

## Rate Setting Board

August 5, 2024

9:00 a.m. – 12:00 p.m.

In Person/Zoom Attendance

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TAB 1

## Consumer Directed Employer Rate Setting Board

Meeting #10

August 5, 2024

Blake Office Park East, 4500 10<sup>th</sup> Ave SE, Lacey

Rose Room

9:00 am – 12:00 am

### Agenda

Time	Topic	Presenter(s)
9:00-9:15	<ul style="list-style-type: none"> <li>➤ Welcome</li> <li>➤ Approval of Minutes 07.08.2024</li> <li>➤ Opening Remarks/Old Business</li> </ul>	Chair
9:15-9:30	<ul style="list-style-type: none"> <li>➤ Public Comment</li> </ul>	Chair/Facilitator
<b>Rate Discussion</b>		
9:30-12:00	<ul style="list-style-type: none"> <li>➤ Rate Discussion               <ul style="list-style-type: none"> <li>• DSHS Presentation</li> <li>• SEIU Presentation</li> </ul> </li> <li>➤ Break time when Board wants to break (15min)</li> </ul>	All Chair
12:00	<b>Adjourn</b>	

Please note the agenda times may vary due to the flow of the meeting conversation.

## Rate Setting Board Members

Charles Reed	Chair
Adam Glickman*	Exclusive Bargaining Unit Designee
Bea Rector*	DSHS Representative
Ben Bledsoe*	CDE Representative
Cynthia Hollimon*	Governor's Office Representative
Rep. Kelly Chambers^	House of Representatives (R)
Rep. Steve Tharinger^	House of Representatives (D)
Senator Ron Muzzall^	Senate (R)
Senator Annette Cleveland^	Senate (D)
Georgiann Dustin^	State Council on Aging Representative
Tammy Bowen^	People with Intellectual or Developmental Disabilities Organization
Open Position^	People with Disabilities Organization
Eric Erickson^	Licensed Home Care Agency
Nellie Prieto^	Home Care Worker

\*Voting member, ^Advisory member

## Rate Setting Board Meeting Schedule

April 22, 2024 9:00am – 3:00pm	In Person/Zoom
April 24, 2024 9:00am – 3:00pm	In Person/Zoom
May 6, 2024 9:00am – 3:00pm	In Person/Zoom
May 17, 2024 9:00am – 3:00pm	In Person/Zoom
May 29, 2024 9:00am – 3:00pm	In Person/Zoom
June 5, 2024 9:00am – 3:00pm	In Person/Zoom
June 13, 2024 9:00am – 3:00pm	In Person/Zoom
July 8, 2024 9:00am – 3:00pm	In Person/Zoom
July 25, 2024 9:00am – 3:00pm	In Person/Zoom
August 5, 2024 9:00am – 12:00pm	In Person/Zoom
August 19, 2024 1:00pm -4:00pm	In Person/Zoom

TAB 2



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## Rate Setting Board

[Approved By-Laws](#)

[Approved Charter](#)

[Approved Policy Selecting Chairperson](#)

[Approved Policy Establishing and Submitting Rates](#)

***Updated and approved on July 8, 2024***

TAB 3



# State Rate Proposals

RSB July 25, 2024

The State recognizes that bargaining between SEIU775 and CD-WA may result in a different utilization of investments

# State Rate Proposal Context

The State's rate proposal is informed by the State of the State Budget presented to the RSB on June 5<sup>th</sup>, 2024, and updates made to the economic and revenue forecast and caseload forecast in the June 2024 cycle as presented on July 8<sup>th</sup>, 2024.

# State Proposal – Labor Rate

Assumes sufficient funds to:

- Maintain current investment to ensure no loss of baseline levels (taxes, mileage at updated IRS rate, health care, training, etc.)
- A targeted base wage increase to support increasing wages for low-wage, essential workers
  - 4% in FY26
  - 2% in FY27
- Fund Health Care Coverage Reliability to stabilize access to health care benefits and reduce need to use PTO to maintain health care coverage.
- Additional investments of 3% in both FY26 and FY27 to non-base wage and non-Health Care components that may be bargained for additional benefits

<b>State Proposed Labor Rate</b>				
	Labor Rate*	Health Rate	Total Cost	GF-S Cost
FY25	\$33.93	\$5.22	-	-
FY26	\$35.39	\$5.22	\$105,619,000	\$46,736,000
FY27	\$36.75	\$5.97	\$210,603,000	\$93,192,000
2025-2027 Biennium			\$316,222,000	\$139,928,000
<i>*Includes Health Rate.</i>				

