

HUMAN SERVICES - OTHER

Agency 235

Department of Labor and Industries

Recommendation Summary

Dollars in Thousands

	Annual FTEs	General Fund State	Other Funds	Total Funds
2013-15 Expenditure Authority	2,818.0	34,879	625,394	660,273
Total Maintenance Level	2,832.5	34,695	627,382	662,077
Difference	14.5	(184)	1,988	1,804
Percent Change from Current Biennium	0.5%	(0.5)%	0.3%	0.3%
Performance Changes				
Enhancing Return-to-Work #	9.4		2,300	2,300
Logger Safety Program	8.0		2,074	2,074
Crime Victims' Compensation Shift		(1,900)	1,900	
Contractor Registration and Compliance	(6.0)	(1,400)		(1,400)
Demand for Return-to-Work Program	11.3		2,224	2,224
Reducing Disability	7.2		2,647	2,647
Chemical Hazards Prevention Team	5.8		2,061	2,061
Underground Economy Investigations	9.5		2,639	2,639
Elevator, Contractor Registration, Factory Assembled Structures Programs#		(18,346)	18,346	
Retire LINIIS Computer System	8.5		9,847	9,847
Self-Insurance Risk Analysis System	4.0		2,472	2,472
Restore Contractor Compliance	6.0		1,400	1,400
Prevailing Wage Improvements	10.0		4,794	4,794
Mobile Inspections	8.3		3,548	3,548
Asbestos Certification System	1.8		796	796
CTS Rate Adjustment		6	648	654
Archives/Records Management			(6)	(6)
Audit Services			(2)	(2)
Legal Services		5	361	366
Office of Chief Information Officer		1	56	57
Administrative Hearings		5	20	25
CTS Central Services		5	415	420
DES Central Services		6	616	622
Core Financial Systems Replacement		1	142	143
Fleet Program Rate Reduction		(2)	(142)	(144)
Time, Leave and Attendance System		2	196	198
Self-Insurance Liability Premium		(1)	(109)	(110)
State Public Employee Benefits Rate		4	220	224
WFSE General Government Master Agreement		496	16,856	17,352
Nonrepresented Job Class Specific Increases			40	40
The Coalition of Unions Agreement		253	1,210	1,463
General Wage Increase for State Employees		29	1,489	1,518
Subtotal	83.7	(20,836)	79,058	58,222

HUMAN SERVICES - OTHER

	Annual FTEs	General Fund State	Other Funds	Total Funds
Total Proposed Budget	2,916.2	13,859	706,440	720,299
Difference	98.2	(21,020)	81,046	60,026
Percent Change from Current Biennium	3.5%	(60.3)%	13.0%	9.1%
Total Proposed Budget by Activity				
Providing Agency Wide Administration and Information Services	90.0	(16,795)	73,840	57,045
Providing Worker Compensation Benefits	1,825.8	(346)	404,803	404,457
Protecting Worker Safety	464.4		108,284	108,284
Licensing and Regulation of Construction Professionals and Installations	381.1	17,113	71,002	88,115
Enforcing Fair Labor Standards	95.5	5	24,876	24,881
Preparing a Qualified Workforce with Apprenticeship Programs	20.8		4,693	4,693
Providing Financial and Medical Assistance to Victims of Crime	38.7	13,882	18,942	32,824
Total Proposed Budget	2,916.2	13,859	706,440	720,299

PERFORMANCE LEVEL CHANGE DESCRIPTIONS

Enhancing Return-to-Work #

Funding and FTE staff are provided to expand Preferred Worker program benefits and make permanent certain elements of the 2007 Vocational Improvement Project. These changes are aimed at increasing the successful retraining and employment of previously injured workers. (Medical Aid Account-State)

