

Family Leave Taskforce
September 26, 2007
Employment Security Preliminary Cost Estimate

DRAFT NUMBERS

Estimate Development Process

The Employment Security Department convened an agency-wide team to analyze the family leave legislation, clarify assumptions, and design a model program. Following initial design, the team broke up into workgroups develop a series of start-up and ongoing operational cost estimates. The work groups addressed IT needs, administration and operational staffing costs, rule and policies, outreach, printing and mailing, legal costs, and facilities. The agency-wide team met every two days and the workgroups met daily. Senior executives have proved ongoing, detailed oversight.

Start Up Costs – FY 2008 - FY2010 ranges from \$7 to 9 Million

- Approximately \$4.0 million for project team, including initial outreach.
- Approximately \$4 million in hardware, software, and staff costs. This assumes one contract programmer and the balance of work done by agency employees.

Estimated Annual Ongoing Costs – At full implementation \$6 to \$9 million

Benefit Costs – Low Estimate	From \$23 million to \$33 million
High Estimate	From \$32 million to \$47 million

Benefit Cost Assumptions

- Number of people applying for benefits
 - Low 24,440 - 35,100 per year
 - High 34,580 - 49,660 per year

The low number reflects take-up rates similar to those experienced in California and assumed by L&I in their original fiscal note of 27.9%. The high number reflects the impact of an aggressive outreach program that would inform a large number of potential beneficiaries. The high number also corrects for the fact that California also operates a temporary disability insurance program which pays benefits at higher rates and for a longer duration. This may hold down participation rates in California's family leave program.

- This analysis does not include the following costs, which were incorporated into L&I's original fiscal note.
 - Medical Benefits
 - Tax Collection
 - Employer Enforcement
- Assumes paper applications not phone (costs are higher by phone)

Start Up Detail - FY2008 - FY2010 ranges from \$7 to \$9 million

Estimates include:

- Project Implementation = 14 FTEs at peak and approximately \$4 million
 - Project Management – 1 – responsible for overall implementation, budget, timelines and scope.
 - Project Coordination – 1 – Assists project manager with above tasks
 - Documentation Specialist – 1 Manages project schedule, project library, documents requirements for policy, procedures and system design.
 - Business Analysis – 3 - Document workflows, procedures, and links to other systems. Works with IT on system requirements, design and testing of the IT systems

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Start Up Detail – continued

- Policy Analysis 1 – analyze, design, develop and publish policies, procedures, forms, booklets, law and rules for the new program
- Training – 1 –trains staff in the new unit and staff in the TeleCenters on UI-FML interaction
- Administrative Support- 3– provides clerical support to the implementation team – takes notes, distributes copies of document, routes mail, and answers phones.
- Outreach – 2 – web content, printed materials, advertising contract, media relations, forms
- Rules Coordinator – 1 –Manages development of WACs
- Facilities
- Overhead

- IT System Development = 5 FTEs at peak and total \$4 million over three years
 - Development
 - imaging system, initial application and payment system, IVR (weekly claims system)
 - Contractor
 - manage application development team
 - Equipment
 - servers, storage devices, software licensing, imaging system
 - Fraud and collection system

On-going Detail

Estimated annual cost at full implementation \$7 to \$9 million

Estimates include:

- 16 – 20 claims staff
- 11 program staff
 - Program Administration
 - Administrative Support
 - Adjudications
 - Fraud Investigation
 - Overpayment Collections Processing
- Brochures, Applications, and Forms (printing and mailing)
- Facilities
- Outreach Systems Operation Costs 4 FTE IT staff - \$428K and \$600K maintenance;
- Legal Costs (Does not include attorney fees to prevailing claimants at the administrative hearing level, which could be up to \$2 million in 2010.)
- Overhead
- Outreach

Next Steps

ESD and L&I should jointly review assumptions on uptake, computer infrastructure needs, and program operation. Final costs depend upon the approach to automation taken.