,532	2,386
2029	14,337	11,364	2,973
2030	19,070	15,492	3,578
2031	21,951	17,987	3,964

Grants for Employers with Fewer Than 50 Employees

Based on historical experience in the grant program, assumptions include 25% of additional grant applications will need contact for some support as grant adjudication is assumed to be automated for standard grant applications. These grant applications will no longer require documents to be submitted to ESD. However, health care continuation benefits will still require documentation and cannot be automated.

Provided below is the staffing calculation for FY26-FY31 to process grant applications for employers with fewer than 50 employees based on the revisions this bill does for temporary workers and wage replacement grants.

- Annual hours to process applications per FTE: 1,350 hours
- Avg time per contact: 0.25 hours (assumed a lower service time due to no documentation requirements)
- Assumes 25% of customer will need require contact

The following table shows the staffing necessary to process grant applications for employers with fewer than employees through FY31, based on the methodology outlined above.

Fiscal Year	Application Volume: Temp Worker & Wage Replacement	Staff Hours to Process Grant Applications	Additional FTEs Needed (Ongoing ES Benefit Specialist 2)
2026	1,330	83	0
2027	4,205	263	0
2028	7,532	471	0
2029	11,364	710	0
2030	15,492	968	0
2031	17,987	1124	0

Grants for Employers with 50-150 Employees

This bill doesn't change benefits or documentation requirements as it does for grants from employers with fewer than 50 employees, but it does still allow third party administrators to apply for grants on behalf of employers and changes the maximum grant threshold from 10 grant applications to 10 approved grants, thus increasing the expected number of grants applications employers will submit. Provided below is the staffing calculation to process grant applications for employers with 50-150 employees.

- Annual hours to process applications per FTE: 1,350 hours
- Avg time per application: 1.0 hours (historical service time necessary for processing grants)

The following table shows the staffing necessary to process grant applications for employers with 50-150 employees through FY31, based on the methodology outlined above.

Fiscal Year	Application Volume: Temp Worker & Wage Replacement	Staff Hours to Process Grant Applications (1.0 Hours * Application Volume)	Additional FTEs Needed (ES Benefits Specialist 2)
2026	814	814	0
2027	1,870	1,870	1
2028	2,386	2,386	0
2029	2,973	2,973	1
2030	3,578	3,578	0
2031	3,964	3,964	0

- Staffing Needs:
  - 1.0 FTE Ongoing ES Benefits Specialist 2 beginning in September FY2027.
  - 1.0 FTE Ongoing ES Benefits Specialist 2 beginning in September FY2029.

The increase in staff will also necessitate technical training and an operation process coordinator to implement these changes, requiring the following resources:

- One-time 0.9 FTE in FY26 and 0.1 FTE in FY27 of a Management Analyst 3.
- One-time 0.9 FTE in FY26 and 0.1 FTE in FY27 of a Technical Training Consultant.

In addition to increased staffing needs, ESD expects additional expenses associated with increased print documentation and postage of $1,956 in FY26, growing to $13,083 by FY29 across all grant types.

Increased mailing costs are based on average letter printing and postage costs of $0.04 for printing and $0.69 for metered postage, per letter, for a total mailing cost of $0.73 per letter. Decision letters will be sent for each additional grant application and an assumption of 25% of all additional applications will require fact-finding letters. Provided below is the calculation for FY26-FY31 grant application mailing costs for all additional SBA applications.

Fiscal Year	Total Grant Application Volume	Total Decision Letters (1 letter per application)	Total Fact-Finding Letters (25% of applications)	Total Letters (Decision + Fact Finding)	Mailing Costs for Additional Grant Applications (Total Letters * $0.73 per letter)
2026	2,144	2,144	536	2,680	$1,956
2027	6,075	6,075	1519	7,594	$5,543
2028	9,918	9,918	2480	12,398	$9,050
2029	14,337	14,337	3584	17,921	$13,083
2030	19,071	19,071	4768	23,839	-
2031	21,951	21,951	5488	27,439	-

Sec. 7, 11, and 12: Job Protection and Health Benefit Continuation

To implement these sections of the bill, updates to language referring to job protection across our content products (e.g. benefit guides, employer toolkit, voluntary plan guide, factfinding letters, secure messages, etc.) will need to be made. This will also necessitate updates to content that require language translations.

ESD will require a communication plan to inform employers and workers about the expansion of job protection. This bill removes the job protection 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 the 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, ESD staff 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 this bill, which would lead to a corresponding increase to the number of complaints related to job protection the department would receive. ESD 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. ESD 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 utilize leave compared to 1.1% of those who are not job protected.