Logger Safety Program

The Logger Safety Initiative (LSI) was created in 2013 as a collaborative effort between industry and government to improve the safety culture and reduce the cost of workers' compensation premiums in the logging industry. Logging employers can reduce their workers' compensation costs by up to 20 percent if they volunteer for the LSI program. Ongoing funding is provided to continue the LSI program in the future. (Accident Account-State, Medical Aid Account-State)

Crime Victims' Compensation Shift

The Crime Victims' Compensation program provides compensation to victims of gross misdemeanors or felonies for medical care, counseling, lost wages, funeral arrangements, and travel. Expenditure authority is shifted from the state general fund to the crime victims' compensation account. This shift is one-time. (General Fund-State, Crime Victims' Compensation Account-Nonappropriated)

Contractor Registration and Compliance

General Fund-State expenditure authority is reduced for the Contractor Registration and Compliance program if agency request legislation creating a dedicated account for construction-related programs does not pass. This program is self-supported with fees currently passed through the state general fund. Any General Fund-State reduction results in a corresponding decrease in revenues due to decreased staffing capacity. A separate item funds this reduction using various other funds.

Demand for Return-to-Work Program

Funding and FTE staff are provided to increase participation in the Return-to-Work (RTW) program and to improve the effectiveness of private vocational rehabilitation services by placing a vocational specialist in each claims unit to coordinate intensive return-to-work counseling services and interventions. (Medical Aid Account-State)

Reducing Disability

The Department of Labor and Industries has demonstrated success in reducing injured worker disability by up to 30 percent when providers adopt best practices. Funding is provided to expand evidence-based practices and conduct a pilot to improve coordination of care for injured workers with long-term disabilities. (Medical Aid Account-State)

Chemical Hazards Prevention Team

Funding is provided to create a unit that will specialize in protecting workers and communities from explosions or other releases of highly hazardous chemicals at worksites. This program will apply specifically to facilities that store and use large amounts of certain types of highly hazardous chemicals. (Accident Account-State, Medical Aid Account-State)

Underground Economy Investigations

Funding is provided to create a special unit that will investigate and develop cases for criminal prosecution related to the underground economy (individuals and businesses that evade regulations and hide their full tax liability from the state). The department will focus on labor and safety law violations, identify and recover money from medical providers who inappropriately bill the workers' compensation system, and run a pilot project on company-wide investigations. (Accident Account-State, Medical Aid Account-State)

Elevator, Contractor Registration, Factory Assembled Structures Programs#

A new dedicated account is created for the Elevator, Contractor Registration, and Factory Assembled Structures programs and is named the Construction Registration Inspection (CRI) Account. By transferring operations from General Fund-State to the CRI Account, these programs will maintain greater stability for the services they provide. (Construction Registration Inspection Account-State).

Retire LINIIS Computer System

The department uses a 30-year old computer system, Labor and Industries Industrial Insurance System (LINIIS), for the workers' compensation program. Funding is provided to migrate this legacy system to contemporary technology architecture that will be more stable and easier to maintain and operate, freeing time to focus on serving customers. This is the first of five steps L&I will propose over several biennia to modernize all of the agency's applications that use the 1980s-era technology. (Accident Account-State, Medical Aid Account-State)

Self-Insurance Risk Analysis System

The Department of Labor & Industries is launching an initiative to improve auditing and oversight of employers that self-insure for worker compensation. To implement that initiative, funding is provided to develop a Self-Insurance Risk Analysis System (SIRAS) that will not only provide data for prioritizing and targeting audits, but also satisfy requests from self-insured employers to integrate with the nationwide data reporting system. The cost will be covered by the annual administrative assessment on self-insured employers. (Accident Account-State, Medical Aid Account-State)

Restore Contractor Compliance

Funding is provided from the Accident Account and Medical Aid Account to restore the General Fund-State reduction to the Contractor Registration and Compliance program. (Accident Account-State, Medical Aid Account-State)

