

Multiple Agency Fiscal Note Summary

Bill Number: 1024 P S HB	Title: Incarcerated persons/labor
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Corrections	0	0	(1,150,500)	0	0	(1,534,000)	0	0	(1,534,000)
Department of Corrections	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Total \$	0	0	(1,150,500)	0	0	(1,534,000)	0	0	(1,534,000)

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts	No fiscal impact					
Loc School dist-SPI						
Local Gov. Other	No fiscal impact					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Administrative Office of the Courts	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Labor and Industries	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Department of Licensing	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Corrections	.2	9,780,574	9,780,574	9,780,574	.0	13,000,000	13,000,000	13,000,000	.0	13,000,000	13,000,000	13,000,000
Department of Corrections	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Department of Natural Resources	.0	0	0	0	.0	0	0	0	.0	0	0	0
SWF Statewide Fiscal Note - OFM	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.2	9,780,574	9,780,574	9,780,574	0.0	13,000,000	13,000,000	13,000,000	0.0	13,000,000	13,000,000	13,000,000

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Administrative Office of the Courts	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	.0	0	0	.0	0	0	.0	0	0
Department of Licensing	.0	0	0	.0	0	0	.0	0	0
Department of Corrections	.0	0	0	.0	0	0	.0	0	0
Department of Natural Resources	.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	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Cynthia Hollimon, OFM	Phone: (360) 810-1979	Date Published: Final 2/21/2023
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Judicial Impact Fiscal Note

Bill Number: 1024 P S HB	Title: Incarcerated persons/labor	Agency: 055-Administrative Office of the Courts
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.

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 for 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.

Legislative Contact: Yvonne Walker	Phone: 360-786-7841	Date: 02/10/2023
Agency Preparation: Angie Wirkkala	Phone: 360-704-5528	Date: 02/14/2023
Agency Approval: Chris Stanley	Phone: 360-357-2406	Date: 02/14/2023
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 02/15/2023

183,477.00

Request # 178-1

Part II: Narrative Explanation

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

The substitute bill would amend laws related to the labor and income of incarcerated persons, but removes changes to incarceration costs from the original bill and only discusses payment for work for incarcerated people. This bill no longer has court impact.

II. B - Cash Receipts Impact

None

II. C - Expenditures

No fiscal impact to the Administrative Office of the Courts or the courts.

Part III: Expenditure Detail

III. A - Expenditure By Object or Purpose (State)

NONE

III. B - Expenditure By Object or Purpose (County)

NONE

III. C - Expenditure By Object or Purpose (City)

NONE

III. D - FTE Detail

NONE

III. E - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B1 - Expenditures by Object Or Purpose (State)

NONE

IV. B2 - Expenditures by Object Or Purpose (County)

NONE

IV. B3 - Expenditures by Object Or Purpose (City)

NONE

IV. C - Capital Budget Breakout

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

NONE

Individual State Agency Fiscal Note

Bill Number: 1024 P S HB	Title: Incarcerated persons/labor	Agency: 235-Department of Labor and Industries
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

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

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Yvonne Walker	Phone: 360-786-7841	Date: 02/10/2023
Agency Preparation: Jenifer Colley	Phone: (360) 902-6983	Date: 02/16/2023
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 02/16/2023
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 02/16/2023

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 bill establishes The Real Labor Real Wages Act, relating to labor and income of incarcerated persons.

The proposed substitute makes the following changes to the original bill:

