

Multiple Agency Fiscal Note Summary

Bill Number: 1570 HB	Title: TNC insurance programs
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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
Employment Security Department	0	0	10,000,000	0	0	27,000,000	0	0	(49,000,000)
Total \$	0	0	10,000,000	0	0	27,000,000	0	0	(49,000,000)

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
Office of Attorney General	Fiscal note not available											
Office of Administrative Hearings	Fiscal note not available											
Employment Security Department	7.1	0	0	5,064,320	7.6	0	0	2,823,444	5.6	0	0	1,645,833
Total \$	7.1	0	0	5,064,320	7.6	0	0	2,823,444	5.6	0	0	1,645,833

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Attorney General	Fiscal note not available								
Office of Administrative Hearings	Fiscal note not available								
Employment Security Department	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

Prepared by: Anna Minor, OFM	Phone: (360) 790-2951	Date Published: Preliminary
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Individual State Agency Fiscal Note

Bill Number: 1570 HB	Title: TNC insurance programs	Agency: 540-Employment Security Department
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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
Family and Medical Leave Insurance Account-State 22F-1		10,000,000	10,000,000	27,000,000	(49,000,000)
Total \$		10,000,000	10,000,000	27,000,000	(49,000,000)

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	6.7	7.4	7.1	7.6	5.6
Account					
Unemployment Compensation Administration Account-Federal 119-2	220,484	175,484	395,968	350,968	175,484
Family and Medical Leave Insurance Account-State 22F-1	3,460,258	1,208,094	4,668,352	2,472,476	1,470,349
Total \$	3,680,742	1,383,578	5,064,320	2,823,444	1,645,833

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: Trudes Tango	Phone: 360-786-7384	Date: 01/25/2023
Agency Preparation: Jason Robison	Phone: 360 890 3675	Date: 02/02/2023
Agency Approval: Lisa Henderson	Phone: 360-902-9291	Date: 02/02/2023
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 02/02/2023

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 covers services performed by transportation network company (TNC) drivers under the unemployment insurance system and provides relief of benefit charges for companies that continue to make available part-time work in substantially the same amount as during the benefit year to individuals who separate from a full-time employer. The bill also establishes a pilot program to provide paid family medical leave to TNC drivers who opt-in to the program. The bill amends the Paid Leave privacy statute to allow the Leave and Care division to share certain data points with TNCs.

Section 1: Adds a new section to RCW 50.04, which states that services performed by TNC drivers are covered under the unemployment insurance system and provides definitions.

Section 2: Amends RCW 50.29.021, which provides relief of benefit charges to a part-time employer who continues to provide part-time work to an individual who is eligible for benefits due to loss of other employment if the employer continues to make available part-time work in substantially the same amount as during the individual's base year.

Section 3: Adds a new section to RCW 46.72B, which creates a pilot program in which TNC drivers who opt in to Paid Leave coverage receive reimbursement of costs from TNC companies. Employment Security will provide reports to TNCs of all drivers that reported and paid premiums, as well as any drivers whose coverage has been withdrawn or cancelled. TNCs will reimburse drivers the premiums that were paid for the compensation they earned from that TNC. This section also requires the department to submit a report to the legislature evaluating the pilot and making recommendations by September 1, 2027; and gives the department rulemaking authority to implement the provisions of the section. The pilot ends December 31, 2028.

Section 4: Amends the Paid Leave privacy statute, RCW 50A.25.040, to allow Employment Security Department to share information with the TNCs so that they can properly reimburse the drivers participating in the pilot program.

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 attachment

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 attachment

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
119-2	Unemployment Compensation Administration Account	Federal	220,484	175,484	395,968	350,968	175,484
22F-1	Family and Medical Leave Insurance Account	State	3,460,258	1,208,094	4,668,352	2,472,476	1,470,349
Total \$			3,680,742	1,383,578	5,064,320	2,823,444	1,645,833

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	6.7	7.4	7.1	7.6	5.6
A-Salaries and Wages	474,101	510,656	984,757	1,051,340	696,722
B-Employee Benefits	189,640	204,262	393,902	420,536	278,689
C-Professional Service Contracts	2,696,417	417,611	3,114,028	835,222	313,200
E-Goods and Other Services	191,505	112,110	303,615	230,280	168,165
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	129,079	138,939	268,018	286,066	189,057
9-					
Total \$	3,680,742	1,383,578	5,064,320	2,823,444	1,645,833