HUMAN SERVICES - OTHER

Prevailing Wage Improvements

In response to increased requests from stakeholders, funding and FTE staff are provided to make it easier for contractors to comply with prevailing wage requirements, protect honest employers, and increase public confidence in the accuracy of Washington's prevailing wage rates. This will be accomplished by improving the quality and accessibility of data and expanding the detection and investigation of fraud. (Public Works Account-State)

Mobile Inspections

Funding is provided to develop a modern, mobile-technology system that will increase the productivity of the department's electrical inspectors, decrease response times in many cases, and provide inspection results to customers immediately via the Web. Once the system is built, it can be adapted easily to support other L&I inspection programs, further improving the department's ability to support the needs of Washington's growing economy. (Electrical Licensing Account-State)

Asbestos Certification System

The Department of Labor and Industries currently uses three separate, failing Microsoft Access databases to collect certification and inspection data for the Asbestos Certification and Training program. Funding is provided to replace these aging databases with a modern web-based system that consolidates L&I's contractor management process onto a single platform and adds new features for customers and the public. (Asbestos Account-State)

CTS Rate Adjustment

Agency budgets are adjusted to reflect changes in Consolidated Technology Services (CTS) rates. Specific changes include a reduction in metered storage rates and elimination of tailored storage rates, elimination of redundant firewalls, reduction in long distance telephone rates, a general rate reduction to reflect administrative efficiencies within CTS, and enhancements to the identity management service.

Archives/Records Management

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect a 10 percent reduction in the number of boxes submitted for records storage.

Audit Services

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect a 5 percent reduction in charges for audit services.

Legal Services

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect a reduction in legal service charges. The Attorney General's Office (AGO) will work with client agencies to implement stricter policies and best practices regarding utilization of its services to achieve lower legal bills.

Office of Chief Information Officer

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect increased billing levels for software subscriptions and office relocation.

Administrative Hearings

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect a cap on the hourly rate charged for services at \$120 per hour.

CTS Central Services

Agency budgets are adjusted to update each agency's allocated share of charges from Consolidated Technology Services (CTS) to reflect an increase in business continuity/disaster recovery costs and a new allocated charge for state data network costs.

DES Central Services

Agency budgets are adjusted to update each agency's allocated share of charges and to align with anticipated billing levels from the Department of Enterprise Services (DES) in the 2015-17 biennium, including changes to the enterprise systems fee, personnel services, and small agency financial services.

Core Financial Systems Replacement

Agency budgets are adjusted to align with anticipated billings from the Office of Financial Management in the 2015-17 biennium for core financial systems replacement planning through the One Washington project.

Fleet Program Rate Reduction

Agency budgets are adjusted to reflect efficiencies and reduced costs for the Department of Enterprise Services' fleet program.

Time, Leave and Attendance System

Agency budgets are adjusted to align with anticipated billings for the Time, Leave and Attendance system, including debt service and project completion costs.

Self-Insurance Liability Premium

Agency budgets are adjusted to reflect updated premium rates and a reduction in billings for the 2015-17 biennium.

State Public Employee Benefits Rate

Health insurance funding is provided for state employees who are not represented by a union or who are covered by a bargaining agreement that is not subject to financial feasibility determination. Insurance for employees covered by the health insurance coalition is included in funding for their respective collective bargaining agreements. The insurance funding rate is \$913 per employee per month for Fiscal Year 2016 and \$947 per employee per month for Fiscal Year 2017. (General Fund-State, various other accounts)

WFSE General Government Master Agreement

Funding is provided for a collective bargaining agreement with Washington Federation of State Employees (WFSE), which includes a general wage increase of 3 percent, effective July 1, 2015; a general wage increase of 1.8 percent for all employees who earn \$2,500 a month or more, effective July 1, 2016; a general wage increase of 1 percent plus a \$20 per month increase for all employees who earn less than \$2,500 per month, effective July 1, 2016; salary adjustments for targeted classifications; hazard pay for designated night crews; assignment pay in designated areas; and employee insurance. (General Fund-State, various other accounts)