- Eliminates the provision requiring an incarcerated person from participating in a Correctional Industries work program to be paid no less than the state minimum wage, and instead provides that an incarcerated person participating in a Class II or III work program must be paid not less than \$1.50 an hour.
- Provides that the monthly maximum limit on amounts paid to an incarcerated person participating in a Class III and IV work programs must be no less than \$200.
- Specifies that Class III and IV work programs are industries, rather than correctional industries, operated and reviewed by the DOC.
- Eliminates the provision in the underlying bill authorizing the DOC to deduct up to 10 percent from an incarcerated person's income for debts owed to the DOC, and instead restores the court's and the DOC's authority under current law to impose and collect the cost of incarceration from a defendant or incarcerated person.
- Provides that, subject to certain exceptions, an incarcerated person's income is subject to the following modified maximum deductions: (a) 5 percent, rather than 10 percent, for the Crime Victims' Compensation Account; (b) 10 percent, rather than 50 percent, for personal savings account; (c) 5 percent, rather than nothing, for the cost of incarceration; (d) 20 percent, rather than 10 percent, for payment of legal financial obligations; and (e) 20 percent, rather than 10 percent, for payment of applicable civil judgements.
- Restores the provisions in current law that requires the DOC to link earned early release days and other privileges to an incarcerated person's behavior and participation in available work programs.
- Provides that the DOC's report related to debt incurred by incarcerated persons must include specific information related to fees for sending money to incarcerated persons.

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 for the Crime Victims Compensation Account (01F) are not performed by L&I. No impact to cash receipts.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

There is no fiscal impact related to enforcement with this bill. This bill could reduce the amount of revenue to the Crime Victims Compensation Account (01F) reducing the amount of 01F funding available for the Crime Victims Program. However, we do not assume a reduction to the program funding, but the bill could increase the amount of General Fund-State needed. That amount is indeterminate at this time.

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.

Individual State Agency Fiscal Note

Bill Number: 1024 P S HB	Title: Incarcerated persons/labor	Agency: 240-Department of Licensing
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Yvonne Walker	Phone: 360-786-7841	Date: 02/10/2023
Agency Preparation: Kim Buechel	Phone: 360-902-3639	Date: 02/20/2023
Agency Approval: Gerrit Eades	Phone: (360)902-3863	Date: 02/20/2023
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 02/20/2023

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.

See attached fiscal note

II. B - Cash receipts Impact

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

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Agency 240 – Department of Licensing

Bill Number: 1024 PSHB

Bill Title: Incarcerated persons labor

Part 1: Estimates

No Fiscal Impact

Estimated Cash Receipts:

None

Estimated Expenditures:

None

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

Legislative Contact: Corey Patton	Phone: (360) 786-7388	Date: 1/17/2023
Agency Preparation: Kim Buechel	Phone: (360) 902-3639	Date: 1/17/2023
Agency Approval: Gerrit Eades	Phone: (360) 902-3931	Date: 1/17/2023

Request #	1
Bill #	1024 PSHB

Part 2 – Explanation

2.A – Brief Description Of What The Measure Does That Has Fiscal Impact

The proposed substitute changes from 1024 HB eliminates the provisions requiring an incarcerated person participating in a Correctional Industries work program to be paid no less than the state minimum wage, and instead provides that an incarcerated person participating in a Class II or III work program shall be paid no less than \$1.50 an hour.

Section 3: Amends RCW 72.09.100 (Inmate work program—Classes of work programs— Participation—Benefits.)

- Changes some language to refer to “incarcerated persons,” consistent with Section 4 definition changes.
- Corrects an outdated statutory reference to RCW 43.19.534(3).
- Requires incarcerated persons working in state-owned and operated industries that make goods for tax-supported agencies and non-profits to be paid at least \$1.50 per hour.
- Requires incarcerated persons who work in institutional support industries to be paid at least \$1.50 per hour, with a maximum monthly limit of at least \$200, unless working in a work training program.

Effective date January 1, 2024.

2.B - Cash receipts Impact

There are no new cash receipts expected with the passing of this legislation.

2.C – Expenditures

There is no fiscal impact to DOL. Incarcerated persons working for Correction Industries who provide DOL with license plates, plate, tabs, and furniture are part of the class II work program. They are currently paid \$1.69 per hour which exceeds the \$1.50 per hour minimum requirement in this bill. The Department of Corrections does not anticipate increasing wages from the current rate so there would be no impact on prices of goods and services that DOL purchases.