Following the statistical association found in the report, ESD assumes 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 the increase in application volumes associated with this policy change. As a result, ESD expects the expansion of job protection will have some measurable impact on the Paid Leave account and rate setting.

This bill adjusts the work history for employees to be eligible for job protected leave. It requires an employee to have worked for his or her current employer for at least 180 calendar days before taking leave in order to qualify for employment protection (rather than 90 calendar days as provided in SHB 1213 or 12 months as provided in current law). This is assumed to be in a reduction of projected benefits compared to SHB 1213 but still expand on current law. To estimate this change ESD analyzed historical wage reports for employees at their current employer for four quarters and two quarters compared to total employees and used this difference to extrapolate how many might not have been with their employer for one full quarter (90 days). This estimate was adjusted for an estimate of turnover. As a result of this analysis, ESD estimated that either 8.7% did not have job protection or would have job protection but would have lower utilization more representative of not having job protection if the requirement was 90 days at the same employer. Moving to 180 days that estimate increased to 17.6%.

The tables below show in the increase in application volumes taking into account the utilization of the employees needing the 180 calendar days work history with their current employer associated with this policy change. As a result, additional staff will be required to accommodate this growth.

Fiscal Year	Baseline Projections	Current Bill Projections	Difference	% Change	Additional Appeals from Current Bill
FY26	344,080	345,000	920	0%	9
FY27	366,432	372,228	5,796	2%	58
FY28	390,257	401,894	11,637	3%	116
FY29	415,410	433,613	18,203	4%	182
FY30	435,676	460,844	25,168	6%	252
FY31	450,083	482,384	32,301	7%	323

The projected benefit applications are expected to increase annually by 920 in FY26 to 5,796 annually in FY27. The following calculations show the staffing need based on this expectation.

- Annual hours to process applications per FTE: 1,350 hours
- Avg time per application: 1.2 hours
- Avg. Number of applications processed per FTE: 1,125
- 920 additional applications annually in FY26
- 920 * 1.2 avg hours per application = 1,104 hours of staff time in FY26 ~ 1.0 FTE ES Benefits Specialist 2 beginning in September FY26 and ongoing.
- By FY27 Employment Security estimates an additional 5,796 applications annually, resulting in a need of 6,955 staff hours ~ 4.0 FTE ES Benefits Specialist 2 beginning in September FY27 and ongoing.

The projected increases in benefit application volume are expected to also result in an increase in small business employer inquiries. ESD expects that to take 1,392 (FY26) and 1,503 (FY27) hours of work to support customer service needs.

- Avg. Employer phone call = 17min, or 0.2833hr
- 345,000 applications projected in FY26
- 345,000 * 19% (assumption of applications associated with small employer) * 7.5% (share of small employer assumed to need assistance) * 0.2833hrs = 1,392 hours of staff time in FY26 ~ 1.0 FTE ES Benefits Technician beginning in FY26 and ongoing.

Estimates for FY27 application volume are 372,228, requiring 1,503 staff hours, which could be absorbed by the one additional FTE from FY26.

Additional printing and mailing costs are required to accommodate growth in benefit claims resulting from the expansion of job protection. Each application requires two employer letters and one benefit letter.

- Total decision letters pages per application: 12 (2 Employer, 4 Benefits)
- Printing cost: $0.04 per page
- Metered postage cost: $0.69 per letter
- Letter costs:
  - Employer Notification (1 page): $0.73
  - Employer Decision (1 page): $0.73
  - Benefit Decision (4 pages): $0.85

Total mailing costs: FY 26: $2,125, FY27 and ongoing: $13,389

Information Technology

The technical work should this bill pass would require 48 weeks of development work with production deployment to follow. This work is assumed to begin 7/2/25, which results in production deployment on around 6/11/26. The removal of the healthcare small business assistance grants adopted in this bill resulted in about 6 weeks less of contract staff hours for those contractors working on the small business assistance grants. However, due to deployment and employer sizing effective dates the release dates of these features will remain the same.

Due to the type and amount of work needed to implement with the current effective date of Jan 1, 2026, the technical work will need to be supplemented with contracted staff so that simultaneous work can be carried out on the various components. The following table provides a high-level timeline and staff breakdown based on those components.

