COST-BENEFIT ANALYSIS

Chapter 296-831 WAC, Adult Entertainer Safety

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Research and Data Services
Questions: contact Kerwin Julien. email: juln235@lni.wa.gov

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Chapter 1: Background

1.1 Requirement of the Administrative Procedure Act

The Administrative Procedure Act (APA; Chapter 34.05 RCW) requires that, before adopting a significant legislative rule, the Department of Labor & Industries (L&I) must analyze the probable costs and benefits of the rule, and determine that the "benefits are greater than its probable costs, taking into account both the qualitative and quantitative benefits and costs." [RCW 34.05.328(1)(d)]

Under certain circumstances, a rule or rule component is exempt from this requirement. These exemption criteria are listed in RCW 34.05.328(5)(b) including:

- Emergency rules adopted under RCW 34.05.350;
- Rules relating only to internal governmental operations that are not subject to violation by a nongovernment party;
- Rules adopting or incorporating by reference without material change federal statutes or regulations, Washington state statutes, rules of other Washington state agencies, shoreline master programs other than those programs governing shorelines of statewide significance, or, as referenced by Washington state law, national consensus codes that generally establish industry standards, if the material adopted or incorporated regulates the same subject matter and conduct as the adopting or incorporating rule;
- Rules that only correct typographical errors, make address or name changes, or clarify language of a rule without changing its effect;
- Rules the content of which is explicitly and specifically dictated by statute;
- Rules that set or adjust fees under the authority of RCW 19.02.075 or that set or adjust fees or rates pursuant to legislative standards, including fees set or adjusted under the authority of RCW 19.80.045.

This cost-benefit analysis has been prepared in compliance with the APA for the requirements in the new chapter 296-831 WAC that do not fall under the exemptions described above.

1.2 Description of the Rule

The Division of Occupational Safety and Health (DOSH) within L&I is adopting new rules under chapter 296-831 WAC, Adult Entertainer Safety. This rulemaking was required to implement RCW 49.17.470 which became effective July 28, 2019 as a result of the Engrossed House Bill (EHB) 1756 (Chapter 304, Laws of 2019): Adult Entertainers –Safety and Security.

To support the development of the rule, DOSH held three official rulemaking meetings that were open to the public, and sent three separate stakeholder drafts sent out via GovDelivery for public comment. DOSH also held separate rulemaking meetings with members of the Adult Entertainer Advisory Committee to discuss draft language at least twice from October 2019 through November 2020. At these meetings, various stakeholders discussed with DOSH staff concerns and issues that the rule needs to address, draft rule language, and various desired changes to the draft language over the course of the rule development.

The rule implements the statutory requirements under RCW 49.17.470. Specifically, this rulemaking addresses:

- The requirement that adult entertainment establishments provide panic buttons in certain locations;
- The requirement that adult entertainment establishments record accusations of customer violence, including assault, sexual assault, or sexual harassment towards an entertainer; and
- The requirement that the adult entertainment establishments ban the customer for three years if an accusation of violence or harassment towards an entertainer is supported by a statement made under penalty of perjury or other evidence.

Adult entertainers are at risk of unique and unwarranted hazards when compared with most other industries. The new rule, chapter 296-831 WAC**,** Adult Entertainer Safety, will increase workplace safety conditions for these workers.

Specifically, the rule:

i. Creates WAC 296-831-100 to outline the purpose and scope of the chapter;

ii. Creates WAC 296-831-200 for the definitions of *Adult entertainment*, *Adult entertainment establishment* or *establishment*, *Entertainer*, and *Panic button*;

iii. Creates WAC 296-831-300 and 296-831-310 for the implementation of (1) panic button requirements, an exception to the requirements, and the related testing and record keeping requirements; and (2) the installation of an appropriate entertainer alarm system(s);

iv. Creates WAC 296-831-400 to outline training requirements; and

v. Creates WAC 296-831-500 for the implementation of customer complaint log requirements which includes logging complaints against customers, and restriction of access for the customers accused of assault or other listed complaints.

1.3 Description of Affected Businesses and Workers

The rule intends to enhance the safety and security for entertainers engaged in activities related to adult entertainment. The establishments engaged in these activities are adult entertainment establishments (establishments). The establishments are referred to by different names including strip clubs, and gentlemen's club, among others, and offer services to adult customers.