Part 3 – Expenditure Detail

3.A – Operating Budget Expenditures

None

3.B – Expenditures by Object or Purpose

None

3.C – FTE Detail

None

Part 4 – Capital Budget Impact

None

Part 5 – New Rule Making Required

None

Individual State Agency Fiscal Note

Bill Number: 1024 P S HB	Title: Incarcerated persons/labor	Agency: 310-Department of Corrections
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Correctional Industries Account-Non-Appropriated 401-6	(383,500)	(767,000)	(1,150,500)	(1,534,000)	(1,534,000)
Total \$	(383,500)	(767,000)	(1,150,500)	(1,534,000)	(1,534,000)

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

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.3	0.0	0.2	0.0	0.0
Account					
General Fund-State 001-1	3,280,574	6,500,000	9,780,574	13,000,000	13,000,000
Total \$	3,280,574	6,500,000	9,780,574	13,000,000	13,000,000

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

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Yvonne Walker	Phone: 360-786-7841	Date: 02/10/2023
Agency Preparation: Stephanie Marty	Phone: (360) 725-8428	Date: 02/21/2023
Agency Approval: Ronell Witt	Phone: (360) 725-8428	Date: 02/21/2023
OFM Review: Cynthia Hollimon	Phone: (360) 810-1979	Date: 02/21/2023

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.

Proposed Substitute HB 1024 creates new sections and repeals RCW 72.09.400 and 72.09.410. The proposed substitute makes the following changes to the original bill:

- Eliminates the provision requiring an incarcerated person participating in a Correctional Industries work program to be paid no less than the state minimum wage, and instead provides that an incarcerated person participating in a Class II or III work program must be paid no less than \$1.50 an hour.
- Provides that the monthly maximum limit on amounts paid to an incarcerated person participating in a Class III work program must be no less than \$200.
- Specifies that Class III and IV work programs are industries, rather than correctional industries, operated and reviewed by the DOC.
- Eliminates the provision in the underlying bill authorizing the DOC to deduct up to 10 percent from an incarcerated person's income for debts owed to the DOC, and instead restores the court's and DOC's authority under current law to impose and collect the cost of incarceration from a defendant or incarcerated person.
- Provides that, subject to certain exceptions, an incarcerated person's income is subject to the following modified maximum deductions: (a) 5 percent, rather than 10 percent, for the Crime Victims' Compensation Account; (b) 10 percent, rather than 50 percent, for a personal savings account; (c) 5 percent, rather than nothing, for the cost of incarceration; (d) 20 percent, rather than 10 percent, for payment of legal financial obligations; and (e) 20 percent, rather than 10 percent, for payment of applicable civil judgments.
- Restores the provision in current law that requires the DOC to link earned early release days and other privileges to an incarcerated person's behavior and participation in available work programs.
- Provides that the DOC's report related to debt incurred by incarcerated persons must include specific information related to fees for sending money to incarcerated persons.

New Section 1 states this act may be known as the real labor real wages act.

Section 2 amends RCW 72.09.015 to update the definitions of terms used throughout this chapter and replaces the words "inmate(s)" and "offender(s)" with "incarcerated individual(s)" and "incarcerated person(s)".

Section 3 amends RCW 72.09.100 to replace the word "inmate(s)" with "incarcerated person(s)", and the term "correctional industries" with "industries" for Class III and Class IV workers. Additionally, instructs that Class II incarcerated workers shall be paid a rate that is no less than \$1.50 per hour, and Class III incarcerated workers will participate in work programs by their own choice and shall be paid a rate that is no less than \$1.50 per hour and with a maximum monthly limit that is no less than \$200.

Section 4 amends RCW 72.09.110 by removing language that requires incarcerated workers to participate in the cost of corrections by means of deductions from their gross wages that may be deposited in the crime victims compensation account. Further amends that when appropriate, deductions directed for incarcerated worker savings and family support will come from correctional industries wages and gratuities.