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
CUSTOMER SERVICE MANAGER	64,788	0.4	0.5	0.5	0.5	0.5
ECONOMIC ANALYST 3	73,260	0.1	0.1	0.1	0.3	0.1
FISCAL ANALYST 5	69,756	0.2		0.1		
IT APP DEVELOPMENT - MANAGER	127,656	0.2	0.2	0.2	0.2	
IT APP DEVELOPMENT - SENIOR MANAGER	134,076	0.1	0.1	0.1	0.1	
IT PROJECT MANAGEMENT - MANAGER	127,656	0.1	0.1	0.1	0.1	
IT PROJECT MANAGEMENT - SENIOR/SPECIALIST	118,490	0.1	0.1	0.1	0.1	
IT QUALITY ASSURANCE - SENIOR/SPECIALIST	112,490	0.1	0.1	0.1	0.1	
MANAGEMENT ANALYST 3	61,632	1.0		0.5		
PAID FAMILY & MEDICAL LEAVE SPECIALIST 2	55,872	2.3	3.0	2.7	3.0	2.7
PAID FAMILY & MEDICAL LEAVE SPECIALIST 3	61,632	0.8	2.0	1.4	2.0	1.8
TAX POLIC SPECIALIST 3	82,896	1.0	1.0	1.0	1.0	0.5
UI SPECIALIST 2	44,808	0.2	0.2	0.2	0.2	0.1
WMS BAND 1	86,736	0.1		0.1		
Total FTEs		6.7	7.4	7.1	7.6	5.6

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

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

NONE

NONE

Part V: New Rule Making Required

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

Sections 1 and 2 of the bill:

WAC 192-310-040 will need to be amended to reflect how TNCs calculate and report the hours that drivers work as passenger platform time doubled.

WAC 192-150-120 (Reduction in hours of twenty-five percent or more) will need to be amended to clarify when TNC drivers have good cause to quit working for a TNC due to a 25% or more reduction in usual compensation or hours.

WAC 192-180-010 (Job search requirements) would need to be updated to expand work search activities to include logging onto a TNC platform to look for work, logging onto a similar gig economy platform to look for work, or other acceptable work search activities for TNC drivers.

WAC 192-150-130 (Worksite safety) would need to be updated to account for situations in which an employer does not have the ability to correct worksite safety hazards.

Section of the bill 3:

Rules will need to be promulgated to implement the pilot program in Section 3. This will be a major rulemaking. The new sections will likely be under chapter 192-510 WAC that speak to the rules regarding self-employed persons electing coverage.

CASH RECEIPTS NARRATIVE:

For Unemployment Insurance (UI):

TNCs will begin paying into the system, and additional TNC drivers will be eligible for benefits. Therefore, the impact to cash receipts is expected to be negligible. The additional number of part-time employers who are eligible for relief of benefit charges is expected to be minimal.

For Paid Leave:

Projection Methodology

Projections found in the following tables include key inputs impacting the Paid Leave account balance and premium rate setting are based on standard forecasting approaches to fiscal projections. In addition to revenue from premium collections and benefit payments on approved claims, projections incorporate small business assistance grants and operating expenses.

Estimates provided in the baseline are based on the Paid Leave account projections. Revenue estimates are based on historical Paid Leave administrative data, wage forecasts published by the Economic and Revenue Forecast Council (ERFC), and the projected premium rates. Revenue is then adjusted to account for small employers not subject to the employer portion of the premiums, voluntary plan employers offering their own paid leave program, and reported wages over the social security wage cap (non-taxable wages). Additional revenue would be collected resulting from the passage of HB 1570. The number of estimated TNC drivers is taken from the following report from Labor & Industries, which states there are 84,000 drivers across the state. ESD assumes that because drivers have no negative consequences for elective coverage into the Paid Leave program, as premiums paid will be entirely refunded, there will be a 50% uptake in coverage. Additional studies indicate that roughly 54% of drivers work near or full time, resulting in an estimated salary of about \$50,000.

Projections of benefit payments impact the account balance and, in turn, the premium rate. Projected benefits consider historical Paid Leave administrative data on the number of paid claims, average lengths of leave per claims, and average weekly benefits of claims. These projections also incorporate average annual wage growth and employment forecasts from ERFC. Using the studies provided, we assume that of those drivers' elective coverage, roughly 54% would be eligible for leave benefits. ESD assumes that 4.9% of these eligible drivers would file additional leave claims, this uses Paid Leave administrative data that indicates about 4.9% of all approved claims came from eligible participants in transportation related NAICS industries. Average weekly benefits were assumed, and grow based on ERFC wage projections, based on benefit calculations of an individual making \$50,000.

Sources:

Labor and Industries study on Transportation Network Companies

Parrott and Reich study on Compensation Standards for Seattle TNC Drivers

Table 1: Assessed Premium Revenue

This table depicts the assessed premiums based the forecasted premium rate from the new calculation provided in HB 1570 alongside the current Paid Leave projected assessed premiums. Premium Revenue is based on the rates depicted in table 2.

Amount in Millions:

Premium Revenue	Baseline Projection	HB 1570	Revenue Delta between HB 1570 and Baseline
FY 23	\$1,311	\$1,311	\$0
FY 24	\$1,711	\$1,711	\$0
FY 25	\$1,804	\$1,814	\$10
FY 26	\$1,886	\$1,896	\$10
FY 27	\$1,992	\$2,008	\$17
FY 28	\$2,093	\$2,100	\$7
FY 29	\$2,246	\$2,190	-\$56
FY 30	\$2,315	\$2,311	-\$4
FY 31	\$2,385	\$2,435	\$50
FY 32	\$2,548	\$2,570	\$22
FY 33	\$2,684	\$2,684	\$0

Notes:

Revenue only includes the funding, from ESSB 5693, estimated to cover the negative balance at the end of the biennium.