# Additional Labor Rate Investments

- Beyond directed investment in the base wage & Health Care components, the State's Labor Rate proposal assumes funding to:
  - Maintain tax contributions at assumed higher base wages and mileage at updated IRS rates, including an additional \$0.26 in CDE L&I calculation
  - Additional 3% investment in FY26 and FY27 on non-base wage and non-health care components that may be used to bargain for additional benefits/wages

<b>State Proposed Labor Rate Incremental Change from FY25</b>		
	<b>FY26</b>	<b>FY27</b>
CDE Incremental Labor Rate	\$1.457	\$2.825
Base Wage	\$0.895	\$1.361
Non-Base Wages*	\$0.144	\$0.200
Taxes	\$0.340	\$0.378
Health Care	\$ -	\$0.750
Other Benefits	\$0.078	\$0.136

*\*Includes differentials, PTO, Holiday, Overtime, etc.*

# Labor Rate Comparison

Labor Rate with Health Care			
FY25	\$33.93		
	Proposed	State	Difference between Proposals
FY26	\$38.10	\$35.39	\$ (2.71)
FY27	\$41.56	\$36.75	\$ (4.81)

Labor Rate without Health Care			
FY25	\$28.71		
	Proposed	State	Difference between Proposals
FY26	\$32.88	\$30.17	\$(2.71)
FY27	\$35.55	\$30.78	\$(4.77)

	FY26			FY27		
	Proposed	State*	Difference	Proposed	State*	Difference
End of FY Starting Wage	\$24.89	\$22.30	\$(2.59)	\$26.15	\$22.74	\$(3.41)

\*State starting wage assumes 4% increase in FY26 to \$21.44, end of FY25 starting wage, and additional 2% in FY27.

# Health Care Rate Comparison

- The State’s proposal assumes funding to continue health care coverage at current levels and add Coverage Reliability
- Funding for Coverage Reliability is critically important to maintaining health care benefits in the event of a reduction of hours
- Recognizes the unique variability in hours experienced by this workforce and aims to reduce the use of PTO to maintain health care benefits

	FY26			FY27		
	Proposed	State	Difference	Proposed	State	Difference
Total Health Care Component	\$5.22	\$5.22	\$ -	\$6.01	\$5.97	(0.04)
New Funding Detail Below						
Baseline	\$ -	\$ -	\$ -	\$0.16	\$0.16	\$ -
Coverage Reliability	\$ -	\$ -	\$ -	\$0.59	\$0.59	\$ -
Spouse (dental, vision, hearing)	\$ -	\$ -	\$ -	\$0.04	\$ -	\$(0.04)

# Home Care Agency Parity

- The Home Care Agency vendor rate is adjusted incrementally per RCW 74.39A.310 with the change to the CDE Labor Rate
- The Home Care Agencies’ tax experience is applied to the parity estimate
- Parity estimates include additional \$0.11 in each fiscal year to account for agencies that are L&I self-insured
- Investments for B&O included in the Home Care Agency admin rate (slides 9 & 10)

<b>Estimated Agency Parity Incremental Change</b>				
	Labor Rate*	Health Rate	Total Cost	GF-S Cost
FY26	\$1.368	\$ -	\$22,981,000	\$10,169,000
FY27	\$2.768	\$0.75	\$47,637,000	\$21,079,000
2025-2027 Biennium			\$70,618,000	\$31,248,000
<i>*Includes Incremental Health Rate</i>				

# State Proposal – CDE Admin Rate

Assumes sufficient funds to:

- Increase the base Administrative Rate of \$1.39 by:
  - 3% in FY26
  - 3% in FY27
  
- Achieve 152:1 customer service caseload ratio to enhance Customer Service for the workforce

<b>State Proposed CDE Admin Rate without B&amp;O</b>			
	<b>Base Admin</b>	<b>Total Cost</b>	<b>GF-S Cost</b>
<b>FY26</b>	<b>\$1.476</b>	<b>\$5,543,000</b>	<b>\$2,453,000</b>
<b>FY27</b>	<b>\$1.521</b>	<b>\$9,053,000</b>	<b>\$4,006,000</b>
<b>2025-2027 Biennium</b>		<b>\$14,596,000</b>	<b>\$6,459,000</b>



# CDE Admin Rate Comparison

	FY26			FY27		
	Proposed	State	Difference	Proposed	State	Difference
Total CDE Admin Rate without B&O	\$1.57	\$1.476	\$(0.09)	\$1.65	\$1.521	\$(0.13)
New Funding Detail Below						
Baseline Admin	\$0.06	\$0.04	\$(0.02)	\$0.13	\$0.08	\$(0.04)
Customer Service (152 Ratio)	\$0.04	\$0.04	\$ -	\$0.05	\$0.05	\$ -
Recruitment & Referral Bonus	\$0.07	\$ -	\$(0.07)	\$0.09	\$ -	\$(0.09)
*Values above do not include an estimated \$0.65 in FY26 and \$0.68 in FY27 for B&O taxes.						