Section 5 amends RCW 72.09.111 to change the maximum allowable deductions from Class I and Class II incarcerated workers and removes the requirements for minimum deductions from any workers compensation benefits paid from Class III and Class IV gratuities. For Class I workers, deductions from wages for contributions toward cost of incarceration is changed from twenty percent to five percent, and deductions from Class II gross gratuities will change from fifteen percent to five percent. Additionally, deductions from Class II gross gratuities for any child support and/or payments owed for civil judgements for assault shall change from fifteen percent to twenty percent.

Section 6 amends RCW 72.09.130 to state an incarcerated person's earned early release and other privileges may not be

reduced based on the person's choice to not participate in work programs.

Section 7 amends RCW 72.09.460 to state an incarcerated person's choice not to participate in a work program may not result in loss of privileges under section 9 of this act.

Section 8 amends RCW 72.09.480 to omit the requirement that deductions from an incarcerated person's funds under subsection (2) of this section shall not exceed the department's total cost of incarceration for the individual incurred during the individual's minimum or actual term of confinement, whichever is longer.

Section 9 adds a new section to chapter 72.09 RCW stating that except when ordered by a court for community restitution, work programs are voluntary and incarcerated persons are not required to work or otherwise participate. The department may not issue infractions or take punitive actions against any incarcerated person who refuses to participate in work programs. Incarcerated persons participating in classes I, II, III, or IV programs must be paid a wage or gratuity for their work as provided under RCW 72.09.100.

Section 10 adds a new section that states: The department of corrections shall: Determine all items and services charged to incarcerated persons under RCW 72.09.450 and 72.09.470, and departmental policy, and shall itemize the costs of those items and services; Calculate the average debts owed by incarcerated persons to the department for items and services ; Calculate the average percentage of costs for items and services actually paid by an average incarcerated person to the department prior to release from confinement; Calculate the average debts owed by incarcerated persons to the department for items and services upon release from confinement; Determine the total amount of debt owed by all persons, regardless of incarceration status, to the department for items and services; Identify any fees that are charged by the department, including any fees charged by third-party vendors that provide services to the department, for sending money to incarcerated person, and provide an explanation of how such fees are established; Calculate the average amount collected by the department and any third-party vendors that provide services to the department per year as fees for sending money to an incarcerated person, and; Determine the total amount of money sent to all incarcerated persons and the total amount of fees collected by the department and any third-party vendors that provide services to the department over the previous two-year period.

The department of corrections shall submit a report with the information to the governor and the appropriate committees of the legislature by October 1, 2023.

Section 11 adds a new Section stating the following acts or parts of acts are each repealed: RCW 72.09.400 (Work ethic camp program—Findings—Intent) and RCW 72.09.410 (Work ethic camp program—Generally)

Section 12 adds a new section instructing that Sections 1 through 9 and 11 shall take effect January 1, 2024.

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 fiscal impact of this bill on cash receipts is indeterminate, assumed to be more than \$50,000 per Fiscal Year (FY).

The proposed substitute bill restores the courts and DOC's authority under current law to impose and collect the cost of incarceration from a defendant or incarcerated person. However, while the bill reinstates a maximum deduction of 5 percent (instead of nothing in the underlying bill) for the cost of incarceration, the contribution is significantly less than the 15 percent allowed under current law. Therefore, DOC assumes additional GF-S appropriations will be required to recover the lost revenue that is needed to support the Workforce Development Program and staff. If the maximum allowable deduction towards the cost of incarceration is reduced from 15 percent to five percent, DOC assumes we will need additional funds to cover a loss of approximately \$767,000 per fiscal year based on the current total of \$2.3 million taken from FY2022 CI revenue data.

Another likely, unintended consequence of reducing deductions to support the cost of incarceration is that incarcerated workers may be increasingly idle as prisons will need to operate within smaller budgets and pay costs that have typically been imposed on the incarcerated individuals they serve.

Current language in this bill states incarcerated workers have the choice to work in programs provided by the DOC. For illustrative purposes, if all incarcerated workers decide not to participate in work programs the impact for the cost of incarceration could increase to \$2.3 million each fiscal year based on FY2022 data. If the number of incarcerated workers declines as a result of this bill, the DOC will submit a supplemental request for additional GFS-001 funding to cover the lost revenue.

