

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1213 E 2S HB AMS WM S2844.2	<b>Title:</b> Paid family & medical leave
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## Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of Administrative Hearings	0	0	56,000	0	0	314,000	0	0	632,000
Employment Security Department	0	0	(2,000,000)	0	0	105,000,000	0	0	3,000,000
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>(1,944,000)</b>	<b>0</b>	<b>0</b>	<b>105,314,000</b>	<b>0</b>	<b>0</b>	<b>3,632,000</b>

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Other	Fiscal note not available					
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	Fiscal note not available											
Office of Financial Management	Fiscal note not available											
Office of Administrative Hearings	.1	0	0	56,000	1.0	0	0	314,000	2.0	0	0	632,000
Employment Security Department	6.0	0	0	4,935,900	7.4	0	0	2,153,025	8.0	0	0	2,647,516
SWF Statewide Fiscal Note - OFM	Fiscal note not available											
<b>Total \$</b>	<b>6.1</b>	<b>0</b>	<b>0</b>	<b>4,991,900</b>	<b>8.4</b>	<b>0</b>	<b>0</b>	<b>2,467,025</b>	<b>10.0</b>	<b>0</b>	<b>0</b>	<b>3,279,516</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	Fiscal note not available								
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	Fiscal note not available								
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	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	Fiscal note not available								
Local Gov. Total									

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Anna Minor, OFM	<b>Phone:</b> (360) 790-2951	<b>Date Published:</b> Preliminary 4/17/2025
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1213 E 2S HB AMS WM S2844.2	<b>Title:</b> Paid family & medical leave	<b>Agency:</b> 110-Office of Administrative Hearings
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Administrative Hearings Revolving Account-State 484-1		56,000	56,000	314,000	632,000
<b>Total \$</b>		56,000	56,000	314,000	632,000

### Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.0	0.3	0.1	1.0	2.0
<b>Account</b>					
Administrative Hearings Revolving Account-State 484-1	0	56,000	56,000	314,000	632,000
<b>Total \$</b>	0	56,000	56,000	314,000	632,000

### 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: Josh Hinman	Phone: 3607867281	Date: 04/12/2025
Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 04/14/2025
Agency Approval: Rob Cotton	Phone: 360-407-2708	Date: 04/14/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 04/14/2025

## 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 staggers the applicability of the changes based on employer size.

Section 5 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 which is an appealable cause of action.

Section 11(6)(a) staggers the implementation of the changes based on the number of employees employed.

- 2026 - 25 or more employees.
- 2027 - 15 or more employees.
- 2028 and forward - eight or more employees.

Section 12(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) per fiscal year beginning in FY 2026. 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.

- FY2026 – 5 appeals;
- FY2027 – 34 appeals;
- FY2028 – 71 appeals;
- FY2029 – 116 appeals;
- FY2030 – 164 appeals;
- FY2031 – 214 appeals.

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 conduct hearings with existing resources.  
 FY 2027: 0.17 ALJ and 0.10 LA2 with a rounded cost of \$56,000.  
 FY 2028: 0.36 ALJ, 0.05 SALJ; 0.05 LALJ; 0.22 LA2 and 0.09 MA5 with a rounded cost of 121,000.  
 FY 2029: 0.58 ALJ, 0.09 SALJ; 0.09 LALJ; 0.35 LA2 and 0.15 MA5 with a rounded cost of \$193,000.  
 FY 2030: 0.82 ALJ, 0.12 SALJ; 0.12 LALJ; 0.49 LA2 and 0.21 MA5 with a rounded cost of \$274,000.  
 FY 2031: 1.07 ALJ, 0.16 SALJ; 0.16 LALJ; 0.64 LA2 and 0.27 MA5 with a rounded cost of \$358,000.

New hearings referred to OAH are assumed to increase each FY.