The entertainers working at these establishments go by different titles as well, which include exotic dancers, performers, or strippers, among others. The entertainers typically perform on stage but also provide additional private services to customers on a one-on-one or group basis in private rooms. Establishments typically have several rooms available for such private sessions. The entertainers, through the nature of their work, generally face unique risk of violence while at work, and at an elevated risk of violence by the customer(s) in private rooms. Acts of violence include threats, sexual assault, and sexual harassment, and can be from customers as well as other employees, with the vast majority perpetrated by customers. Other types of employees within this industry who would also benefit from the rule are hosts, wait staff, bartenders, supervisors/managers, and security guards, among others.

Table 1. Industry and occupations most likely impacted by the rules in Washington

Industry	NAICS	Occupation	SOC Code
All Other Amusement and Recreation	713990	Amusement and Recreation Attendants	39-3091
		Bartenders	35-3011
		Dancers	27-2031
		Hosts and Hostesses, Restaurants, Lounge and Coffee Shop	35-9031
		Security Guards	33-9032
		Waiters and Waitresses	35-3031

Chapter 2: Probable Cost of the Rule

This report represents only the estimated new cost of complying with the new rules for the affected parties, excluding realized or potential costs associated with or originated from the current industry practices, or "baseline" standards under existing laws, rules, or national consensus standards. Therefore, any compliance costs attributable to or insignificantly different from the baseline standards are not analyzed here.

The following sections are being analyzed in terms of their cost impact to the affected businesses.

2.1 WAC 296-831-300

Rule Language: This section requires adult entertainment establishments to (i) provide a panic button (SPB) in each room within the establishments in which an entertainer, as defined in WAC 296-831-200, may be alone with a customer, and in bathrooms and dressing rooms; (ii) panic buttons and their alarms must be silent (discreet) at the point of use, while still effectively alerting responding parties; and (iii) requires the annual testing of alarm systems and record keeping of such tests and/or maintenance performed on the system. (The language provides an exception under (ii) for the use of an audible panic button to specific locations where alarms are required upon assessment and unanimous determination by the establishment's safety and health committee).

Cost Implication: The requirement for the placement of a silent panic button in select rooms within the establishment is simply adopting language from RCW 49.17.470(2), and so is exempt from analysis under RCW 34.05.328(5)(b)(iii). The other two requirements under this section are new and would impose a cost upon impacted businesses. In order to estimate these costs, L&I must estimate 1) the number of affected establishments, which includes the total number of rooms needing a silent panic button; 2) the average price of a standard silent panic button; and 3) the labor cost of the installation of the silent panic buttons. In addition, L&I must estimate the possible cost of testing the alarm system and record keeping. To support the estimation methodology L&I relies upon the following assumptions.

i. SPBs can be connected to existing alarm systems and establishments would not need to upgrade the existing security system;[1]
ii. Installation and setup time is less than 10 minutes per SPB for a professional installer;[2] and
iii. A typical establishment in this industry has 6 to 11 rooms that would require an SPB.[3]

[1] Based on security industry information.
[2] *Ibid*.
[3] Based on internal staff estimations.

1. Number of silent panic buttons needed

Based on the data provided by the stakeholders coupled with an internet search for adult entertainment establishments in Washington State, L&I estimates that approximately 11 establishments are subject to this requirement. From assumption (iii) above, the total number of silent panic buttons required for the impacted establishments would range from 66 to 121.

2. Probable cost of the silent panic buttons

A panic alarm system is composed of two main parts – the panic button, and the communication system. The panic button can be either wired (which is more costly as it requires a professional installation and a direct connection to the communication system) or wireless (which is the more affordable and available option). The wireless buttons can be either wall/desk mounted or wearable. The entertainers perform in a manner where wearable or mobile app-based panic buttons may not be feasible, therefore only wall mounted panic buttons were considered in this analysis. The communication system is the component to which the panic button talks when activated, and which alerts responders to the alarm. This communication system is typically part of any alarm system.

Since no new system is required, each establishment would simply have to buy the panic button and either pair it to their existing security systems, or set up a standalone system whereby the selected responders receive triggered alerts. A review of standard commercial silent panic buttons show that the median market price of a silent panic button is around $31.76[4] and has an average lifespan of 7.25 years.[5] In all, establishments are expected to incur a total cost of $2,096 to $3,842 or annual cost of $289 to $530 for the silent panic buttons (see Table 2).

Table 2. Cost of silent panic buttons to affected businesses

Item	Value
Number of affected establishments	11
Number of required silent panic buttons	66 - 121
Median cost of a silent panic button	$31.76
Average lifespan of a silent panic buttons	7.25 years
Cost of silent panic buttons	$2,096 - $3,842
Annual cost of silent panic buttons	**$289 - $530**

[4] This cost represents the after tax price. $29.00+9.5% tax = $31.76. The median price was from an examination of several most common silent panic buttons available for typical security systems.
[5] Average lifespan based on manufacturer information.

