

Department of Labor and Industries

Recommendation Summary

Dollars in Thousands	Annual FTEs	General Fund State	Other Funds	Total Funds
2015-17 Estimated Expenditures	2,890.9	33,918	681,016	714,934
2017-19 Maintenance Level	2,938.3	34,552	698,867	733,419
Difference from 2015-17	47.4	634	17,851	18,485
% Change from 2015-17	1.6%	1.9%	2.6%	2.6%
Policy Other Changes:				
1. Business Transformation	23.3	0	16,663	16,663
2. Enhancing Claims Management	11.1	0	3,809	3,809
3. Conveyance Management System	1.9	1,074	71	1,145
4. Improving Language Access	4.8	0	2,173	2,173
5. Self-Insurance Program	4.2	0	1,057	1,057
6. Dedicated Account	0.0	-19,128	19,128	0
7. Apprenticeship Expansion Grant	0.0	0	1,670	1,670
8. Facility Debt Service	0.0	0	1,750	1,750
9. Technology Apprenticeships	0.0	0	4,000	4,000
10. Network Infrastructure	2.1	0	4,036	4,036
11. Relocate Field Offices	2.1	0	1,121	1,121
12. Apprenticeship Premium	0.0	0	272	272
13. Workplace Safety and Health	11.2	0	2,747	2,747
Policy -- Other Total	60.5	-18,054	58,497	40,443
Policy Comp Changes:				
14. State Public Employee Benefits Rate	0.0	14	511	525
15. WFSE General Government	0.0	639	21,650	22,289
16. State Represented Emp Benefits Rate	0.0	318	6,988	7,306
17. The Coalition of Unions Agreement	0.0	203	981	1,184
18. Non-Rep General Wage Increase	0.0	43	1,503	1,546
19. WFSE Orca Transit Pass	0.0	12	170	182
20. Orca Transit Pass-Not WFSE	0.0	6	30	36
Policy -- Comp Total	0.0	1,235	31,833	33,068

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Policy Central Services Changes:				
21. Archives/Records Management	0.0	0	17	17
22. Audit Services	0.0	0	4	4
23. Legal Services	0.0	9	694	703
24. Administrative Hearings	0.0	3	11	14
25. CTS Central Services	0.0	3	280	283
26. DES Central Services	0.0	3	358	361
27. OFM Central Services	0.0	0	-1	-1
Policy -- Central Svcs Total	0.0	18	1,363	1,381
Total Policy Changes	60.5	-16,801	91,693	74,892
2017-19 Policy Level	2,998.8	17,751	790,560	808,311
Difference from 2015-17	107.9	-16,167	109,544	93,377
% Change from 2015-17	3.7%	-47.7%	16.1%	13.1%

POLICY CHANGES

1. Business Transformation

The Department of Labor & Industries' (L&I) efforts to streamline and modernize operations and to deliver responsive customer service are being hamstrung by inflexible, outdated technology. Despite numerous process improvements that will help save hundreds of millions of dollars, the agency's aging technology systems often pose a roadblock to further progress, and it is getting harder to find job candidates trained in the programming languages that support these applications. L&I is proposing to replace its website and provider credentialing system, and to take the next steps toward creating a modern, integrated technology infrastructure to flexibly support customer needs far into the future. (Accident Account-State; Medical Aid Account-State)

2. Enhancing Claims Management

Funding is provided to fully implement the recommendations of the Joint Legislative Audit & Review Committee aimed at improving outcomes for injured workers while also reducing workers' compensation costs. L&I must reduce claim managers' caseloads and improve the current training program to better enable them to strategically recognize, triage and resolve claims that have a high risk of long-term disability. (Accident Account-State; Medical Aid Account-State)

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3. Conveyance Management System

Funding to replace the Elevator Program's failing Conveyance Management System is provided. This computer system is used for managing customer accounts, issuing invoices and permits, storing inspection and violation records and scheduling inspections. Without a replacement, the instability of the existing system will increasingly result in delays for building owners and contractors. (General Fund-State; Accident Account-State; Medical Aid Account-State)