	July – Sept 2025	Oct – Dec 2025	Jan – Mar 2026	April – June 2026
Existing Tech Resources	Consecutive hours update to weekly claims	Notification updates for job protection		
New Contracted Tech Resources	Updates to small business assistance grants for employers		Small business grants for TPAs	Updates to employer sizing

The following contracted resources will be required to implement the changes from this bill as a one-time cost of $3,038,190 in FY26:

Position	Hours	Rate	Total (Rate * Hours)
Developer Team	1764	$115	$202,860
Developer Team Lead/Delivery Architect	1764	$175	$308,700
Senior Application Developer	1764	$160	$282,240
Application Developer	3528	$135	$476,280
Integrated Test Engineer	1764	$135	$238,140
QA Tester	3528	$95	$335,160
Senior Engineer	882	$125	$110,250
Engineer	2646	$110	$291,060
Performance Test Team Lead	336	$175	$58,800
Senior Performance Tester	336	$160	$53,760
Performance Tester	1008	$120	$120,960
Senior Security Tester	168	$200	$33,600
Security Tester	168	$170	$28,560
Principal Architect	336	$185	$62,160
Cloud Architect	168	$185	$31,080
DevOps Architect	168	$185	$31,080
Data Architect	420	$215	$90,300
Sr Application Developer	480	$160	$76,800
Application Developer	480	$135	$64,800
Senior QA	480	$135	$64,800
Senior Data Engineer	480	$160	$76,800

		Total	$3,038,190

Product Planning and Performance
Staffing estimates are based on past projects with similar sized scope and impact, such as adding date of birth to the Paid Leave and WA Cares wage reporting system.

For projects that require technical development work, the Product Team design and plan the new customer- facing screens, workflows, and database modifications needed to implement the system and code changes needed if this bill were to pass. The Product team needs approximately 6-8 weeks lead time ahead of the development teams.

This will require the following one-time resources in FY26:
- 0.19 FTE IT Policy and Planning Senior/Specialist
- 0.24 FTE IT Project Management Senior/Specialist
- 0.28 FTE Management Analyst 4
- 0.95 FTE IT Business Analyst – Journey

Communications
The 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 HR 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. The communications team will work with the project team to review and approve FAQs, talking points or other materials used by the agency for outreach, so that messaging to the public is aligned and consistent.

This one-time work will require 0.38 FTE of a Communications Consultant 4 in FY26.

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

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 this Bill	Additional Appeals Referred to AGO	Anticipated Amount Billed to ESD by AGO
2026	920	1	$11,000
2027	5,796	3	$18,000
2028	11,637	5	$22,000
2029	18,203	9	$45,000
2030	25,168	12	$59,000
2031	32,301	16	$80,000

Office of Administrative Hearings (OAH)
The following table show the increase to OAH appeals from this bill, along with associated costs by fiscal year. ESD assumes a growth in OAH costs the estimates for this bill but have a scaled reduction resulting from the changes in job protection provisions adjustments made in this version of the bill compared to prior versions of this bill.

Fiscal Year	Additional Applications from this Bill	Additional Appeals Referred to OAH	Anticipated amount billed to ESD by OAH
FY26	920	7	$0
FY27	5,796	44	$74,000
FY28	11,637	87	$147,000
FY29	18,203	137	$231,000
FY30	25,168	189	$317,000
FY31	32,301	243	$408,000

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1213 E 2S HB AMS LC S2578.1	**Title:** Paid family & medical leave

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

Legislation Impacts:

- [X] Cities: Potentially significant increases in administrative and staffing costs for all cities. Potential grant revenue for small employers
- [X] Counties: All counties. Same as above.
- [X] 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:
- [X] Legislation provides local option: Local governments with less than 50 employees may choose to apply for a grant to offset additional employment costs.
- [X] Key variables cannot be estimated with certainty at this time: The number of new PFML claims. Staff time needed for implementation and to maintain current operations. Training costs. Costs to apply for a small business grant.

Estimated revenue impacts to:

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

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: 04/01/2025
Leg. Committee Contact: Susan Jones	Phone: 360-786-7404	Date: 03/31/2025
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 04/01/2025
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 04/01/2025

Part IV: Analysis

A. SUMMARY OF BILL

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

This note is on 1213 E2SHB AMS LC S2578.1 and compares it to E2S HB 1213.

CHANGES BETWEEN THIS VERSION AND THE PRIOR VERSION OF THE BILL:
This version of the bill makes the following changes:

Sec. 1 is amended to require the Employment Security Department to include information on the availability of grants to certain employers.
Sec. 9 is amended to remove the grant for employers with fewer than 50 employees related to health care costs.

