

Summary of Biennial Budget Requests

Governor Inslee’s proposed 2025-25 budget includes approximately \$105.3 million in new spending and 60 FTEs. Highlights of the Governor’s policy-level requests are below. The following summaries are organized around the agency’s strategic goals.

Goal 1: Keep workers and the public safe

Fire-Resistant Materials Applicators

\$883,000 (\$752,000 Accident Fund, \$131,000 Medical Aid Fund)

0.0 FTE

Policy Level Request

In 2023, the Legislature required L&I to develop a new Fire-Resistant Material Applicators Training and Certification Program (SB 1323). The high volume of applicators requiring training certification (estimated at 10,000 to 25,000) makes manual certification and training management impractical. To best serve the program and meet the needs of Washington’s contractors and applicators, L&I needs funds for an effective Information Technology (IT) solution. The proposed web portal will empower potential course providers to apply online for course approval, applicators to apply online for certification, and L&I to effectively support both groups.

Crime Victims Compensation Benefits

\$9,621,000 (\$9,707,000 General Fund State, \$1,395,000 General Fund Federal)
(\$1,481,000 Crime Victims Compensation Account)

0.0 FTE

Policy Level Request

This is an adjustment to account for increased case load projections and expenses and federal funding changes. While originally an L&I maintenance-level request, the Governor’s budget now defines this as a policy-level request.

Domestic Violence Crime Victims Compensation Underspend

(\$4,000,000) (-\$4,000,0000 General Fund State)

0.0 FTE

Policy Level Request

Current funding for medical exams is adjusted to reflect actual expenditures related to the implementation of chapter 108, Laws of 2023 (SB 5070), which requires L&I to provide permanent coverage for forensic exams of nonfatal strangulation domestic violence victims in the Crime Victim's Compensation Program.

Human Trafficking and Sexual Abuse

\$115,000 (\$115,000 General Fund-State)

0.0 FTE

Policy Level Request

This is a technical correction to bring the funding received in the 2025--27 biennial budget into alignment with the resources described in the fiscal note for 2SSB 6006. While originally an L&I maintenance-level request, the Governor’s budget now defines this as a policy-level request.

Adult Entertainment Adjustment

\$677,000 (\$576,000 Accident Fund, \$101,000 Medical Aid Fund)

2.8 FTE

Policy Level Request

The 2024 Legislature passed a law creating safer worker conditions for employees in adult entertainment establishments. Safety measures included mandated training for employees (on sexual harassment, human trafficking, etc.), strengthened regulations for security personnel and systems, and requirements for establishing written procedures to address incidents and complaints. The new law also prevents past practices of certain fees/charges brought to entertainers, defines the required conditions for an establishment to hold a liquor license, clarifies establishment age restrictions, and more. The requested funds account for the legislative changes as the bill evolved (from SSB 6105 to ESSB 6105), aligning the FTEs and funds with the resources described in the fiscal note. This request also provides for adjusted IT costs Funding for this bill that was funded in the 2024 supplemental budget. (Accident Account - State, Medical Aid Account - State)

Goal 2: Help injured workers heal and return to work

Light Duty Complaints Office

\$400,000 (\$200,000 Accident Fund, \$200,000 Medical Aid Fund)

2.0 FTE

Policy Level Request

While light-duty work is beneficial, there are cases where workers are offered light-duty jobs they consider unfair or invalid. Unfortunately, this is a recurring problem in workplace claims management. To help address this issue, the 2023 Legislature provided initial funding to establish the Light Duty Complaints Resolution Office. The office benefits Washington's employers and employees through a streamlined and consistent process for timely review and resolution of light duty complaints. The 2023 Legislature provided one-time funding that was removed through the carry-forward process. The Governor requests funding to continue the office.

Claims Management Resources

\$3,678,000 (\$1,840,000 Accident Fund, \$1,838,000 Medical Aid Fund)

14.0 FTE

Policy Level Request

L&I is charged with providing Workers' Compensation insurance for over 3.8 million workers in Washington State working for about 260,000 employers. However, current staffing levels for claims managers and call center staff are falling behind, directly impacting customers. The majority of our workers' compensation adjudicators currently carry a caseload of approximately 218 claims, which is too high to provide efficient and effective services. In the call center, customer hold times create delays and inefficiencies, directly impacting customer service. By adding claims staff, we can significantly improve worker outcomes, with reduced wait times and faster resolutions of customer inquiries and adjudication issues, thereby enhancing customer service.

Goal 3: Make it easy to do business and engage with L&I

Workers' Compensation System Modernization (WCSM)

\$17,904,000 (\$8,952,000 Accident Fund, \$8,952,000 Medical Aid Fund)

12.9 FTE

Policy Level Request

L&I is advancing to the next phase of the Workers' Compensation Systems Modernization project and requests funding to 1) establish the technical foundation to modernize L&I's nearly 40-year-old workers' compensation system and 2) support L&I in meeting the evolving needs of its employees, injured workers, employers, and providers. The 2025-27 budget request invests in the technology, business capability, and foundational components essential for WCSM's success:

- Technology – To include 1) development toward Cloud Fabric Target State Reference Model and Architecture, Application Programming Interface, integrated services, application services, cloud infrastructure services, hosting services, and 2) skilled IT professionals for the dedicated project team to develop and maintain these IT components.
- Business Capabilities – To include 1) the consolidated customer dashboard (360-degree view), and 2) technologies that will improve results and outcomes for L&I employees and our customers.
- Foundation – To include 1) support for data readiness, project management, procurement, agency culture, strategic planning, change management, and 2) appropriation flexibility.