4. Improving Language Access

Washington is home to many workers with limited English proficiency. L&I is currently seeking approval for its language access plan from the U.S. Department of Justice and the U.S. Department of Labor. Failure to comply with the plan once approved could jeopardize L&I's federal funding. To improve access to services for customers with limited English proficiency, L&I will hire 4.8 FTE staff to improve multilingual services and support through language-access specialists and worker advocates. (Accident Account-State; Medical Aid Account-State)

5. Self-Insurance Program

Chapter 177, Laws of 2015 allows L&I to use non-appropriated funds for administrative costs on one-time projects requested by self-insured employers. As part of this process, L&I has been approved to fund the Self-Insurance Risk Analysis System (SIRAS). The project is estimated to cost \$2.35 million in the 2015-17 biennium. Ongoing funds are provided to cover ongoing administrative maintenance costs for future biennia. Funding is also provided to expand community outreach and respond to increased volume in the Ombuds Office. (Accident Account-State; Medical Aid Account-State)

6. Dedicated Account

Funding for the Elevator, Contractor Registration, and Factory Assembled Structure programs within L&I are transferred to a newly created dedicated account (Construction Registration Inspection Account). Transferring these programs from the General Fund-State to their own dedicated account provides greater stability for the services provided. (General Fund-State; Construction Registration Inspection Account-State)

7. Apprenticeship Expansion Grant

Federal expenditure authority is granted in fiscal years 2017 and 2018 for the ApprenticeshipUSA State Expansion Grant. L&I is expected to register new apprentices in the areas of health care, education, construction industries and advanced manufacturing. The effort is intended to target women, veterans, youth, low-income individuals, people with disabilities and people of color. (Accident Account-Federal; Medical Aid Account-Federal)

8. Facility Debt Service

Debt service funding is provided for the capital construction of the L&I laboratory and training facility in the amount of \$12.7 million over 20 years. (Accident Account-State; Medical Aid Account-State)

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9. Technology Apprenticeships

L&I is currently the recipient of multiple federal grants aimed at expanding technology apprenticeships. These federal grants fund the administration of the apprenticeship programs but do not cover apprenticeship classroom training. L&I will work with the Washington Technology Industry Association to pay for the required supplemental instruction that is not currently covered by the federal grant. (Accident Account-State; Medical Aid Account-State)

10. Network Infrastructure

L&I's network systems are used daily to support every aspect of the agency's business. Typically, equipment has a "life cycle" and is replaced every 4-5 years. When a component currently reaches the end of its life, L&I must re-prioritize spending to replace the item. Often, funds are not available, resulting in equipment staying in service long past its useful or designed life. L&I will place the agency's network infrastructure on a "life cycle" replacement schedule. Funding is also provided to cover the cost of the agency's disaster recovery service. (Accident Account-State; Medical Aid Account-State)

11. Relocate Field Offices

Funding is provided to close one field office and relocate three others. The Seattle office would close in response to safety issues, high lease costs, parking limitations and declining customer traffic, among other concerns. The Bremerton, Port Angeles and Yakima facilities would be relocated due to poor maintenance, safety concerns and other problems the landlords are unwilling to address. (Accident Account-State; Medical Aid Account-State)

12. Apprenticeship Premium

L&I covers the cost of industrial insurance premiums for apprentices while they are participating in unpaid, supervised classroom instruction. Employers cover the cost of industrial insurance premiums during the time that apprentices are in on-the-job training. L&I estimates that it will incur \$715,000 in expenditures for the 2017-19 biennium based on the current trends. The agency currently sets aside \$443,000 for this activity. Funding is provided for the anticipated shortfall of \$272,000 in the next biennium. (Accident Account-State; Medical Aid Account-State)

13. Workplace Safety and Health

Employers that receive inspections or voluntary consultations by the Division of Occupational Safety & Health (DOSH) have lower incidence of workers' compensation claims which suggests those workplaces are safer. The number of DOSH inspectors and consultants began to decline before the recession and has not increased even though the economy has largely rebounded. To meet inspection demand and increase the number of voluntary consultations, L&I will phase in the hiring of 16 FTE staff over the 2017-19 biennium. With increased staff, L&I expects to complete 540 more preventative inspections and 144 more voluntary consultations per year. (Accident Account-State; Medical Aid Account-State)

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14. State Public Employee Benefits Rate