As the table shows, HB 1570 does seem to bring in more revenue with largely similar premium rates. However, this is under the assumption that 50% of all drivers elect coverage. If more TNC drivers that opt in because of they expect to experience future qualifying events, the relationship between premium collections and benefit payments won't be as beneficial to the account.

HB 1570 and the baseline projections will continue to suffer from short term cash deficits as it makes no additional changes to the underlying rate calculation.

Table 2: Premium Rate Comparison

This table depicts the baseline projected premium rates as calculated in current statute. Based on the calculation found in table 3a and 3b.

Rate Year	Baseline Projection	HB 1570	HB 1570 vs Baseline
2023	0.80%	0.80%	0.00%
2024	0.84%	0.84%	0.00%
2025	0.83%	0.83%	0.00%
2026	0.84%	0.84%	0.00%
2027	0.83%	0.84%	0.01%
2028	0.86%	0.83%	-0.03%
2029	0.85%	0.84%	-0.01%
2030	0.82%	0.84%	0.02%
2031	0.84%	0.85%	0.01%
2032	0.84%	0.84%	0.00%
2033	0.85%	0.85%	0.00%

Notes:

Baseline projections reflect total premium rate (premium rate + solvency surcharge)

Table 3a: Baseline Premium Rate Calculation

This table depicts the methodology used to calculate the premium rate using current statute, the total gross wages in the prior fiscal year divided by the account balance as of Sept. 30, rounded to the nearest hundredth of a percent. This account balance ratio is then translated into a rate using the table outlined in RCW 50A.10.030. In all cases this ratio is low enough to trigger a solvency surcharge, which is set at the lowest possible rate (carried out to the hundredth of a percent) to maintain solvency. Solvency is defined as a non-negative balance at the end of each quarter but doesn't consider possible deficit periods within the quarter.

Input Year	Total Gross Wages for Fiscal Year	Account Balance as of Sept 30th	Account Balance Ratio	Rate Year	Premium Rate	Solvency Surcharge	Total Rate
2022	\$276,708,970,875.7	\$16,767,906.6	0.01%	2023	0.60%	0.20%	0.80%
2023	\$291,025,750,111.6	\$28,489,552.3	0.01%	2024	0.60%	0.24%	0.84%
2024	\$304,746,271,023.3	\$65,727,358.7	0.02%	2025	0.60%	0.23%	0.83%
2025	\$321,438,737,454.3	\$90,053,205.6	0.03%	2026	0.60%	0.24%	0.84%
2026	\$338,153,360,911.8	\$94,759,948.1	0.03%	2027	0.60%	0.23%	0.83%
2027	\$355,055,311,173.1	\$96,029,231.6	0.03%	2028	0.60%	0.26%	0.86%
2028	\$372,582,591,022.8	\$123,066,321.5	0.03%	2029	0.60%	0.25%	0.85%
2029	\$391,252,125,621.3	\$168,458,051.9	0.04%	2030	0.60%	0.22%	0.82%
2030	\$410,857,903,153.6	\$152,890,711.0	0.04%	2031	0.60%	0.24%	0.84%
2031	\$431,446,910,922.0	\$123,287,483.6	0.03%	2032	0.60%	0.24%	0.84%
2032	\$453,068,496,173.6	\$114,493,786.9	0.03%	2033	0.60%	0.25%	0.85%

Account Balance Ratio Premium Rate

0%	0.60%
0.10%	0.50%
0.20%	0.40%
0.30%	0.30%
0.40%	0.20%
0.50%	0.10%

Table 3b: HB 1570 Premium Rate Calculation

This table shows the methodology behind calculating the premium rate from HB 1570. There are no changes to the underlying methodology and the only impact to the premium rate come from adjustments on the account balance ratio. Additional administrative costs, premium revenue (collected from new drivers opting into coverage thus paying the eligible participant portion of the premium, and increased volume of claims/benefit payments from newly eligible drivers) all play a role in adjusting the account balance ratio.