# State Proposal – Agency Admin Rate

Assumes sufficient funds to:

- Increase the base Administrative rate by:
  - 3% in FY26
  - 3% in FY27
- Modeled using \$6.13/hour as FY25 base admin + \$0.45 EVV funding
- Includes funds for a weighted B&O consideration on the incremental change in the 2023-2025 biennium
- Includes estimated 2025-2027 B&O impact

<b>State Proposed AP Admin Rate</b>			
	Base Admin Increase*	Total Cost	GF-S Cost
FY26	\$0.298	\$5,002,000	\$2,213,000
FY27	\$0.524	\$9,012,000	\$3,988,000
2025-2027 Biennium		\$14,014,000	\$6,201,000

# Agency Admin Rate Comparison

	FY26			FY27		
	Proposed	State	Difference	Proposed	State	Difference
Agency Admin Increase	\$0.773	\$0.297	\$(0.476)	\$1.052	\$0.524	\$(0.528)
Baseline Admin	\$0.245	\$0.202	\$(0.043)	\$0.50	\$0.405	\$(0.095)
Historical B&O	\$0.30	\$0.077	\$(0.223)	\$0.30	\$0.077	\$(0.223)
Mileage	\$0.21	\$ -	\$(0.21)	\$0.21	\$ -	\$(0.21)
Estimated 2025-2027 Incremental B&O	\$0.018	\$0.018	\$ -	\$0.042	\$0.042	\$ -

*Note: L&I self-insured agencies included in parity calculation*

# State Rate Proposal Summary

	FY26		FY27		2025-2027 Biennium
		GF-S		GF-S	GF-S
CDE Labor Rate	\$35.39 + \$1.457	\$46,736,000	\$36.75 + \$2.825	\$93,192,000	\$139,928,000
Agency Parity	+ \$1.368	\$10,169,000	+ \$2.768	\$21,079,000	\$31,248,000
CDE Admin Rate with B&O	\$2.133 + \$0.076 before B&O	\$3,329,000	\$2.203 + \$0.121 before B&O	\$5,737,000	\$9,066,000
Agency Admin Rate	+ \$0.297 + \$0.200 before B&O	\$2,213,000	+ \$0.529 + \$0.405 before B&O	\$3,988,000	\$6,201,000
<b>Total</b>		<b>\$62,447,000</b>		<b>\$123,996,000</b>	<b>\$186,443,000</b>

TAB 4

# Rate Setting Board

Monday, August 5<sup>th</sup>, 2024.



# 4% / 2% raises

(Modelling 4% increase start FY26, and 2% increase start FY27)

- End of FY 25 starting wage: **\$21.44**
- Projected Jan 2026: **\$22.30**
- Projected Jan 2027: **\$22.75**

# Does Little To Rebuild Purchasing Power After Massive Decline Since 2020

Date	IP starting wage current or proposed	Real wage in terms of May 2020
May-20	\$19.00	\$19.00
Jun-25	\$21.44	\$16.75
Jun-27	\$22.75	\$16.92



# Wages Remain Well Below Living Wage – even for a single adult

Date	Projected Living wage (one person)	Projected wage	% difference between living wage and projected wage	Amount difference between projected wage and projected living wage (one person)
Jul-25	\$24.71	\$22.30	-10%	(\$2.41)
Jan-27	\$26.59	\$22.75	-14%	(\$3.84)

# Wages

	<b>Union proposal 1 June 13<sup>th</sup> , 2024</b>	<b>Union proposal 2 August 5<sup>th</sup> , 2024</b>	<b>State's proposal August 5<sup>th</sup> , 2024</b>
Starting IP wage by end FY 26	\$24.89	\$22.75	\$22.30
Starting IP wage by end FY 27	\$26.15	\$25.47	\$22.74
Implications	Restored 2020 purchasing power in FY 26, plus 3% in FY 27 15..5%/5%	Restores 2020 purchasing power by end of biennium, and reduces cost by smaller first year increase . 6%/11%	Does little to restore 2020 purchasing power/real wages, or to get caregivers closer to a living wage.