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	0	56,000	56,000	314,000	632,000
<b>Total \$</b>			0	56,000	56,000	314,000	632,000

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

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years		0.3	0.1	1.0	2.0
A-Salaries and Wages		36,000	36,000	198,000	396,000
B-Employee Benefits		11,000	11,000	62,000	125,000
C-Professional Service Contracts					
E-Goods and Other Services		9,000	9,000	50,000	102,000
G-Travel				2,000	4,000
J-Capital Outlays				2,000	5,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	0	56,000	56,000	314,000	632,000

**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	0.5	1.0
Lead ALJ	122,496				0.1	0.1
Legal Assistant 2	55,584		0.1	0.1	0.3	0.6
Management Analyst 5	98,040				0.1	0.2
Senior Administrative Law Judge	131,880				0.1	0.1
<b>Total FTEs</b>			0.3	0.1	1.0	2.0

**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)		56,000	56,000	314,000	632,000
<b>Total \$</b>		56,000	56,000	314,000	632,000

**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 E 2S HB AMS WM S2844.2	<b>Title:</b> Paid family & medical leave	<b>Agency:</b> 540-Employment Security Department
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Family and Medical Leave Insurance Account-State 22F-1		(2,000,000)	(2,000,000)	105,000,000	3,000,000
<b>Total \$</b>		(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	5.6	6.4	6.0	7.4	8.0
<b>Account</b>					
Family and Medical Leave Insurance Account-State 22F-1	4,106,256	829,644	4,935,900	2,153,025	2,647,516
<b>Total \$</b>	4,106,256	829,644	4,935,900	2,153,025	2,647,516

### 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: Josh Hinman	Phone: 3607867281	Date: 04/12/2025
Agency Preparation: Dan Phillips	Phone: 360 902-9448	Date: 04/16/2025
Agency Approval: Sophal Espiritu	Phone: (360) 902-9254	Date: 04/16/2025
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 04/17/2025

## 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.*

1213 E2S HB AMS WM retains all prior changes to the policies regarding employer sizing, consecutive hours, notification requirements, solvency report, and health benefit continuation as E2SHB 1213. However, it does add a phased in approach of job protection provisions in Paid Leave based on employer size over time. It retains the 180-day work history with an employee's current employer, but the size of the employer required to provide job protections follows the following timeline

- Employers with 25 or more employees effective January 1, 2026
- Employers with 15 or more employees effective January 1, 2027
- Employers with 8 or more employees effective January 1, 2028, and thereafter.

This amends the current employer size down from employers with 50 or more employees in current statute. Prior versions of these bill removed the employer size restrictions entirely. Therefore, this is an expansion of the job protection provision from current statute but a reduction from prior versions of this bill.

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. 1213 E2S HB AMS WM sets a phased in approach to employer requirements to provide job protections based on employer size.

- Employers with 25 or more employees effective January 1, 2026
- Employers with 15 or more employees effective January 1, 2027
- Employers with 8 or more employees effective January 1, 2028, and thereafter.

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	4,106,256	829,644	4,935,900	2,153,025	2,647,516
<b>Total \$</b>			4,106,256	829,644	4,935,900	2,153,025	2,647,516

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

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	5.6	6.4	6.0	7.4	8.0
A-Salaries and Wages	419,712	394,168	813,880	917,405	991,248
B-Employee Benefits	167,885	157,667	325,552	366,962	396,500
C-Professional Service Contracts	3,038,190		3,038,190		
E-Goods and Other Services	374,440	179,287	553,727	639,367	1,011,996
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	106,029	98,522	204,551	229,291	247,772
9-					
<b>Total \$</b>	4,106,256	829,644	4,935,900	2,153,025	2,647,516

**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		
<b>Total FTEs</b>		5.6	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 1213 E2S HB AMS WM.

1213 E2S HB AMS WM 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 prior versions of this bill, the tables below reflect a reduction in the number benefit claims resulting from the phased in approach of job protection requirements and a slight reduction in the corresponding SBA grants. While a reduction from prior versions, there is still an increase in benefit and grant payments compared to current statute. ESD assumes a steady increase from an additional \$7 million in FY26 to \$304 million by FY31.