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 fiscal impact of the substitute bill on expenditures is indeterminate, assumed to be more than \$50,000 per Fiscal Year (FY). The DOC assumes the following in determining the impacts of this proposed legislation:

Section 3 provides that the wage or gratuity paid to an incarcerated person participating in a Class II or Class III work program must be paid no less than \$1.50 per hour and that Class III incarcerated workers will have a monthly maximum limit on total payment that is no less than \$200.

Class I Impact

- No impact as there are not currently any Class I programs.

Class II Impact

- No impact as the current average rate of pay for Class II workers is \$1.69 per hour which is greater than the proposed minimum rate required of \$1.50 per hour.

Class III Impact

- Increasing the maximum monthly limit from \$55.00 to be no less than \$200 may have an impact on the total gratuities paid or impact the numbers of incarcerated workers participating in work programs. Therefore, the impacts to Class III are indeterminate based on the bill language as written, if incarcerated workers work more than the average of 33.5 hours per week. For illustrative purposes, calculations are assumed as follows: 33.5 hours per week (134 hours monthly) x \$1.50 hourly rate = \$201 monthly.
- The current average rate paid to incarcerated Class III workers is approximately \$0.42 per hour.
- The variance between current rate and proposed rate is \$6.5 million per fiscal year.
- Current rate = FY2022 Class III hours 6,019,709 x average rate of pay \$.42 = \$2.5 million per fiscal year.
- Proposed rate = FY2022 Class III hours 6,019,709 x proposed \$1.50 = \$9.0 million per fiscal year.
- Variance = \$9.0 million - \$2.5 million = \$6.5 million increase per fiscal year.
- Incarcerated persons make up a large majority of the maintenance, cleaning, gardening, upkeep, and cooking workforce at the facilities providing them with marketable skills when they return to society. The impact to DOC if incarcerated persons opt out of work programs would be substantial as DOC would be needed to fill critical positions such as food service, laundry, and maintenance programs.
- The DOC would need to replace the incarcerated workers with DOC staffed Maintenance Mechanic 2's (\$40.97 hourly rate), Custodian 4's (\$31.19 hourly rate), Grounds & Nursery Services Specialist 4's (\$30.45 hourly rate), Cook A/C's (\$37.12 hourly rate), Laundry Worker 3's (\$28.37 hourly rate) and Electronics Technician 1's (26.70 hourly rate).
- Average hourly rate of salary and benefits for the job classes listed = \$32.47.
- Current average DOC staff rate = FY2022 Class III hours 6,019,709 x average rate of pay \$32.47 = \$195.5 million per fiscal year.
- Proposed incarcerated persons rate = FY2022 Class III hours 6,019,709 x state minimum wage \$15.74 = \$94.7 million per fiscal year.

- The variance between incarcerated person's proposed rate and DOC staff's current average rate is \$100.7 million per fiscal year if DOC staff are required to backfill all of the current Class III annual work hours. However, the number of incarcerated persons that choose to opt out of jobs and will need to be replaced by DOC staff is indeterminate. The hourly difference between DOC staff and incarcerated persons would be \$16.73.
- Raising the gratuity rate to no less than \$1.50 per hour for class III workers represents an approximate 257 percent increase to the current rate.
- At minimum Class III impacts are FY2024: \$6.5 million and \$6.5 million for FY2025.

Class IV Impact

- No impact as the proposed substitute bill does not change the current requirement that gratuities paid to Class IV workers shall not exceed the wage paid for work of a similar nature in the locality in which the industry is located.

Class V Impact

- No new impacts to community service work programs.

Section 9 provides that unless ordered by the court for community restitution, incarcerated persons are not required to work or otherwise participate in work programs. Only Class III jobs will be impacted by this change as all other job classes are voluntary work opportunities. Currently, if you are not participating in other programming, you must work and if you are not working in one of the other job classes, you will be assigned work options in Class 3. If incarcerated persons choose not to work in Class III jobs, they will need to be replaced with DOC staff at an increased cost. It's indeterminate how many incarcerated persons will opt of working therefore this cost is unknown.