Health insurance funding is provided for state employees who are not represented by a union, who are covered by a bargaining agreement that is not subject to financial feasibility determination, or who are not part of the coalition of unions for health benefits. The insurance funding rate is \$970 per employee per month for fiscal year 2018 and \$1029 per employee per month for fiscal year 2019. (General Fund-State; Electrical License Account-State; Public Works Administration Account-State; other accounts)

15. WFSE General Government

Funding is provided for a collective bargaining agreement and arbitration award with Washington Federation of State Employees (WFSE), which includes a general wage increase of 2 percent, effective July 1, 2017; a general wage increase of 2 percent, effective July 1, 2018; a general wage increase of 2 percent, effective January 1, 2019; salary adjustments for targeted classifications; a minimum starting wage of \$12 an hour; and changes to vacation leave accruals. Employee insurance included in the agreement is displayed in a separate item. (General Fund-State; Asbestos Account-State; Electrical License Account-State; other accounts)

16. State Represented Emp Benefits Rate

This provides health insurance funding as part of the master agreements for employees who bargain as part of the coalition of unions for health benefits. The insurance funding rate is \$970 per employee per month for fiscal year 2018 and \$1029 per employee per month for fiscal year 2019. (General Fund-State; Asbestos Account-State; Electrical License Account-State; other accounts)

17. The Coalition of Unions Agreement

Funding is provided for a collective bargaining agreement with the Coalition of Unions (Coalition) which includes a general wage increase of 2 percent, effective July 1, 2017; a general wage increase of 2 percent, effective July 1, 2018; a general wage increase of 2 percent, effective January 1, 2019; salary adjustments for targeted classifications; and changes to vacation leave accruals. Employee insurance included in the agreement is displayed in a separate item. (General Fund-State; Electrical License Account-State; Public Works Administration Account-State; other accounts)

18. Non-Rep General Wage Increase

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 2 percent, effective July 1, 2017; a general wage increase of 2 percent, effective July 1, 2018; and a general wage increase of 2 percent, effective January 1, 2019. This item includes both higher education and general government workers. (General Fund-State; Electrical License Account-State; Public Works Administration Account-State; other accounts)

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19. WFSE Orca Transit Pass

This funds transit passes (ORCA cards) for state employees outside of higher education who work in King County, who are represented by the Washington Federation of State Employees. (General Fund-State; Electrical License Account-State; Public Works Administration Account-State; other accounts)

20. Orca Transit Pass-Not WFSE

This funds transit passes (ORCA cards) for state employees outside of higher education who work in King County, other than those represented by the Washington Federation of State Employees. (General Fund-State; Electrical License Account-State; Accident Account-State; other accounts)

21. Archives/Records Management

Agency budgets are adjusted to reflect each agency's allocated share of charges for the state archives and state records center (Accident Account-State; Medical Aid Account-State)

22. Audit Services

Agency budgets are adjusted to reflect each agency's allocated share of charges for state government audits. (Accident Account-State; Medical Aid Account-State)

23. Legal Services

Agency budgets are adjusted to reflect each agency's anticipated share of legal service charges. The Attorney General's Office will work with client agencies to implement stricter policies and best practices regarding usage of legal services to achieve lower bills. (General Fund-State; Electrical License Account-State; Public Works Administration Account-State; other accounts)

24. Administrative Hearings

Agency budgets are adjusted to reflect each agency's anticipated share of charges for administrative hearings. (General Fund-State; Electrical License Account-State; Accident Account-State; other accounts)

25. CTS Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Consolidated Technology Services Agency (WaTech) for the Office of the Chief Information Officer, Office of Cyber Security, state network, enterprise systems, security gateways, and geospatial imaging services. (General Fund-State; Electrical License Account-State; Accident Account-State; other accounts)

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26. DES Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Department of Enterprise Services (DES) for campus rent, utilities, parking, and contracts; a capital project surcharge; financing cost recovery; public and historic facilities; real estate services; risk management services; small agency financial and human resource services; personnel service rates; the Perry Street child care center; and the department's enterprise applications. (General Fund-State; Electrical License Account-State; Accident Account-State; other accounts)

27. OFM Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Office of Financial Management (OFM) for the One Washington project and support for OFM's enterprise applications. (Accident Account-State)