This DP is a placeholder request. L&I will add details in FY 2025 upon completion of the anticipated Gate 6 project plan and prioritizing our foundational capabilities. The completion of that project plan will also inform L&I's 2026 supplemental budget request.

Equity for Underserved Workers

\$1,768,000 (\$881,000 Accident Fund, \$887,000 Medical Aid Fund)

6.4 FTE

Policy Level Request

Approx. 8 percent of Washington's population is limited English proficient (LEP), and roughly 23 percent of working-age adults speak a language other than English at home. As Washington's lead agency dedicated to fair business practices and worker health, safety, and recovery, L&I is committed to addressing inequities and providing needed information and services to LEP workers. The demand for new content, translations, strategic planning, communication, and the analysis and evaluations of our programs are increasing beyond staff capacity. The Governor requests funding to meet the information and service needs of Washington's LEP workers. This request will add outreach staff, civil rights staff, and strengthen the foundations of related internal support systems.

Fund Swap – Apprenticeship Program

\$0 (-\$1,135,000 General Fund State, +\$568,000 Accident Account, +\$567,000 Medical Aid Account) **0.0 FTE** **Policy Level Request**

Funding reflects a fund swap from General Fund-State Account to the Accident Aid and Accident Medical Aid Account for ongoing staffing costs to serve as industry liaisons for chapter 156, Laws of 2022 (E2SSB 5600).

Zero Emission Fleet Staff

\$127,000 (\$127,000 Climate Commitment Account) **0.5 FTE** **Policy Level Request**

Funding is provided for Zero Emission Fleet Staff, supporting Governor Inslee's efforts to reduce greenhouse gas emissions and combat climate change.

Goal 4: Help honest workers, businesses and providers, and crack down on dishonest ones.**Contractors-Consumer Protection**

\$1,495,000 (\$1,495,000 Construction Registration Inspection Account) **3.2 FTE** **Policy Level Request**

The 2023 Legislature made statutory changes to address bad-actor contractors and expand consumer protections in 2SHB 1534. They increased bonds, fees, and penalties and ended opportunities for successor contractors to avoid penalties incurred by their predecessor. The Legislature also launched a new Homeowner Recovery Fund to reimburse homeowners for damages caused by contractors. Through this new program, homeowners can file claims for reimbursement for up to \$25,000 of their losses directly with L&I after obtaining a final judgment in court. L&I will then pursue recovery from the contractor. To establish funding to begin these reimbursements, L&I is transferring a portion of fines and penalties collected from contractors into the Homeowner Recovery Fund. The Governor requests funding to staff and support the Homeowner Recovery Fund and other administrative components from this new law to include the development of new administrative systems, IT tools and resources, and additional FTEs.

Employment Standards Workload

\$4,091,000 (\$3,477,000 Accident Fund, \$614,000 Medical Aid Fund) **17.3 FTE** **Policy Level Request**

Washington workers are protected by laws and rules covering wages, working conditions, overtime pay, and prevailing wages on public works construction projects. L&I safeguards these protections through the Employment Standards program. Three program components are underfunded (the Wage Payment Act, Youth Employment, and Retaliation). The Wage Payment Act protects employees for wages owed, overtime, paid sick leave, and more. The Youth Employment program safeguards the unique workplace rights granted to minor workers (e.g., job duty restrictions, hours of work limitations, etc.). The Retaliation program prohibits employers from taking adverse actions against an employee who exercises protected rights, files or intends to file a complaint, or has discussed potential violations of their rights. Wage Payment Act, Youth Employment, and Retaliation workloads have increased over the years due to legislative changes and unanticipated public demand for these services. The Governor requests FTEs to provide timely customer service, reduce investigation backlogs and delays, and ensure workers receive these programs' protections.

Prevailing Wage Program

\$1,406,000 (\$1,406,000 Public Works Administration Account) **0.0 FTE** **Policy Level Request**

The prevailing wage law protects workers' wages and benefits, setting a minimum hourly rate of wages, benefits, and overtime that contractors must pay workers on public projects. Prevailing wages ensure workers receive at least a standard rate of wages and benefits established for the same work in their localities. It also ensures all contractors competing for public -works projects meet these minimum standards. L&I establishes and enforces wage requirements for trade-related activities on public work construction projects. To support the prevailing wage program, L&I has expanded the utility of our public works web--based tools, adding numerous new features and applications to meet internal and external needs and expectations. These enhancements have greatly improved the ability to submit, process, and track information, but they are not yet finished. For the 2022 Supplemental Budget, L&I requested funding to start a large portion of the work described above. The legislature approved funding for planning and requirements gathering. In the 2023-25 biennium, L&I proposed and received funding for a 3--year computer project (FY 2024 – FY 2026) to build on the planning and requirements gathering approved with the 2022 Supplemental Budget. The legislature approved funding for the project's first two years. In the 2025--27 carryforward, the Governor requests the funding needed for the final year of the three-year technology project.

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