# Health

	<b>Union proposal 1 June 13<sup>th</sup> , 2024</b>	<b>Union proposal 2 August 5<sup>th</sup> , 2024</b>	<b>State's proposal August 5<sup>th</sup> , 2024</b>
FY 26	\$5.22	\$5.22	\$5.22
FY 27	\$6.01	\$5.77	\$5.97
	Covers inflation Covers 2 months grace period Maintains reserves @ 11mos	Covers inflation Covers 2 months grace Modest reduction can be addressed by slightly less reserves or tweaking grace period	Covers inflation Covers 2 months grace period Maintains reserves @ 11mos

# Retirement

	<b>Union proposal 1 June 13<sup>th</sup> , 2024</b>	<b>Union proposal 2 August 5<sup>th</sup> , 2024</b>	<b>State's proposal August 5<sup>th</sup> , 2024</b>
FY 26	\$1.90	\$1.60	Likely small, if any
FY 27	\$2.50	\$2.00	Likely small, if any
Implications	Increases employer contribution rate from current 5.5 to roughly 10%	Increases employer contribution rate from current 5.5 to roughly 7%	No improvements to retirement benefit

# Other benefits

	Union 1	Union 2	State
	1 addl day PTO + 4 addl holidays (to 6)	1 day PTO or addl holidays	
	Mileage up to 140 per month	Mileage to 120	
	Emergency fund		

**Cost: The union estimates that this rate proposal costs just under \$300M GF-S, or 10% less than the two-year cost of the 2022 RSB increase.**

	Union Proposal 1	State Proposal	Union Proposal 2
<b>FY 24 rate</b>	\$38.10	\$35.39	\$35.54
<b>FY 24 health</b>	\$5.22	\$5.22	\$5.22
<b>FY 25 rate</b>	\$41.56	\$36.75	\$39.78
<b>FY 25 health</b>	\$6.01	\$5.97	\$5.77
<b>GF-S FY 26/27</b>	468M	171M	299M

# Cost of Wages

	<b>FY 2026</b>	<b>FY 2027</b>
State	\$0.895	\$1.361
SEIU Model	\$0.977	\$1.487
Difference	\$0.082	\$0.126

**TO:** Consumer-Directed Employer Rate Setting Board  
**FROM:** Adam Glickman, Secretary-Treasurer, SEIU 775  
**DATE:** August 5<sup>th</sup>, 2024.  
**RE:** Rate proposal no. 2

Following up on SEIU 775’s initial rate proposal memo, this document briefly restates This union’s initial proposal and rationale, looks at the state’s proposal and what it would mean for the rate and caregivers, and finally, this memo puts forward a compromise rate proposal that would help bridge the gap between the union’s initial proposal and the state’s proposal.

**A. Initial union proposal**

Table 1 shows the rate proposed by SEIU 775 during the Rate Setting Board meeting on June 13th, 2024, a rate that would have been sufficient to fund the wage and benefit increases detailed in Table 2.

**Table 1: SEIU 775’s initial labor rate proposal**

Component	Rate / biennial cost
Baseline FY 25 labor rate	\$33.92
FY26 labor rate	\$38.10 (12.3%)
FY27 labor rate	\$41.56 (9%)
Biennial GF-S cost	\$468,768,000

**Table 2: Wage and benefits improvements under SEIU 775’s initial labor rate proposal**

Component	Funding
Wages	<ul style="list-style-type: none"> <li>• <i>Current (end of FY 25) – \$21.44 starting wage</i></li> <li>• \$24.89 starting wage by the end FY 26</li> <li>• \$26.15 starting wage by the end FY 27</li> </ul>
Health Care	<ul style="list-style-type: none"> <li>• <i>Current (FY 25) - \$5.22/hr</i></li> <li>• FY 26 - \$5.22/hr (no change)</li> <li>• FY 27 - \$6.01/hr</li> <li>• Covers health care inflation, coverage reliability, and spousal dental, vision, and hearing benefits</li> </ul>
Retirement	<ul style="list-style-type: none"> <li>• <i>Current (FY 25) - .50 Tier 1 (under 700hrs); .80 Tier 2 (700-6000 hours); \$1.25 Tier 3 (over 6000 hours)</i></li> <li>• FY 26 Increase to \$1.90 Tier 3 contribution (projected 44-cent cost)</li> <li>• FY 27 increase to \$2.50 Tier 3 contribution (projected 82-cent cost)</li> </ul>
Other Benefits example	<ul style="list-style-type: none"> <li>• 1/20 PTO accrual by end FY 27 (<i>FY 25 is 1/23</i>)</li> <li>• + 2 Holidays FY26 (4 total) (<i>FY 25 – 2 holidays</i>)</li> <li>• + 2 Holidays FY27 (6 total)</li> <li>• + 3-cents Training (<i>FY 25 baseline is .485</i>)</li> <li>• Mileage cap increase to 140/month by end FY 27 (<i>FY 25 is 110 cap</i>)</li> </ul>