Fiscal Year	Baseline: Benefit Payments from Claims	Baseline: SBA Grant Payments	Baseline: Total Benefit Payments	1213 E2S HB AMS WM: Benefit Payments from Claims	1213 E2S HB AMS WM: SBA Grant Payments	1213 E2S HB AMS WM: Total Benefit Payments	Delta from 2E2SHB 1213 to Baseline
2026	\$2,328	\$0.2	\$2,328	\$2,330	\$5	\$2,335	\$7
2027	\$2,631	\$0.2	\$2,631	\$2,655	\$15	\$2,670	\$39
2028	\$2,970	\$0.2	\$2,971	\$3,034	\$25	\$3,059	\$88
2029	\$3,351	\$0.3	\$3,351	\$3,466	\$37	\$3,503	\$152
2030	\$3,724	\$0.3	\$3,724	\$3,900	\$50	\$3,950	\$226
2031	\$4,077	\$0.3	\$4,077	\$4,323	\$58	\$4,318	\$304

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, 1213 E2S HB AMS WM 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	1213 E2S HB AMS WM Rate Projection	Delta from 1213 E2S HB AMS WM 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 of 1213 E2S HB AMS WM 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	1213 E2S HB AMS WM Premium Revenue Projection	Delta from 1213 E2S HB AMS WM 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 administrators 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

$(240,000 * 2 \text{ pages} * \$0.04) + (240,000 * \$0.69) = \$184,800$  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. 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.

While this version of the bill does not make changes to SBA grants, the phased in approach to job protections will reduce the total number of claims. As some of these claims would come from small businesses that may be eligible for a SBA grant, the number of assumed grants will reduce slightly in kind.

Below is a complete table showing assumed grant applications should this bill pass with 1213 E2S HB AMS WM.

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	6,065	4,198	1,867
2028	9,885	7,507	2,378
2029	14,275	11,315	2,960
2030	18,973	15,413	3,560
2031	21,822	17,882	3,914

### 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	4,198	262	0
2028	7,507	469	0
2029	11,315	707	0
2030	15,413	963	0
2031	17,882	1118	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	1,867	1,867	1
2028	2,378	2,378	0
2029	2,960	2,960	1
2030	3,560	3,560	0
2031	3,941	3,941	0

- Staffing Needs:

- o 1.0 FTE Ongoing ES Benefits Specialist 2 beginning in September FY2027.
- o 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 \$13,026 by FY31 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	6,065	6,065	1,516	7,581	\$5,534
2028	9,885	9,885	2,471	12,356	\$9,020
2029	14,275	14,275	3,569	17,844	\$13,026
2030	18,973	18,973	4,743	23,716	-
2031	21,822	21,822	5,456	27,278	-

**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. 1213 E2S HB AMS WM sets a phased in approach to the job protection sizing exemption for employers and now more employers will need to understand the complexity of the job protection

provisions. The table below shows the employer sizing, their share of total employers, and the effective date at which they will be required to provide job protection to their employees who take Paid Leave.

Effective Date	Employer Size	Share of Total Employers
Jan 1, 2026	25 or more employees	9%
Jan 1, 2027	15 or more employees	15%
Jan 1, 2028, and thereafter	8 or more employees	25%

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 1213 E2S HB AMS WM, 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.