These buttons typically use a lithium battery which lasts about one year, based on average usage, before it needs to be replaced. Given the estimated cost of $2.46 for a typical battery for each silent panic button,[6] the total cost for battery replacement under the rule is estimated to be $163 to $298 annually (see Table 3).

Table 3. Cost of replacement batteries for silent panic buttons

Number of silent panic buttons	66 - 121
Battery median price	$2.46
Annual cost of replacing all batteries annually	**$163 - $298**

3. Probable labor costs

Most silent panic buttons are simple do-it-yourself (DIY) devices and would require less than 10 minutes to install and set up.[7] However, affected businesses may incur a labor cost from the professional installation of the silent panic buttons into their existing security systems. Based on the average time to install a silent panic button, L&I estimates it would take approximately 11 to 20.2 hours to install the 66 to 121 silent panic buttons the industry may need under the new rule. Using the median hourly rate of $39.66[8], the approximate installation costs of the silent panic buttons range from $436 to $800 and annual cost would be $66 - $110 (see Table 4). Following installation, the other probable related cost would be the annual battery replacement for each silent panic button. Changing a battery is a relatively quick process and it is not expected to impose additional labor cost on affected businesses.

Table 4. Installation costs

Labor cost for installation of silent panic buttons	
Number of silent panic buttons	66 - 121
Installation time	11 - 20.2 hours
Hourly labor rate	$39.66
Labor cost for all installations	$436 - $800
Annual cost for the installations	$60 - $110

[6] This is based on the median cost of three popular battery models plus an average retail sales tax.
[7] This estimate is based on available information from several retail security companies. As no special skill is required the silent panic buttons can also be easily installed by the owner.
[8] Based on the base wage of $28.28 for a Security and Fire Alarm System Installer (https://esd.wa.gov/labormarketinfo/occupations) and the latest estimate that the base wage accounted for 71.3% of total employee compensation (https://www.bls.gov/news.release/ecec.nr0.htm).

4. Probable cost of monitoring, testing and record keeping

Owners, staff, or other people with responsibility for security currently receive notifications via their mobile and other smart devices while the security system is monitored by a security company. These notifications include alerts when a device is triggered or malfunctioning. L&I believes there would be no additional cost for on-going monitoring of SPBs since owners or security personnel are already receiving notifications from the existing alarm system. This would simply be one more item for which they would receive a notification and which could be sent to their mobile phones or other mobile devices.

The testing requirement would simply entail pressing each button to ensure the alarm functions properly. As part of their normal operations, establishments already have measures in place to test, maintain, and document their current security systems, and as such, this new requirement should not impose any significant labor time. Similarly, record keeping of these annual tests may simply be a single entry in a log book of the day and time the test was conducted and any possible issues with the test. Both tasks are likely to take only a few minutes. Given the small number of SPBs involved, L&I believes that the requirement for annual testing and record keeping will only impose minimal cost upon impacted businesses.

2.2 WAC 296-831-310

Rule Language: This section requires establishments to install an appropriate entertainer alarm system with a distinctive signal installed for the purposes of communicating entertainer violence related emergencies. This alarm system must (i) communicate the triggering of panic buttons to designated responders; (ii) identify the location of triggered panic button(s); (iii) latch the triggered communication and location without requiring ongoing action(s) from the individual(s) who triggered the alarm; and (iv) be recognizable above surrounding noise and/or light levels by designated responders (collectively, the "functions"). In addition, the alarm system must further mitigate hazards through the implementation of either (a) a multi-stage alarm or (b) a multi-component alarm.

Cost Implication: In order to estimate the cost of this rule, L&I must identify (1) the cost of any needed hardware or software, (2) possible setup and installation costs, and (3) possible monthly monitoring costs. To assess these costs, L&I relies upon the following reasonable assumptions: (1) all impacted businesses currently have a security alarm system installed with monitoring services; and (2) all common alarm systems are capable of performing the specific functions outlined in the requirement.

Based on these assumptions, L&I does not believe impacted businesses would incur any cost in obtaining an alarm system since all businesses would have a current system capable of

performing the basic functions of the requirement. Any additional cost would arise from the further mitigation requirements, discussed below, which are new and would impose a new cost upon impacted businesses. Furthermore, any potential adjustments to existing systems would be done at the point of installation of the panic buttons or other devices necessary to meet the mitigation requirements. This would include positioning and proper syncing with the existing system(s).