Component	Funding
	<ul style="list-style-type: none"> <li>• 5 cents Emergency fund</li> </ul>

The Union’s rationale for the funding of the four primary components of the labor rate (wages, health care, retirement, other benefits), relied heavily on the statutory factors the Rate Setting Board is directed to follow. This included:

- **Wages:** The primary factor driving the union’s rate proposal was inflation/cost of living, along with the need to recruit and retain caregivers and maintain a stable workforce. Most significantly, the union presented evidence that showed a significant reduction in real wages for home care workers since 2020, and demonstrated through both survey data and worker testimony that this reduction had had a significant negative financial impact on caregivers, including heightened housing and food insecurity. Moreover, the union presented evidence that higher wages could persuade workers who are considering leaving the workforce to, including family providers once they are no longer caring for their family member.

The union’s proposal included sufficient funding for a wage increase that would get caregivers back to the real wages they had in mid-2020 by the end of the first year of the next biennium, and then gets to about 3% above those real wages at the end of the second year.

- **Health care:** The union’s health care proposal covered health care inflation and made an additional investment to reduce “churn” by providing enough funding to allow caregivers to have two months where they fall below 80 hours eligibility threshold while maintaining their health benefits.
- **Retirement:** Increased retirement benefits were also a key incentive to keep caregivers in the workforce. The Secure Retirement Trust consultants testified that ultimately getting to and maintaining a 10% employer contribution would provide a meaningful benefit that at least comes close to providing replacement income. PERS employer retirement contributions have ranged from 9-12 percent over the last decade.<sup>1</sup> The union’s proposal would increase the employer contribution from its current 6% level to \$2.50 per hour – approximately 10% - for those workers who have worked at least 6000 career hours.
- **Other benefits:** In addition to the wages and benefits above, the union’s initial rate proposal would have been sufficient to fund both an additional day of PTO and 4 additional paid holidays; an increase in mileage reimbursement to 140 miles a month, a small increase in training funding, and a meaningful emergency fund program.

## B. State proposal

While we only have limited information on the state’s proposal, we understand it would be sufficient to fund a 4% wage increase in the first year of the biennium and a 2% increase during the second fiscal year. According to the state’s presentation, the proposed rate would also be sufficient to allow for small increase in benefits along with covering health care inflation and

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<sup>1</sup> “Chapter 6: Contributions,” Washington State Department of Retirement Systems, [Chapter 6: Contributions - Department of Retirement Systems \(wa.gov\)](https://www.wa.gov/retirement-systems)

addressing the health care churn issue. Since we have limited information about the other benefits, this memo addresses primarily wages.

Per the state’s proposal, a 4% increase for FY26 and 2% increase for FY27 increase would lead to starting wages of:

- Projected Jan 2026: \$22.30
- Projected Jan 2027: \$22.75

Impact of state’s wage proposal:

Under the state’s proposal, wage increases would do little to rebuild any of the purchasing power lost by caregivers since the middle of 2020. Table 3 shows a comparison between the real wages caregivers had in May 2020, with wages at the end of the contract, and with what the real wage would be under the state’s proposal.

**Table 3: Real wages in terms of May 2020.**

Date	IP starting wage current or proposed	Real wage in terms of May 2020
May-20	\$19.00	\$19.00
Jun-25	\$21.44	\$16.75
Jun-27	\$22.75	\$16.92

Source: own elaboration with information from SEIU 775 Collective Bargaining Agreement with CDWA, the Bureau of Labor Statistics, and Washington’s Economic and Revenue Forecast Council inflation projections for Seattle-Tacoma-Bellevue.

Furthermore, the state’s proposed wages would remain well below a living wage – even for a single adult. Table 4 compares the percentage difference between the Alliance for a Just Society projected living wage for one person with the wage and the projected IP starting wage at the beginning of FY26 and the end of FY27.

**Table 4: Projected living wage vs current and projected wage under the state’s proposal**

Date	Projected Living wage (one person)	Current/ Projected wage	% difference between living wage and current/projected wage
Jul-25	\$24.71	\$22.30	-10%
Jan-27	\$26.59	\$22.75	-14%

### C. Revised union proposal

As SEIU 775 President Sterling Harders noted, while the union’s initial rate proposal would have been sufficient to fund significant improvements, those improvements would still entail in many ways a bare bones compensation.

Nevertheless, the union is willing to make a compromise rate proposal to help bridge the gap between the union’s proposal and the state’s proposal.