Nonrepresented Job Class Specific Increases

Funding is provided for classified state employees who are not represented by a union for pay increases in specific job classes in alignment with other employees. (General Fund-State, various other accounts)

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The Coalition of Unions Agreement

Funding is provided for a collective bargaining agreement with The Coalition of Unions, which includes a general wage increase of 3 percent, effective July 1, 2015; a general wage increase of 1.8 percent for all employees who earn \$2,500 a month or more, effective July 1, 2016; a general wage increase of 1 percent plus a \$20 per month increase for all employees who earn less than \$2,500 per month, effective July 1, 2016; annual payments for physicians and psychiatrists with board certifications; salary adjustments for targeted classifications; and employee insurance. (General Fund-State, various other accounts)

General Wage Increase for State Employees

Funding is provided for wage increases for state employees who are not represented by a union or who are covered by a bargaining agreement that is not subject to financial feasibility determination. It is sufficient for a general wage increase of 3 percent, effective July 1, 2015; a general wage increase of 1.8 percent for employees who earn \$2,500 a month or more, effective July 1, 2016; and a general wage increase of 1 percent plus a \$20 per month increase for employees who earn less than \$2,500 per month, effective July 1, 2016. This item includes both higher education and general government workers. (General Fund-State, various other accounts)

ACTIVITY DESCRIPTIONS

Providing Agency Wide Administration and Information Services

This activity provides human resource services, facilities management, public records disclosure, budget and financial management, office of the director, and overall agency direction. Information Services coordinates agency wide computing resources.

Providing Worker Compensation Benefits

This activity administers the State Fund provision of workers' compensation insurance for about 2,570,000 employees working for 171,000 employers. This work includes setting rates, collecting premiums, and helping employers to control costs and manage claims. It provides benefits to eligible workers who are injured or become ill as a result of a work place injury or exposure. Benefits include wage replacement, medical, and return to work or vocational assistance. For workers who are permanently disabled or fatally injured Labor and Industries provides lifetime pension benefits for workers or their family members.

Protecting Worker Safety

This activity provides services to reduce preventable workplace injuries, illnesses, and fatalities. Division of Occupational Safety and Health (DOSH) inspectors investigate hazardous workplaces, fatalities, serious accidents, and employee safety complaints. They ensure that employers correct serious hazards. DOSH also encourages voluntary compliance by providing onsite safety, health, and risk consultations to help employers identify and fix workplace hazards.

Licensing and Regulation of Construction Professionals and Installations

This activity protects the public and workers from the potential financial and safety risks associated with residential and commercial construction by licensing professional installers who do electrical, elevator, plumbing, and pressure vessel work. We maintain a register of building contractors to protect homeowners from unreliable, fraudulent, financially irresponsible, or incompetent construction contractors who fail to meet their financial obligations. We inspect installations including amusement rides, elevators, conveyances, grain elevators, mobile and manufactured homes, modular schools, construction trailers, mobile medical units, recreational vehicles, vendor trailers, plumbing, boilers, and pressure vessels.

Enforcing Fair Labor Standards

This activity includes prevailing wage determinations and the Employment Standards Program. The programs promote and enforce fair labor practices including payment of wages, family care benefits, and fair treatment of farm labor contractors. Labor and Industries investigates and issues findings on behalf of workers who were not fairly compensated for work performed.

Preparing a Qualified Workforce with Apprenticeship Programs

This activity prepares a qualified workforce in key occupations in our state. Labor and Industries Apprenticeship Program coordinators monitor compliance in existing occupations and develop and approve new programs in both traditional and non traditional occupations.

Providing Financial and Medical Assistance to Victims of Crime

This activity helps eligible victims of a crime and their families recover from physical, emotional, and financial hardship. Benefits include medical, dental and mental health services, wage replacement benefits, sexual assault forensic exams, and payment of burial costs.