Input Year	Total Gross Wages for Fiscal Year	Account Balance as of Sept 30th	Account Balance Ratio	Rate Year	Premium Rate	Solvency Surcharge	Total Rate
2022	\$276,708,970,875.7	\$16,767,906.6	0.01%	2023	0.60%	0.20%	0.80%
2023	\$291,025,750,111.6	\$26,479,487.8	0.01%	2024	0.60%	0.24%	0.84%
2024	\$304,746,271,023.3	\$59,719,599.2	0.02%	2025	0.60%	0.23%	0.83%
2025	\$321,438,737,454.3	\$84,729,526.9	0.03%	2026	0.60%	0.24%	0.84%
2026	\$338,153,360,911.8	\$89,769,052.2	0.03%	2027	0.60%	0.24%	0.84%
2027	\$355,055,311,173.1	\$104,398,087.8	0.03%	2028	0.60%	0.23%	0.83%
2028	\$372,582,591,022.8	\$101,745,730.4	0.03%	2029	0.60%	0.24%	0.84%
2029	\$391,252,125,621.3	\$99,064,698.4	0.03%	2030	0.60%	0.24%	0.84%
2030	\$410,857,903,153.6	\$101,256,345.5	0.02%	2031	0.60%	0.25%	0.85%
2031	\$431,446,910,922.0	\$114,227,503.0	0.03%	2032	0.60%	0.24%	0.84%
2032	\$453,068,496,173.6	\$119,418,597.5	0.03%	2033	0.60%	0.25%	0.85%

Account Balance Ratio Premium Rate

0.10%	0.50%
0.20%	0.40%
0.30%	0.30%
0.40%	0.20%
0.50%	0.10%
0.10%	0.50%

Table 4: Baseline and HB 1507 Benefit Comparisons

This table shows the methodology behind calculating the premium rate from HB 1570. There are no changes to the underlying methodology and the only impact to the premium rate come from adjustments on the account balance ratio. Additional administrative costs, premium revenue (collected from new drivers opting into coverage thus paying the eligible participant portion of the premium, and increased volume of claims/benefit payments from newly eligible drivers) all play a role in adjusting the account balance ratio. Values for benefit payments depicted in millions.

Fiscal Year	Baseline Benefit Projections	HB 1570 Benefit Projections	HB 1570 vs Baseline	Baseline Claim Projections	Additional HB 1570 Claims
2024	\$1,562.3	\$1,562.3	\$0.0	207,053	0
2025	\$1,679.5	\$1,685.0	\$5.5	217,406	872
2026	\$1,806.4	\$1,814.2	\$7.7	224,289	1,177
2027	\$1,903.4	\$1,911.5	\$8.1	227,474	1,193
2028	\$2,002.6	\$2,011.2	\$8.6	230,704	1,210
2029	\$2,109.8	\$2,114.2	\$4.4	233,980	609
2030	\$2,222.6	\$2,222.6	\$0.0	237,303	0
2031	\$2,341.6	\$2,341.6	\$0.0	240,673	0
2032	\$2,466.8	\$2,466.8	\$0.0	244,090	0
2033	\$2,598.8	\$2,598.8	\$0.0	247,556	0
Lifetime:			\$34		5,062

Notes:

- Assumes that FY24 will see about 42,000 additional drivers creating elective coverage account, this is 50% of all 84,000 reported.
- Taken from the Parrot and Reich study on TNC drivers in Seattle, roughly 54% of drivers would be eligible for Paid Leave based on the hours requirement.
- To obtain additional claims, Paid Leave administrative data on transportation NAICS code eligible participants with approved claims as a share of all approved claims resulted in about 4.9%. This was applied to all eligible drivers along with long term employment growth rates for subsequent years.
- Average weekly benefit amounts applied to all additional claims are based on an average annual wages of \$50,000 and the average annual wage growth rate from ERFC was applied for subsequent years.
- Over the lifetime of this pilot ESD estimates about \$34 million additional benefits payments from about 5,062 additional claims.

Operating Narrative

To implement this bill the Employment Security Department (ESD) will have expenditures for rulemaking, addressing appeals for benefits, technology contractor costs, and staffing needs.

RULE MAKING: One-Time charge for major rule making (\$90,000) would be needed in FY 24 to amend:
Funded with 50% PFML (\$45,000) & 50% UI Admin (\$45,000).
Sections 1 and 2 of the bill:

WAC 192-310-040 will need to be amended to reflect how TNCs calculate and report the hours that drivers work as passenger platform time doubled.

WAC 192-150-120 (Reduction in hours of twenty-five percent or more) will need to be amended to clarify when TNC drivers have good cause to quit working for a TNC due to a 25% or more reduction in usual compensation or hours.

WAC 192-180-010 (Job search requirements) would need to be updated to expand work search activities to include logging onto a TNC platform to look for work, logging onto a similar gig economy platform to look for work, or other acceptable work search activities for TNC drivers.

WAC 192-150-130 (Worksite safety) would need to be updated to account for situations in which an employer does not have the ability to correct worksite safety hazards.

Section 3 of the bill:

Rules will need to be promulgated to implement the pilot program in Section 3. This will be a major rulemaking. The new sections will likely be under chapter 192-510 WAC that speak to the rules regarding self-employed persons electing coverage.

Office of Administrative Hearings (OAH):

The Office of Administrative Hearings will review appeals for benefits. Employment Security estimates that OAH will have 25 additional hearings per year because of the pilot program. The costs associated with these appeals will be absorbed by the agency. Employment Security does not estimate any additional OAH appeals based on unemployment insurance claims by TNC drivers.