The union’s revised rate proposal would be sufficient to fund:

- **Wages:** Rather than getting back to 2020 real wages in the first year and then increase above that in the second year, the union’s revised rate proposal would be sufficient to simply get back to 2020 real wages by the end of the next biennium.
- **Healthcare:** The revised union proposal modestly reduces the health care rates in FY 27. Modeling from the HBT suggests that this would still be sufficient to fund the two months of grace period to avoid churn, but depending on investment returns would likely leave the HBT with approximately 10.5 months of reserves rather than 11 months.
- **Retirement:** Rather than get to a 10% employer retirement contribution, the union’s revised proposal would phase up to roughly an 7% employer retirement contribution, or a total of \$2,00 per hr. in the first year and \$2 in the second year, also for those workers who have worked at least 6000 career hours. The goal would then be to continue to work towards a 10% employer retirement contribution in subsequent years.
- **Other benefits:** The union’s revised proposal also assumes some but scaled back improvements of other benefits that most workers take for granted.
  - While the original proposal was based on adding an additional day of PTO and adding four holidays, the revised proposal would likely only fund either an additional day of PTO or additional holidays, not both.
  - The revised proposal doesn’t include any funding for any type of emergency funding program
  - The original proposal increased mileage reimbursement from the current 110 hours a month to 140 hours a month; the revised proposal would be sufficient to increase it to 120 hours a month along with the other increases.

The union estimates that this rate proposal costs just under \$300M GF-S, or 10% less than the two-year cost of the 2022 RSB increase.

	Union Proposal 1 (June 13 <sup>th</sup> , 2024)	State Proposal	Union Proposal 2 (August 5 <sup>th</sup> , 2024)
FY 24 rate	\$38.10	\$35.39	\$35.54

<sup>2</sup> “Still Struggling to Make Ends Meet: Job Gap 2022-2023,” *Alliance for a Justice Society*, 2024.

<https://www.dshs.wa.gov/sites/default/files/ALISA/stakeholders/documents/CDE/Briefing%20Book%2005-06-2024.pdf> pp. 116 – 130.

<sup>3</sup> “Economic Forecast - Calendar Year Summary,” June 20, 2024. Washington Economic and Revenue Council.

[https://erfc.wa.gov/sites/default/files/public/documents/forecasts/calendar\\_0624.pdf](https://erfc.wa.gov/sites/default/files/public/documents/forecasts/calendar_0624.pdf)

	<b>Union Proposal 1 (June 13<sup>th</sup>, 2024)</b>	<b>State Proposal</b>	<b>Union Proposal 2 (August 5<sup>th</sup>, 2024)</b>
FY 24 health	\$5.22	\$5.22	\$5.22
FY 25 rate	\$41.56	\$36.75	\$39.78
FY 25 health	\$6.01	\$5.97	\$5.77
GF-S FY 26/27 (inclusive of parity)	\$468M	\$171M	\$299M
<b>Rate components - Increases</b>			
Wages	Final starting wage at end of biennium roughly \$26.15; faster increase  Restores 2020 purchasing power in FY 26 plus 3% in FY 27	Final starting wage end of biennium under \$23  Minimal increase in purchasing power, but still far below 2020.	Final starting wage end of biennium roughly \$25.47; slower increase, most in 2 <sup>nd</sup> year;  Restores 2020 purchasing power by end of biennium
Health care	Covers inflation, 2 months grace to reduce churn	Covers inflation, 2 months grace to reduce churn	Covers inflation, 2 months grace to reduce churn
Retirement	Increases to \$2.50 contribution for more experienced workers (10% contribution)	Likely no increase but unclear	Increases to \$2.00 contribution for more experienced workers for FY27 (8% contribution)
Other benefits	increase in PTO and paid holidays increase in mileage Emergency fund	Unclear	Increase in PTO <u>or</u> holidays; Smaller increase in mileage

TAB 5

Transforming  
Lives

# Consumer Directed Employer (CDE) Rate Setting Board (RSB)

Meeting #10 | **Agenda** | August 5, 2024

Blake Office Park East 4500 10th Avenue SE, Lacey  
9:00 am – 12:00 pm



# Agenda overview, 9:00 – 12:00

- Welcome
- Public Comment
- Rate Discussion

# Welcome

Facilitator, Chair

- Welcome
- Approval of Minutes 07.08.2024
- Opening Remarks/Old Business



# Old business

## Questions from previous meetings

- Is 4% assumed overtime still accurate? **Yes, it is.**
- What weighted medical cost trend did HCA use for PEBB and Medicaid? **8%**

# Public Comment

# Rate Discussion

All

- Rate Discussion
  - DSHS Presentation
  - SEIU Presentation
- Break time when Board want to break (15 min)

# DSHS Presentation

# State Rate Proposals

RSB July 31, 2024

The State recognizes that bargaining between SEIU775 and CD-WA may result in a different utilization of investments

# State Rate Proposal Context

The State's rate proposal is informed by the State of the State Budget presented to the RSB on June 5<sup>th</sup>, 2024, and updates made to the economic and revenue forecast and caseload forecast in the June 2024 cycle as presented on July 8<sup>th</sup>, 2024.