Cost of mitigation options

Option A. This option requires the implementation of a multi-stage alarm that would be discreet at the panic button point-of-use but capable of switching to an audible/recognizable alarm in the event of a malfunction. This would require the installation of a siren (or siren-like device) at each point-of-use and paired with the existing panic button and alarm system. This would require the total number of sirens to be the same as the number of panic buttons – 66 to 121. A review of common available sirens show the average market price of a siren is approximately $88.00[9] and has an average lifespan of 10 years.[10] This would result in a total hardware cost of $5,808 to $10,648, or $581 to $1,065 on an annualized basis.

While most sirens do not use batteries (as a primary source of power) but instead are plugged into an electrical outlet, some sirens do use a battery as a backup power source. Assuming impacted businesses incur a battery cost to augment the siren's power source, and using an average battery cost of $7.11[11] and a 10-year lifespan, L&I estimates the total cost of battery replacement at the end of their useful life to be approximately $469.26 to $860.31, or $46.93 to $86.03 each year.

Similar to the SPBs, most siren devices are also simple DIY devices and would require less than 10 minutes to install and set up by a professional installer. Based on the average time to install a siren device, L&I estimates it would take approximately 11 to 20.2 hours to install the 66 to 121 devices. Using the median hourly rate of $39.66[12] for a Security and Fire Alarm System Installer, the approximate installation costs of the siren devices range from $436.26 to $801.13, or an annual cost of $43.63 to $80.11.

[9] The average price was determined from a search for the most popular commercial indoor siren alarm devices and filtered by most relevant. This average price represents the estimated after-tax cost.
[10] Average lifespan based on manufacturer information.
[11] Based on an average battery cost of $6.50 plus 9.45% sales tax
[12] Based on the base wage of $28.28 for a Security and Fire Alarm System Installer (https://esd.wa.gov/labormarketinfo/occupations) and the latest estimate that the base wage accounted for 71.3% of total employee compensation (https://www.bls.gov/news.release/ecec.nr0.htm).

L&I assumes that current alarm contracts include monitoring costs which would cover the addition of any new devices. As a result, impacted businesses are not expected to incur any new cost of monitoring the added sirens. In all, establishments are expected to incur a total cost of $6,714 to $12,309 or annual cost of $671 to $1,231 for the multi-stage alarm option (see Table 5).

Table 5. Mitigation costs: Multi-stage alarm system

Number of sirens	66 – 121
Hardware costs	
Average unit cost	$88
Total	$5,808 - $10,648
Battery costs	
Average unit cost	$7.11
Total	$469.26 - $860.31
Installation/setup costs	
Hourly labor rate	$39.66
Installation time (hours)	11 - 20.2
Total installation/setup costs	$436.26 - $801.13
Total costs	$6,714 - $12,309
Annual costs of multi-stage alarm	**$671 - $1,231**

Option B. This option requires the implementation of multi-component alarm which is discreet at point-of-use but has a non-audible component, such as lights, at various locations to booths and rooms to indicate the use and location of the triggered panic button. This would require the installation of a device, such as a strobe, at each point of use and paired with the existing panic button and alarm system. From our review, the average market price of a siren/strobe device is approximately $115.00[13] and has an average lifespan of 10 years.[14] Similar to Option A, the total number of sirens/strobes would be the same as the number of panic buttons – 66 to 121. This results in a total hardware cost of $7,588 to $13,912, or $759 to $1,391 on an annualized basis. L&I assumes similar battery replacement costs under this option as incurred in Option A of $469.26 to $860.31, or $46.93 to $86.03 annually.

Given the relatively similar nature of the devices, L&I also assumes similar installation and setup times and costs as under Option A. Similar to the multi-stage option, L&I assumes there would be no additional monthly monitoring costs for the added siren/strobe devices as these

[13] The average price was determined from a search for the most popular commercial indoor siren/strobe alarm devices and filtered by most relevant. This average price represents the estimated after-tax cost, i.e. $105 + 9.5% tax.

[14] Average lifespan based on manufacturer information.

devices would be covered under existing alarm contracts. In all, establishments are expected to incur a total cost of $8,494 to $15,573, or annual cost of $849 to $1,557 for the multi-component alarm option (see Table 6).

Table 6. Mitigation costs: Multi-component alarm system

Number of sirens/strobes	66 - 121
Hardware costs	
Average unit cost	$115
Total	$7,588 - $13,912
Battery costs	
Average unit cost	$7.11
Total	$469 - $860
Installation/setup costs	
Hourly labor rate	$39.66
Installation time (hours)	11 - 20.2
Total installation/setup costs	$436 - $801
Total costs	$8,494 - $15,573
Annual costs of multi-component alarm	**$849 - $1,557**

Total Mitigation Costs

Based on the cost assessment of the two mitigation options, L&I estimates impacted businesses would incur approximately $671 to $1,557 annually.