1213 E2S HB AMS WM 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 12 months as provided in current law). It also adjusts the employer size threshold, based on the table provided above. Current statute requires the employer have 50 or more employees. This is assumed to be in a reduction of projected benefits compared to prior versions of HB1213 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	1213 E2S HB AMS WM Projections	Difference	% Change	Additional Appeals from 2SHB 1213
FY26	344,080	344,773	693	0%	7
FY27	366,432	370,890	4,458	1%	45
FY28	390,257	399,688	9,431	2%	94
FY29	415,410	430,841	15,431	4%	154
FY30	435,676	457,526	21,850	5%	219
FY31	450,083	478,531	28,448	6%	284

The projected benefit applications are expected to increase annually by 693 in FY26 to 4,458 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
- 693 additional applications annually in FY26
- $693 * 1.2$  avg hours per application = 832 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 4,458 applications annually, resulting in a need of 5,350 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
- 344,773 applications projected in FY26
- $344,773 * 19%$  (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 366,432, requiring 1,480 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: \$1,601, FY27 and ongoing: \$10,298

**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 phased in approach to job protection provisions does not change the technical implementation timeline. Notification specifications will still need to be made but developed so that they can reflect the phase in period through 2028.

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 0.43 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.

1213 E2S HB AMS WM results in a reduced number of benefit claims (outlined above) compared to the prior version of this bill, thus a reduction in AGO referrals is assumed. However, it is still an increase compared to current experience.

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 2SHB 1213	Additional Appeals Referred to AGO	Anticipated Amount Billed to ESD by AGO
2026	693	1	\$11,000

2027	4,458	2	\$11,000
2028	9,431	4	\$20,000
2029	15,431	8	\$38,000
2030	21,850	10	\$49,000
2031	28,448	14	\$68,000

**Office of Administrative Hearings (OAH)**

The following table show the increase to OAH appeals from 1213 E2S HB AMS WM, along with associated costs by fiscal year. ESD assumes a growth in OAH costs the estimates for 1213 E2S HB AMS WM but have a scaled reduction resulting from the changes in job protection provisions adjustments made in 1213 E2S HB AMS WM compared to prior versions of this bill.

Fiscal Year	Additional Applications from 2SHB 1213	Additional Appeals Referred to OAH	Anticipated amount billed to ESD by OAH
FY26	693	5	\$0
FY27	4,458	34	\$56,000
FY28	9,431	71	\$121,000
FY29	15,431	116	\$193,000
FY30	21,850	164	\$274,000
FY31	28,448	214	\$358,000

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1213 E 2S HB AMS WM S2844.2	<b>Title:</b> Paid family & medical leave	<b>Agency:</b> SDF-School District Fiscal Note - SPI
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

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

### Estimated Operating Expenditures from:

**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: Josh Hinman	Phone: 3607867281	Date: 04/12/2025
Agency Preparation: Amy Kollar	Phone: 360 725-6420	Date: 04/14/2025
Agency Approval: Mike Woods	Phone: (360) 725-6283	Date: 04/14/2025
OFM Review: Shea Hamilton	Phone: (360) 229-4774	Date: 04/14/2025

## 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.*

Changes compared to the prior version E2SHB AMS LC 1213:

Section 11 has been amended to apply to employees who work for employers who employ 25 or more employees beginning January 1, 2026, until December 31, 2026; 15 or more employees beginning January 1, 2027, until December 31, 2027; and 8 or more employees beginning January 1, 2028, and 4 thereafter.

Detail:

#### 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 and the availability of grants to certain employers under RCW 50A.24.010 and section 9 of this act.

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) Adds language requiring that beginning with the effective date of the section, the Office of Actuarial Services must submit a report within 10 business days to the advisory committee and legislature if it projects a deficit in the family and medical leave insurance account that won't be recovered through the next quarterly premium collections.

#### Sec. 3. Amended

3(5)(b) Strikes reference to RCW 50A.24.010 and replaces it with reference to section 9 of the act.

3(7)(c) Language is added that applies to section 9 requiring that each quarter the department will average the number of employees reported by an employer over the last four quarters to determine the employer's size for the next year.

#### Sec. 4. Amended

4(2)(c) Reduces the minimum claim duration payment from eight hours of leave to four.

#### Sec. 5. Amended

5(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. 6. 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. 7. Amended

7(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. 8. Amended

8(1) Adds language referencing this chapter.