# State Proposal – Labor Rate

Assumes sufficient funds to:

- Maintain current investment to ensure no loss of baseline levels (taxes, mileage at updated IRS rate, health care, training, etc.)
- A targeted base wage increase to support increasing wages for low-wage, essential workers
  - 4% in FY26
  - 2% in FY27
- Fund Health Care Coverage Reliability to stabilize access to health care benefits and reduce need to use PTO to maintain health care coverage.
- Additional investments of 3% in both FY26 and FY27 to non-base wage and non-Health Care components that may be bargained for additional benefits

<b>State Proposed Labor Rate</b>				
	Labor Rate*	Health Rate	Total Cost	GF-S Cost
FY25	\$33.93	\$5.22	-	-
FY26	\$35.39	\$5.22	\$105,619,000	\$46,736,000
FY27	\$36.75	\$5.97	\$210,603,000	\$93,192,000
2025-2027 Biennium			\$316,222,000	\$139,928,000
<i>*Includes Health Rate.</i>				

# Additional Labor Rate Investments

- Beyond directed investment in the base wage & Health Care components, the State's Labor Rate proposal assumes funding to:
  - Maintain tax contributions at assumed higher base wages and mileage at updated IRS rates, including an additional \$0.26 in CDE L&I calculation
  - Additional 3% investment in FY26 and FY27 on non-base wage and non-health care components that may be used to bargain for additional benefits/wages

<b>State Proposed Labor Rate Incremental Change from FY25</b>		
	FY26	FY27
CDE Incremental Labor Rate	\$1.457	\$2.825
Base Wage	\$0.895	\$1.361
Non-Base Wages*	\$0.144	\$0.200
Taxes	\$0.340	\$0.378
Health Care	\$ -	\$0.750
Other Benefits	\$0.078	\$0.136
<i>*Includes differentials, PTO, Holiday, Overtime, etc.</i>		



# Labor Rate Comparison

Labor Rate with Health Care			
FY25	\$33.93		
	Proposed	State	Difference between Proposals
FY26	\$38.10	\$35.39	\$ (2.71)
FY27	\$41.45	\$36.75	\$ (4.70)

Labor Rate without Health Care			
FY25	\$28.71		
	Proposed	State	Difference between Proposals
FY26	\$32.88	\$30.17	\$(2.71)
FY27	\$35.44	\$30.78	\$(4.66)

	FY26			FY27		
	Proposed	State*	Difference	Proposed	State*	Difference
End of FY Starting Wage	\$24.89	\$22.30	\$(2.59)	\$26.15	\$22.74	\$(3.41)

*\*State starting wage assumes 4% increase in FY26 to \$21.44, end of FY25 starting wage, and additional 2% in FY27.*

# Health Care Rate Comparison

- The State’s proposal assumes funding to continue health care coverage at current levels and add Coverage Reliability
- Funding for Coverage Reliability is critically important to maintaining health care benefits in the event of a reduction of hours
- Recognizes the unique variability in hours experienced by this workforce and aims to reduce the use of PTO to maintain health care benefits

	FY26			FY27		
	Proposed	State	Difference	Proposed	State	Difference
Total Health Care Component	\$5.22	\$5.22	\$ -	\$6.01	\$5.97	(0.04)
New Funding Detail Below						
Baseline	\$ -	\$ -	\$ -	\$0.16	\$0.16	\$ -
Coverage Reliability	\$ -	\$ -	\$ -	\$0.59	\$0.59	\$ -
Spouse (dental, vision, hearing)	\$ -	\$ -	\$ -	\$0.04	\$ -	\$(0.04)

# Home Care Agency Parity

- The Home Care Agency vendor rate is adjusted incrementally per RCW 74.39A.310 with the change to the CDE Labor Rate
- The Home Care Agencies' tax experience is applied to the parity estimate
- Parity estimates include additional \$0.11 in each fiscal year to account for agencies that are L&I self-insured
- Investments for B&O included in the Home Care Agency admin rate (slides 9 & 10)