LCD IT CONTRACTORS: Funded with PFML

This pilot project will require new development and testing environments to build and implement systems in which Transportation Network Company (TNC) drivers can opt in to Paid Leave coverage. This new system will provide reports to TNCs of all drivers that reported and paid premiums, as well as any drivers whose coverage has been withdrawn or cancelled; and, management and oversight will be covered through existing positions listed in the staffing section. In order to complete the system requirements, IT contract and staff work will be required.

2 Month Duration for infrastructure setup: July 1st, 2023, to August 31st, 2023 (FY24)

Project Manager (IT Project Management - Senior/Specialist) – 88 hours at \$207 per hour = \$18,216

Technical Product Owner, Enterprise Architect (IT Application Development – Senior/Specialist) – 35 hours at \$162 per hour = \$5,670

Build Manager (IT Application Development – Senior/Specialist) – 88 hours at \$150 per hour = \$13,200

Development Operations Specialist, DevOPs (IT Systems Administration – Journey) – 704 hours at \$125 per hour = \$88,000

IT Systems Administrator – Journey, SysOps, (IT Systems Administration – Journey) – 116 hours at \$110 per hour = \$12,760

SDET - Integrated Tester (IT Quality Assurance – Journey) – 176 hours at \$110 per hour = \$19,360

Total Contractor Costs of Pilot Program for infrastructure setup (2 months):

FY24: \$157,206 (\$18,216 + \$5,670 + \$13,200 + \$88,000 + \$12,760 + 19,360)

9 Month Duration for build and implementation: July 1st, 2023, to March 30th, 2024 (FY24)

Dev Team Scrum Lead (IT Project Management Journey) – 1584 hours at \$188 per hour = \$297,792

Development Team Lead (IT Architect-Senior/Specialist) – 1584 hours at \$162 per hour = \$256,608

Application Developer, full stack (IT Application Development – Senior/Specialist) – 1584 hours at \$135 per hour = \$213,840

Application Developer, dynamics (IT Application Development – Journey) – 1584 hours at \$120 per hour = \$190,080

Application Developer, FACTS next (IT Application Development – Journey) – 792 hours at \$120 per hour = \$95,040

SDET -Integrated Tester (IT Quality Assurance – Journey) – 2376 hours at \$120 per hour = \$285,120

QA Tester (IT Quality Assurance - Entry) – 1584 hours at \$75 per hour = \$118,800

SDET - Perf Tester (IT Quality Assurance – Senior/Specialist) – 1584 hours at \$135 per hour = \$213,840

SDET - Perf Tester (IT Quality Assurance – Journey) – 792 hours at \$95 per hour = \$75,240

SDET - Security Tester (IT Quality Assurance – Senior/Specialist) – 317 hours at \$198 per hour = \$62,766

Technical Product Owner Enterprise Architect (IT Architecture - Senior/Specialist) – 396 hours at \$150 per hour = \$59,400

Database Architect (IT Application Development – Senior/Specialist) – 396 hours at \$115 per hour = \$45,540

Database Administrator (IT Data Management - Journey) – 396 hours at \$104 per hour = \$41,184

Application Developer-BI, Business Intelligence (IT Application Development) – 1188 hours at \$135 per hour = \$160,380

Development Operations Specialist, DevOPs (IT Systems Administration – Journey) – 1584 hours at \$120 per hour = \$190,080

Security Architect (IT Security - Senior/Specialist) – 238 hours at \$198 per hour = \$47,124

Project Manager (IT Project Management - Senior/Specialist) – 396 hours at \$207 per hour = \$81,972

Total Contractor Costs of Pilot Program for infrastructure setup (9 months):

FY24: \$2,434,806 (\$297,792 + \$256,608 + \$213,840 + \$190,080 + \$95,040 + \$285,120 + \$118,800 + \$213,840 + \$75,240 + \$62,766 + \$59,400 + \$45,540 + \$41,184 + \$160,380 + \$190,080 + \$47,124 + \$81,972)

48 Months Duration for maintenance and operations (4 years): April 1st, 2024, to March 30th, 2028 (FY24 – FY28)

IT Systems Administration – Journey

IT Systems Administrator – Journey, SysOps (IT Systems Administration – Journey) – 1690 hours at \$188 per hour = \$317,720 (over 4 years): April 1st, 2024, to March 30th, 2028 (FY24 – FY28)

FY24 (3 months): \$19,858

FY25 (12 months): \$79,430

FY26 (12 months): \$79,430

FY27 (12 months): \$79,430

FY28 (9 months): \$59,572

Development Operations Specialist (DevOps) (IT Systems Administration – Journey) – 1690 hours at \$110 per hour = \$185,900 (over 4 years): April 1st, 2024, to March 30th, 2028 (FY24 – FY28)

FY24 (3 months): \$11,619

FY25 (12 months): \$46,475

FY26 (12 months): \$46,475

FY27 (12 months): \$46,475

FY28 (9 months): \$34,856

Technical Product Owner, Enterprise Architect (IT Architecture - Senior/Specialist) – 1267 hours at \$150 per hour = \$190,050 (over 4 years): April 1st, 2024, to March 30th, 2028 (FY24 – FY28)