Choosing not to work, or having a job eliminated due to the higher costs of operations, will result in incarcerated idleness. This unrest can escalate and threaten the safety of staff and incarcerated individuals and leads to costly unfunded deployment of emergency response teams from across the state to manage potential uprising and possible violence. Staff being deployed must also be backfilled at their parent facilities, typically at an overtime rate. It is unknown the number of unrests that will occur, however idle time has been proven to create safety and security impacts within the prison facilities and additional resources may be needed to deal with security issues.

Sections 5 and 8 modifies the maximum deductions that various entities may impose on an incarcerated person's income for specified purposes.

- Impacts to revenues for Legal Financial Obligations (LFO), Crime Victims, civil judgements, child support and superior court judgements will be reduced if incarcerated persons opt out of work programs. Savings accounts for incarcerated persons could not be established if work programs are optional and the choice is not to work and thus present reentry statistics negatively with no funds to support themselves upon release.
- An incarcerated person who receives a wage or gratuity from working in a prison industry is subject to various deductions from the person's gross income depending on the industry classification, including deductions for the Crime Victims' Compensation Account, the incarcerated person's personal savings account, the cost of incarceration, legal financial obligations, payment of any civil judgment for Assault against a correctional officer or DOC employee, and child support payments. The actual amount to be deducted for those reasons from an incarcerated person's income may be determined by various entities, such as the sentencing court, the DOC, and the Department of Social and Health Services (DSHS), subject to specific statutory limits on such deductions. The following maximum deductions from an incarcerated person's gross income are authorized depending on the incarcerated person's income source and industry classification:

Section 10 requires DOC to submit a report related to debt incurred by incarcerated persons for the cost of items and services while incarcerated.

- The timeline to report incarcerated persons total costs will require staffing adjustments to provide this by October 1, 2023. The systems updates will require additional staffing hours to add new system reporting components to meet the reporting requirements thereafter.
- The proposed cost impact to DOC is 0.3 FTE Trust Accounting Manager totaling \$30,574 including indirect costs for

system upgrades to implement changes for LFO reporting.

Section 11 repeals provisions authorizing DOC to operate a Work Ethic Program RCW 72.09.400 and 72.09.410.

- No impact as there are not currently any Work Ethic programs at this time.

At a minimum DOC assumes a cost impact of 0.3 FTE and \$6.5 million in FY2024 and \$6.5 million in FY2025.

Due to the complexity of this bill, the previously mentioned costs may not be an inclusive list. The above totals starting in FY2024 include the cost to increase the incarcerated persons current rate to \$1.50 per hour for Class II and Class III workers and the potential loss of revenue for the cost of incarceration. This represents the minimum impact of the bill.

The DOC will experience additional costs related to this bill however those costs are indeterminate or have not been identified in this analysis and we will “true up” our fiscal impact in subsequent budget submittals should this legislation be enacted into session law.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	3,280,574	6,500,000	9,780,574	13,000,000	13,000,000
Total \$			3,280,574	6,500,000	9,780,574	13,000,000	13,000,000

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

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.3		0.2		
A-Salaries and Wages	19,874		19,874		
B-Employee Benefits	10,700		10,700		
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	3,250,000	6,500,000	9,750,000	13,000,000	13,000,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	3,280,574	6,500,000	9,780,574	13,000,000	13,000,000

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

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
WMS02 Trust Accounting Manager	30,574	0.3		0.2		
Total FTEs		0.3		0.2		0.0

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Operations Division (100)	30,574		30,574		
Prisons (200)	3,250,000	6,500,000	9,750,000	13,000,000	13,000,000
Total \$	3,280,574	6,500,000	9,780,574	13,000,000	13,000,000

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

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: 1024 P S HB	Title: Incarcerated persons/labor	Agency: 490-Department of Natural Resources
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Yvonne Walker	Phone: 360-786-7841	Date: 02/10/2023
Agency Preparation: Zoe Catron	Phone: 360-902-1121	Date: 02/16/2023
Agency Approval: Nicole Dixon	Phone: 360-902-1155	Date: 02/16/2023
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 02/16/2023

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.