<b>Estimated Agency Parity Incremental Change</b>				
	Labor Rate*	Health Rate	Total Cost	GF-S Cost
FY26	\$1.368	\$ -	\$22,981,000	\$10,169,000
FY27	\$2.768	\$0.75	\$47,637,000	\$21,079,000
2025-2027 Biennium			\$70,618,000	\$31,248,000
<i>*Includes Incremental Health Rate</i>				

# State Proposal – CDE Admin Rate

Assumes sufficient funds to:

- Increase the base Administrative Rate of \$1.39 by:
  - 3% in FY26
  - 3% in FY27
  
- Achieve 152:1 customer service caseload ratio to enhance Customer Service for the workforce

<b>State Proposed CDE Admin Rate without B&amp;O</b>			
	<b>Base Admin</b>	<b>Total Cost</b>	<b>GF-S Cost</b>
<b>FY26</b>	<b>\$1.476</b>	<b>\$5,543,000</b>	<b>\$2,453,000</b>
<b>FY27</b>	<b>\$1.521</b>	<b>\$9,053,000</b>	<b>\$4,006,000</b>
<b>2025-2027 Biennium</b>		<b>\$14,596,000</b>	<b>\$6,459,000</b>

# CDE Admin Rate Comparison

	FY26			FY27		
	Proposed	State	Difference	Proposed	State	Difference
Total CDE Admin Rate without B&O	\$1.57	\$1.476	\$(0.09)	\$1.65	\$1.521	\$(0.13)
New Funding Detail Below						
Baseline Admin	\$0.06	\$0.04	\$(0.02)	\$0.13	\$0.08	\$(0.04)
Customer Service (152 Ratio)	\$0.04	\$0.04	\$ -	\$0.05	\$0.05	\$ -
Recruitment & Referral Bonus	\$0.07	\$ -	\$(0.07)	\$0.09	\$ -	\$(0.09)
*Values above do not include an estimated \$0.65 in FY26 and \$0.68 in FY27 for B&O taxes.						

# State Proposal – Agency Admin Rate

Assumes sufficient funds to:

- Increase the base Administrative rate by:
  - 3% in FY26
  - 3% in FY27
- Modeled using \$6.13/hour as FY25 base admin + \$0.45 EVV funding
- Includes funds for a weighted B&O consideration on the incremental change in the 2023-2025 biennium
- Includes estimated 2025-2027 B&O impact

<b>State Proposed AP Admin Rate</b>			
	<b>Base Admin Increase*</b>	<b>Total Cost</b>	<b>GF-S Cost</b>
<b>FY26</b>	<b>\$0.298</b>	<b>\$5,002,000</b>	<b>\$2,213,000</b>
<b>FY27</b>	<b>\$0.524</b>	<b>\$9,012,000</b>	<b>\$3,988,000</b>
<b>2025-2027 Biennium</b>		<b>\$14,014,000</b>	<b>\$6,201,000</b>

# Agency Admin Rate Comparison

	FY26			FY27		
	Proposed	State	Difference	Proposed	State	Difference
Agency Admin Increase	\$0.773	\$0.297	\$(0.476)	\$1.052	\$0.524	\$(0.528)
Baseline Admin	\$0.245	\$0.202	\$(0.043)	\$0.50	\$0.405	\$(0.095)
Historical B&O	\$0.30	\$0.077	\$(0.223)	\$0.30	\$0.077	\$(0.223)
Mileage	\$0.21	\$ -	\$(0.21)	\$0.21	\$ -	\$(0.21)
Estimated 2025-2027 Incremental B&O	\$0.018	\$0.018	\$ -	\$0.042	\$0.042	\$ -

*Note: L&I self-insured agencies included in parity calculation*

# State Rate Proposal Summary

	FY26		FY27		2025-2027 Biennium
		GF-S		GF-S	GF-S
CDE Labor Rate	\$35.39 + \$1.457	\$46,736,000	\$36.75 + \$2.825	\$93,192,000	\$139,928,000
Agency Parity	+ \$1.368	\$10,169,000	+ \$2.768	\$21,079,000	\$31,248,000
CDE Admin Rate with B&O	\$2.133 + \$0.076 before B&O	\$3,329,000	\$2.203 + \$0.121 before B&O	\$5,737,000	\$9,066,000
Agency Admin Rate	+ \$0.297 + \$0.200 before B&O	\$2,213,000	+ \$0.529 + \$0.405 before B&O	\$3,988,000	\$6,201,000
<b>Total</b>		<b>\$62,447,000</b>		<b>\$123,996,000</b>	<b>\$186,443,000</b>



# SEIU Presentation

# Adjourn