**MEMORANDUM**

**DATE:** August 24, 2017

**TO:** Interested Parties

**FROM:** Christina Streuli, Agency Rules Coordinator

**SUBJECT:** Final Cost-Benefit Analysis for Amendment to

WAC 192-110-015, Applications by standby workers.

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**SUMMARY OF PROPOSED RULE**

The Employment Security Department (ESD) is amending WAC 192-110-015, concerning the process by which employers can request that their temporarily laid off workers be placed on standby, which exempts them from the job search requirements.

Formerly, claimants and employers could only request standby for up to four weeks. If the request from the claimant was approved, the employer could request an additional four weeks of standby, for a total of eight weeks. As previously worded, employers cannot make the initial request for more than four weeks of standby.

The major change to WAC 192-110-015:

* Allowing employers to initiate requests for up to eight weeks of standby for its employee(s), rather than simply requesting an extension of up to four weeks when the employee(s) has already been approved for four weeks.

**INVOLVEMENT OF STAKEHOLDERS**

Stakeholder involvement included the following steps:

* E-mail to stakeholders announcing that the CR-101 proposed rule had been filed, attaching a copy of the proposed rule, inviting input and providing an agency contact, was distributed on May 26, 2017.
* One stakeholder called to convey support for the rule.

**SMALL BUSINESS ECONOMIC IMPACT STATEMENT – DETERMINATION OF NEED**

Chapter 19.85 RCW, The Regulatory Fairness Act, requires that the economic impact of proposed regulations be analyzed in relation to small businesses. The statute defines small businesses as those businesses that employ fifty or fewer people and are independently owned and operated. These proposed rules affect all businesses, including small businesses.

Preparation of a SBEIS is required when a proposed rule will impose more than minor costs on businesses in an industry. The department has analyzed the proposed rule amendments and concludes that they will not impose such costs on small businesses. The preparation of a comprehensive SBEIS is not required.

**EVALUATION OF PROBABLE COSTS AND PROBABLE BENEFITS**

It is arguable whether the amendments meet the definition of a “significant legislative rule” under RCW 34.05.328(1)(d). However, the department has analyzed the probable costs and probable benefits of the amendments, taking into account both the qualitative and quantitative benefits and costs.

**COSTS**

The potential costs to the rule would be that other base period employers would, in most cases, be charged their proportional share of benefits paid while the claimant is not looking for work. However, the cost should be minimal. The average duration of an unemployment claim is 14.6 weeks. Many claimants laid off for a period of eight weeks or less will not have obtained other employment during that period, so the other base period employers would continue to be charged as if the claimants had a job search requirement.

**BENEFITS**

Benefits resulting from adoption of the amendment include:

* Permits employers to place experienced employees on standby for a relatively brief period of time
* Employers will not be required to hire and train new employees to replace those who obtained other employment due to the job search requirement

**CONCLUSION**

The department concludes that the probable benefits of the rule amendment exceeds the probable costs. The department has complied with the appropriate sections of the Administrative Procedure Act has finalized the rule filing.

Please contact Christina Streuli at cstreuli@esd.wa.gov or (360) 902-9647 with questions.