8(2) Changes the threshold for Employers with 50 to 150 employees and allows them to apply for grants from the department if they meet specific requirements of the section.

8(4) The rule has been modified to allow an employer to receive a grant no more than ten times in a calendar year, instead

of just applying for a grant no more than ten times.

8(6) The requirement for the department to assess premiums for three years from the date of receipt of a grant from employers with fewer than fifty employees is removed.

8(7) The requirement for grants to be funded from the family and medical leave insurance account is removed.

8(8) The requirement for the commissioner to adopt rules necessary to implement the section is removed.

#### Sec. 9. New

9(1) Employers with fewer than 50 employees may apply for grants from the department, subject to the specified requirements.

9(2)(a) An employer can receive a \$3,000 grant if they hire a temporary worker for an employee on family or medical leave for seven days or more, or if they incur significant additional wage-related costs. To qualify, the employer must submit a written statement to the department confirming these expenses.

9(2)(b) An employer may receive a grant no more than ten times per calendar year and only once per employee on leave.

9(3) The department must assess all premiums for three years for any employer who receives a grant.

9(4) The number of employees is calculated per RCW 50A.10.030.

9(5) Employers with an approved voluntary plan are not eligible for grants.

#### Sec. 10. New

10(1) Grants must be funded from the family and medical leave insurance account.

10(2) Grant applications must be submitted within 12 months from the first day of an employee's leave and can be done by a third-party administrator or authorized agent.

10(3) The department will pay the employer within 14 calendar days after the application is fully processed.

10(4) The department must quickly notify employers with fewer than 50 employees about grants if their employees get benefits, offer grant information and links on its website, and include grant details when informing about premium rate changes.

10(5) The commissioner is required to adopt rules to implement this chapter as necessary.

#### Sec. 11. Amended

11(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.

11(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. Modifies the language to apply to an employee who works for an employer with:

11(6)(a)(i)(A) 25 or more employees (from January 1, 2026, to December 31, 2026)

11(6)(a)(i)(B) 15 or more employees (from January 1, 2027, to December 31, 2027)

11(6)(a)(i)(C) 8 or more employees (from January 1, 2028, and onward)

11(6)(a)(ii) The employee must have worked for the current employer for at least 180 days before taking leave. An employer may deny restoration to the highest-paid 10% of salaried employees within 75 miles if preventing economic injury is necessary.

11(7)(a) Except by written agreement between the employer and employee, or bargaining unit, 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. For intermittent leave combined periods, the employer can estimate the expiration of employment restoration rights based on information from the department and the employee.

11(7)(b) For leave periods exceeding two typical workweeks continuously or 14 typical workdays 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.

11(7)(c) The expiration of the specified periods does not impact an employee's eligibility for paid family and medical leave benefits.

11(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:

11(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, as estimated by the employer based on information provided by the department and the employee;

11(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;

11(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, as estimated by the employer based on information provided by the department and the employee; and

11(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.

11(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.

11(9) The department may require employers to collect and report information on the exercise of employment restoration rights for auditing compliance and enforcement purposes.

11(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. 12. Amended

12(1) Strikes reference to federal family and medical leave act.

12(2)(b) This section does not apply if an employee is not entitled to employment protection under RCW 50A.35.010 or did not exercise the right to employment protection within the specified time periods.

#### Sec. 13. New

The act takes effect January 1, 2026.

#### Sec. 14. New

The act is null and void if funding is not provided 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.*

The cash receipts impact is indeterminate. The Office of Superintendent of Public Instruction (OSPI) cannot predict the number of Local Education Agencies (LEAs) that may meet the eligibility requirements for the grant programs identified in the bill.

### 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 reduces the employment protection eligibility period from 365 days to 180 days and removes the minimum work hour requirement prior to taking leave. LEA's may face staffing challenges due to an increased number of employees eligible for leave sooner. There is uncertainty about whether the \$3,000 grant program will adequately cover positions that are hard to fill, especially in rural areas.

## 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.*