These changes do not affect the fiscal impacts discussed below.

SUMMARY OF CURRENT BILL:
This legislation reduces the extends employment protection rights in the Paid Family and Medical Leave (PFML) to any employee who began employment with their current employer at least 180 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. Employers are required to provide notice to employees estimating the expiration of employment protection under the PFML Act after 14 typical workdays of intermittent leave, rather than 14 typical work weeks of intermittent leave. The legislation also expands certain health care coverage protections for employees and expands access to grants for small businesses.

This act is null and void if funding is not appropriated by June 30, 2025.

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.

EXPENDITURE IMPACTS OF CURRENT BILL:
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 also 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.

This legislation also 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 Association of Washington Cities (AWC) estimates that 62 percent of Washington's cities (175) have fewer than 50 employees and 38 percent of Washington's cities (108) have fewer than 15 employees. If this bill is passed, these cities will need to create a compliance system which may include costs to hire and train new staff.

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%.

The Washington State Association of Counties reports that the current recruiting environment for all professional staff is very challenging. In the case of corrections staff, the number of corrections officers for all county facilities is approximately 2,289 when fully staffed. Data released in December 2024 by the Washington State Institute for Public Policy states that the average vacancy rate for jail corrections officers as of 3/31/23 to be 18.9 percent. The percentage of jails experiencing severe (30 percent vacancy rate) problems with corrections officer staffing in 2023 was 16.1 percent. Also, the percentage of jails that are relying on voluntary overtime to fill staffing gaps every week was 88.6%. The additional staffing costs necessary to maintain current operating levels cannot be predicted at this time. These costs are indeterminate.

The total cost 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.

REVENUE IMPACTS OF CURRENT BILL:
Recent data released by the Employment Security Department, indicates that 88 program grants were approved in fiscal year 2024 with 35 percent (31) of these grants awarded to employers with less than 50 employees. In addition to staffing costs to prepare and submit a grant program application, the costs to apply for a grant will include additional premiums paid over three years if a program grant is awarded. It is unknown how many local governments will choose to apply for a program grant or if the amount awarded will be sufficient to compensate for worker replacement costs and the additional premiums. These revenues will vary by employer and are indeterminate.

SOURCES
Local Government FN S HB 1213 (2025)
Local Government FN E2S HB 1213 (2025)
Association of Washington Cities (AWC)
Chelan County Public Utility District
Employment Security Department, 2024 Paid Family & Medical Leave Legislative Report
Washington State Association of Counties (WSAC)
Washington State Institute for Public Policy: Jails and Juvenile Detention Centers in Washington State: Population Trends, Survey of Local Facilities, and Availability of CJTC Courses, December 2024

Individual State Agency Fiscal Note

Bill Number: 1213 E 2S HB AMS LC S2578.1	**Title:** Paid family & medical leave	**Agency:** SWF-SWF Statewide Fiscal Note - OFM

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.

X 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:	Susan Jones	Phone: 360-786-7404	Date: 03/31/2025
Agency Preparation:	Kathy Cody	Phone: 360-480-7237	Date: 04/01/2025
Agency Approval:	Jamie Langford	Phone: (360) 870-7766	Date: 04/01/2025
OFM Review:	Anna Minor	Phone: (360) 790-2951	Date: 04/01/2025

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 changes included in E2SHB 1213 AMS LC S2578.1 do not change the statewide fiscal impact assumptions from the prior version of the bill.

This bill expands protections for workers in the Paid Family and Medical Leave (PFML) Program.

Specifically, the bill:
• Reduces the minimum claim from eight (8) consecutive hours to four (4) consecutive hours.
• Adds to the information each employer must post in conspicuous places on the premises of the employer, to include, but not limited to, PFML program eligibility requirements, possible weekly benefits, application processes, employment protection rights, nondiscrimination rights and other protections.
• Extends employment protection rights to any employee who began employment with their current employer at least 180 calendar days before taking leave, regardless of the size of the employer (prior versions of the bill proposed 90 days rather than 180).
• Allows employers to prevent stacking of certain employment protection rights.
• The act takes effect January 1, 2026.
• Null and void clause included.

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.

This bill may have indeterminate impacts to state agencies, though any impact is expected to be minimal. It is possible that the expansion of job protections may result in additional state employees choosing to participate in the Paid Family and Medical Leave program. However, we are unable to quantify this impact. State agencies will be required to update posted PFML information, but it is expected that this can be done within existing resources.

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

Part V: New Rule Making Required

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