Differences between HB and PSHB

Section 5(4)(e) is now Section 3(4)(e) this is changed to take out the requirement to pay the state minimum wage and no longer sets a minimum pay standard. It also specifies that Class IV work programs are “industries” rather than “correctional industries.”

The Department of Natural Resources Correctional Camps are classified as a Class IV Community Work Industry. The current wage is \$1.25-1.50 per hour for incarcerated individuals. Generally, two leads earn \$1.50 per hour and the others crew members earn \$1.25 per hour. Camps Program pays the L&I rates. Because Section 3(4)(e) does not set a minimum rate DNR assumes the pay rate will remain the same. Additionally Wildland Fire Camps currently make minimum wage.

II. B - Cash receipts Impact

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

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1024 P S HB

Title: Incarcerated persons/labor

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

Legislation Impacts:

- Cities:
- Counties:
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: James Vogl	Phone: 360-480-9429	Date: 02/20/2023
Leg. Committee Contact: Yvonne Walker	Phone: 360-786-7841	Date: 02/10/2023
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 02/20/2023
OFM Review: Cynthia Hollimon	Phone: (360) 810-1979	Date: 02/20/2023

Part IV: Analysis

A. SUMMARY OF BILL

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

CHANGES BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

The substitute bill would strike sections 2 and 3 of the original bill, which would have prohibited courts from ordering certain people to pay the costs of their incarceration.

SUMMARY OF CURRENT BILL:

The proposed legislation would amend several RCWs related to work programs and labor in state prisons.

Sections 2 through 10 would amend existing sections and add a new section to chapter 72.09 RCW, concerning correctional industries, work programs, labor and wages for people incarcerated in state prisons.

Section 14 states that sections 1 through 9 and 11 of this bill would take effect on January 1, 2024.

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.

The proposed legislation would have no impact on local government expenditures.

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.

CHANGES IN REVENUE IMPACT BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

The substitute bill would strike the two sections from the original bill that would have resulted in an indeterminate, but moderate decrease in local government revenues as a result of courts being barred from charging people for the costs of their incarceration. Since the substitute bill does not include the sections from the original bill that would have decreased local government revenues, the substitute bill would have no impact on local government revenues.

REVENUE IMPACT OF CURRENT BILL:

The proposed legislation would have no impact on local government revenues.

SOURCES:

Washington State Administrative Office of the Courts

Individual State Agency Fiscal Note

Bill Number: 1024 P S HB	Title: Incarcerated persons/labor	Agency: SWF-SWF Statewide Fiscal Note - OFM
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Yvonne Walker	Phone: 360-786-7841	Date: 02/10/2023
Agency Preparation: Julie Pettit	Phone: 3608902669	Date: 02/17/2023
Agency Approval: Jamie Langford	Phone: (360) 870-7766	Date: 02/17/2023
OFM Review: Cynthia Hollimon	Phone: (360) 810-1979	Date: 02/17/2023

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 proposed substitute bill removed the requirement that a Class II worker must get paid the state minimum wage and instead must get paid at least an hourly pay of \$1.50. Per the Department of Corrections, the average rate of pay for a Class II worker is \$1.69 per hour. Since this is an average, there may be some Class II workers who make less than \$1.50, but it is expected that this is a small number and increasing pay would have minimal fiscal impact.

Original Fiscal Note:

State agencies purchase items including furniture, janitorial supplies, branded clothing, license plates, and more through Correctional Industries. Most incarcerated persons providing these goods and services are considered "Class II." Per the Department of Corrections, the average rate of pay for a Class II worker is \$1.69 per hour and this bill increases that rate to the state minimum wage, which is currently \$15.74 (Section 5). Increasing this rate will have a fiscal impact on state agencies.

The effective date of this section of the bill is January 1, 2024.

II. B - Cash receipts Impact

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

None

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

Part V: New Rule Making Required

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