FY24 (3 months): \$11,878

FY25 (12 months): \$47,513

FY26 (12 months): \$47,513

FY27 (12 months): \$47,513

FY28 (9 months): \$35,633

Database Architect (IT Application Development – Senior/Specialist) – 1690 hours at \$115 per hour = \$194,350 (over 4 years): April 1st, 2024, to March 30th, 2028 (FY24 – FY28)

FY24 (3 months): \$12,147

FY25 (12 months): \$48,588

FY26 (12 months): \$48,588

FY27 (12 months): \$48,588

FY28 (9 months): \$36,439

Database Administrator (IT Data Management - Journey) – 1267 hours at \$104 per hour = \$131,768 (over 4 years): April 1st, 2024, to March 30th, 2028 (FY24 – FY28)

FY24 (3 months): \$8,236

FY25 (12 months): \$32,942

FY26 (12 months): \$32,942

FY27 (12 months): \$32,942

FY28 (9 months): \$24,706

Application Developer-BI, Business Intelligence (IT Application Development – Senior/Specialist) – 1690 hours at \$120 per hour = \$202,800 (over 4 years): April 1st, 2024, to March 30th, 2028 (FY24 – FY28)

FY24 (3 months): \$12,675
FY25 (12 months): \$50,700
FY26 (12 months): \$50,700
FY27 (12 months): \$50,700
FY28 (9 months): \$38,025

Application Developer-AX (IT Application Development – Journey) – 845 hours at \$120 per hour = \$101,400 (over 4 years): April 1st, 2024, to March 30th, 2028 (FY24 – FY28)

FY24 (3 months): \$6,338
FY25 (12 months): \$25,350
FY26 (12 months): \$25,350
FY27 (12 months): \$25,350
FY28 (9 months): \$19,012

Application Developer-CRM (IT Application Development – Journey) – 845 hours at \$120 per hour = \$101,400 (over 4 years): April 1st, 2024, to March 30th, 2028 (FY24 – FY28)

FY24 (3 months): \$6,338
FY25 (12 months): \$25,350
FY26 (12 months): \$25,350
FY27 (12 months): \$25,350
FY28 (9 months): \$19,012

Application Developer-FACTS. next (IT Application Development – Journey) – 845 hours at \$120 per hour = \$101,400 (over 4 years): April 1st, 2024, to March 30th, 2028 (FY24 – FY28)

FY24 (3 months): \$6,338
FY25 (12 months): \$25,350
FY26 (12 months): \$25,350
FY27 (12 months): \$25,350
FY28 (9 months): \$19,012

SDET -Integrated Tester (IT Quality Assurance – Journey) – 845 hours at \$95 per hour = \$80,275 (over 4 years): April 1st, 2024, to March 30th, 2028 (FY24 – FY28)

FY24 (3 months): \$5,017
FY25 (12 months): \$20,069
FY26 (12 months): \$20,069
FY27 (12 months): \$20,069
FY28 (9 months): \$15,051

QA Tester (IT Quality Assurance - Entry) – 845 hours at \$75 per hour = \$63,375 (over 4 years): April 1st, 2024, to March 30th, 2028 (FY24 – FY28)

FY24 (3 months): \$3,961
FY25 (12 months): \$15,844
FY26 (12 months): \$15,844
FY27 (12 months): \$15,844
FY28 (9 months): \$11,882

Total Contractor Costs of Pilot Program for maintenance and operations (4 years):

FY24: \$104,405 (\$19,858 + \$11,619 + \$11,878 + \$12,147 + \$8,236 + \$12,675 + \$6,338 + \$6,338 + \$6,338 + \$5,017 + \$3,961)

FY25: \$417,611 (\$79,430 + \$46,475 + \$47,513 + \$48,588 + \$38,942 + \$50,700 + \$25,350 + \$25,350 + \$25,350 + \$20,069 + \$15,844)

FY26: \$417,611 (\$79,430 + \$46,475 + \$47,513 + \$48,588 + \$38,942 + \$50,700 + \$25,350 + \$25,350 + \$25,350 + \$20,069 + \$15,844)

FY27: \$417,611 (\$79,430 + \$46,475 + \$47,513 + \$48,588 + \$38,942 + \$50,700 + \$25,350 + \$25,350 + \$25,350 + \$20,069 + \$15,844)

FY28: \$313,200 (\$59,572 + \$34,856 + \$35,633 + \$36,439 + \$24,706 + \$38,025 + \$19,012 + \$19,012 + \$19,012 + \$15,051 + \$11,882)

TOTAL CONTRACTING COSTS:

FY24: \$2,696,417 (\$157,206 + \$2,434,806 + \$104,405)

FY25: \$417,611

FY26: \$417,611

FY27: \$417,611

FY28: \$313,200

STAFFING COSTS:

Leave & Care Division (LCD)

IT Team Costs: Funded with PFML

IT APP DEVELOPMENT - SENIOR MANAGER – oversee the pilot project’s technology development, LCD Tech Manager.

(FY24 - FY28: 0.1 FTE, \$24,286 per year)

IT APP DEVELOPMENT – MANAGER – oversee the code creation for the pilot project, LCD Application Development Manager.

(FY24 - FY28: 0.2 FTE, \$46,413 per year)

IT PROJECT MANAGEMENT - MANAGER – oversee the pilot project technology development, LCD Operations Manager.

(FY24 - FY28: 0.1 FTE, \$23,207 per year)

IT PROJECT MANAGEMENT - SENIOR/SPECIALIST – oversee the facilitation of technology product work with the pilot project, Scrum of Scrums Master.

(FY24 - FY28: 0.1 FTE, \$21,694 per year)

IT QUALITY ASSURANCE - SENIOR/SPECIALIST – oversee the testing with pilot project, Testing Supervisor.

(FY24 - FY28: 0.1 FTE, \$20,660 per year)

Total Costs of Pilot Program for Leave & Care Division (LCD) IT Team:

FY24: \$136,260 (\$24,286 + \$46,413 + \$23,207 + \$21,694 + \$20,660)

FY25: \$136,260 (\$24,286 + \$46,413 + \$23,207 + \$21,694 + \$20,660)

FY26: \$136,260 (\$24,286 + \$46,413 + \$23,207 + \$21,694 + \$20,660)

FY27: \$136,260 (\$24,286 + \$46,413 + \$23,207 + \$21,694 + \$20,660)

Leave & Care Division (LCD)

Operation Team Costs: Funded with PFML

Based on the assumption that roughly 42,000 individuals who would be eligible for coverage with HB 1570 will actually elect coverage for the program, Operations would need an additional staff to support this bill. Staff will be needed to provide customer service to these individuals, this includes answering program questions, assisting with account creation, and assisting with wage reporting and premium payments. We will see an increase in claim volume as a result of the additional Elective Coverage accounts and will need staff to process them.

We anticipate that 70% of those individuals will be self-represented, and the additional 30% will be represented through the representatives. We assume that those who are representing themselves will be the ones mostly likely to contact us so we used that as the starting point for our estimates. Based on historical data we see that 17% of elective coverage customers need to contact us for assistance. The current elective coverage customer base is also a pretty small sample size that is much smaller than the estimates for this bill. Given that this is a new program and that doesn't match the current elective coverage structures and flow we are estimating that the contacts will double from historical average and are assuming that roughly 34% of those self-represented individuals would contact the Customer Care Team assistance at least once during each year. We're estimating that each contact and the associated post-contact work will take 20 minutes, totaling about 3,332 hours of support needed from the Customer Cares Team to support these individuals per year with general customer service needs which 2 staff per year.

In addition, we estimate between 347 and 1468 incoming benefit applications per year that will need processed and based on our benefit staffing model that will result 1 additional staff needed to process those benefits and associated tasks.

Additional compliance staff will also be needed for premium reconciliation issues and appeals. The majority of these staff will be needed for an additional 3 months after the end of the pilot to assist with any closing questions or concerns from claimants.

PAID FAMILY & MEDICAL LEAVE SPECIALIST 2 – to support customers with electing coverage, customer service and processing additional claim volume

(FY24: 2.3 FTE, \$256,480 per year; FY25-28: 3 FTE, \$334,538 per year per year; FY29: 2.3 FTE, \$256,480 per year)

PAID FAMILY & MEDICAL LEAVE SPECIALIST 3– to support customers with electing coverage, audit support, hearing appeals assistance.

(FY24: 0.8 FTE, \$96,949 per year; FY25-28: 2 FTE, \$242,372 per year; FY29: 0.8 FTE, \$181,779 per year)

CUSTOMER SERVICE MANAGER – will supervise the implementation into the operations process

(FY24: 0.4 FTE, \$50,594 per year; FY25-28: 0.5 FTE, \$63,243 per year; FY29: 0.4 FTE, \$50,594 per year)

MANAGEMENT ANALYST 3 – to assist with the implementation of the operations process

(FY24: 1 FTE, \$121,186 per year)

Total Costs of Pilot Program for Leave & Care Division (LCD) Operations Team:

FY24: \$525,209 (\$256,480 + \$96,949 + \$50,594 + \$121,186)

FY25: \$640,153 (\$334,538 + \$242,372 + \$63,243)

FY26: \$640,153 (\$334,538 + \$242,372 + \$63,243)

FY27: \$640,153 (\$334,538 + \$242,372 + \$63,243)

FY28: \$640,153 (\$334,538 + \$242,372 + \$63,243)

FY29: \$488,853 (\$256,480 + \$181,779 + \$50,594)

Leave & Care Division (LCD) –

Data & Analysis Team Costs: Funded with PFML

The agency will be required to compile and submit a report on the pilot program's progress, which will require work from Economic Analyst 3.

ECONOMIC ANALYST 3 – will compile the required legislative report for the pilot program.

(FY24 - FY25: .1 FTE, \$14,071 per year; FY26 - FY27: .3 FTE, \$42,214 per year; FY28: .2 FTE, \$28,143 per year)

Total Costs of Pilot Program for Leave & Care Division (LCD):

FY24: \$675,540 (\$525,209 + \$136,260 + \$14,071)

FY25: \$790,484 (\$640,153 + \$136,260 + \$14,071)

FY26: \$818,627 (\$640,153 + \$136,260 + \$42,214)

FY27: \$818,627 (\$640,153 + \$136,260 + \$42,214)

FY28: \$668,296 (\$640,153 + \$28,143)

FY29: \$488,853

Financial Services Division (FSD)

Finance & Treasury Office: Funded with PFML

Leave & Care Treasury & Analysis Team:

The primary impact of the implementation of HB 1570 to LCD Finance is personnel needed to assist with the technology development, reporting, testing, and post implementation follow-up for the pilot program.

Washington Management Services (WMS) Band 1 – will oversee the Leave & Care Treasury and Research & Analysis teams.

(FY24: .1 FTE, \$16,335 per year)

FISCAL ANALYST 5 – will assist with the technology development, reporting, and testing of the pilot program.

(FY24: .2 FTE, \$26,966 per year)

Total Costs of Pilot Program for FSD:

FY24: \$43,301 (\$16,635 + \$26,966)

Executive Programs

Communications Team:

The communications team will be contributing to the creation, planning, and sharing of related media deliverables for the PFML pilot project. The associated communications costs will be absorbed by the agency.

Unemployment Insurance & Customer Service Division (UICS)

Tax & Wage team: Funded with UI Admin

ESD anticipates an increased workload for relief in benefit charges for 84,000 eligible participants, expecting at least 30% to apply. This process would require a Tax Specialist 3. Additionally, it estimated there would be 1,000 increased phone calls a year to claims center, which would require work from a UI Specialist 2.

TAX POLICY SPECIALIST 3 – will assist with increased relief of charges requests due to the pilot program.

(FY24 - FY28: 1 FTE, \$156,897 per year)

UI SPECIALIST 2 – will assist with increased phone calls to the claim center due to the pilot program.

(FY24 - FY28: .2 FTE, \$18,587 per year)

UICS also expects two hours to train staff on the new eligibility requirements, which allow transportation network company (TNC) drivers to be eligible for benefits. The cost of this new training will be absorbed by the agency.

Total Costs of Pilot Program for UICS:

FY24: \$175,484 (\$156,897 + \$18,587)
FY25: \$175,484 (\$156,897 + \$18,587)
FY26: \$175,484 (\$156,897 + \$18,587)
FY27: \$175,484 (\$156,897 + \$18,587)
FY28: \$175,484 (\$156,897 + \$18,587)

Total Staffing Costs for duration of Pilot Program:

FY24: \$894,324 (\$1,109,144 + \$175,484 + \$43,301)
FY25: \$965,967 (\$1,420,964 + \$175,484)
FY26: \$994,111 (\$1,449,106 + \$175,484)
FY27: \$994,111 (\$1,449,106 + \$175,484)
FY28: \$843,780 (\$1,298,775 + \$175,484)
FY29: \$488,853

Overall Costs:

Total Rulemaking Costs for duration of Pilot Program:

Funded with 50% PFML (\$45,000) & 50% UI Admin (\$45,000)

FY24: \$90,000

Total Contractor Costs for duration of Pilot Program:

FY24: \$2,696,417
FY25: \$417,611
FY26: \$417,611
FY27: \$417,611
FY28: \$313,200

Total Staffing Costs for duration of Pilot Program:

FY24: \$894,324
FY25: \$965,967
FY26: \$994,111
FY27: \$994,111
FY28: \$843,780
FY29: \$488,853

Total Agency Costs for duration of Pilot Program:

FY24: \$3,680,741 (90,000 + \$2,696,417 + \$894,324)
FY25: \$1,383,578 (\$417,611 + \$965,967)
FY26: \$1,411,722 (\$417,611 + \$994,111)
FY27: \$1,411,722 (\$417,611 + \$994,111)
FY28: \$1,156,980 (\$313,200 + \$843,780)
FY29: \$488,853

Total Agency Costs for duration of Pilot Program funded with PFML:

FY24: \$3,460,258 (\$45,000 + \$2,696,417 + \$763,841)

FY25: \$1,208,094 (\$417,611 + \$790,483)

FY26: \$1,236,238 (\$417,611 + \$818,627)

FY27: \$1,236,238 (\$417,611 + \$818,627)

FY28: \$981,496 (\$313,200 + \$668,266)

FY29: \$488,853

Total Agency Costs for duration of Pilot Program funded with UI Admin:

FY24: \$220,484 (\$45,000+\$175,484)

FY25: \$175,484

FY26: \$175,484

FY27: \$175,484

FY28: \$175,484