Table 7. Total cost of mitigation options

Component	Total cost	Annualized cost
Option A. Multi-stage alarm	$6,714 - $12,309	$671 - $1,231
Option B. Multi-component alarm	$8,494 - $15,573	$849 - $1,557

2.3 WAC 296-831-400

Rule Language: This section requires adult entertainment establishments to (1) train entertainers on the location and type of panic buttons, their use, proper scenarios for their use, limitations of panic buttons and/or alarm system(s), location and purpose of the customer complaint log and blocklist, scenarios for the appropriate listing, and the adding, of customers

to the complaint log and blocklist, prior to their work as entertainers; and (2) designate and train responders, prior to their work as designated responders, on the location and type of panic buttons, how to recognize panic button alarms, the limitation of panic buttons and/or alarm system(s), their role and responsibilities following the use of a panic button, the location and purpose of the customer complain log and blocklist, scenarios for the appropriate listing, and the adding, of customers to the complaint log and blocklist.

Cost Implication: Under WAC 296-800-14020, employers must "[d]evelop, supervise, implement, and enforce safety and health training programs that are effective in practice", while WAC 296-800-16025 requires employees to be trained on the use of personal protective equipment (PPE). The training on the proper use and limitations of the panic buttons and associated alarm system(s) along with the complaint log and blocklist is a new and necessary requirement. Impacted businesses would incur a cost of having to train staff as outlined in the requirement. However, L&I believes cost assessment of the training requirement of the panic button to be exempt under RCW 34.05.328(5)(c)(iii) due to the existing requirements from WAC 296-800-14020 and WAC 296-800-16025.

2.4 Total costs

Based on all these cost components, this requirement would impose an annualized cost of approximately $1,183 to $2,495 upon impacted businesses. This includes the cost to purchase the hardware (SPBs) needed to comply with this requirement, the cost to replace the batteries each year, the labor cost to install the devices, and the cost for mitigations (see Table 8).

Table 8. Summary of the total annualized costs

Annualized cost of silent panic button	$289 - $530
Annualized installation costs	$60 - $110
Annual battery replacement costs	$163 - $298
Annual cost of mitigation options	$671 - $1,557
Total annual costs	**$1,183 - $2,495**

Chapter 3: Probable Benefits of the Rule

The main purpose of this rulemaking is to enhance the safety and security of entertainers in the adult entertainment industry. However, given the nature of the industry and the implications of the requirements, the implementation of this new rule would most probably help improve the overall safety of other persons employed in this industry, such as host and wait staff, who have similarly been victims of these crimes.

In order to quantify the potential benefits of the rule, L&I relied upon the following assumptions:

i. **On average 20-40% of total acts of violence would be reported**. One of the challenges in the adult entertainment industry is the reporting of acts of violence against entertainers. It is generally understood and widely acknowledged that entertainers are discouraged, sometimes even threatened, from filing (police) reports when an act of violence has been committed against them for various reasons. These include the stigma associated with their work, reputational damage (both for the victim and the establishment), fear of reprisal, potential loss or lack of employment opportunities, and fear of other consequences, amongst others. As a result, the number of reported acts of violence is significantly understated. Due to the lack of actual reporting data for this specific industry, L&I chose this range as a reasonable estimate for the reporting rate in this industry based on a national reporting rate of violent crimes from a relevant study,[15] coupled with the knowledge of its internal technical experts.

ii. **Other employees (including bartenders and wait staff), not only entertainers, would benefit from the new requirements**. Data on acts of violence from the Seattle Police Department and reported by adult entertainment establishments, lump violent acts committed against all employees - entertainers, wait and host staff, security, etc. - together. Due to the fact that the employee type is not reported the data does not permit the differentiation of victims by employee type. This not only makes it impossible to identity assaults against entertainers versus other types of employees, but highlights the fact that other employees within this industry are subject to these same crimes and could potentially benefit from the rule. However, it is believed that the entertainers are more likely than other employees to be victims.

Due to the significant under-reporting issue, vital data are not collected or available on the industry. Therefore, the estimates of the probable benefits in this analysis represent a

[15] According to the U.S. Department of Justice, Criminal Victimization report, 2020, the rate of violent crime reporting was about 40% in 2020.

considerable underestimate of the actual benefits. Nevertheless, L&I has assessed the following benefits of the rule based on the best information currently available.

3.1 Quantitative Benefits of the Rule

3.1.1 Reduction in the number acts of violence

The main benefit associated with this rule would be a reduction in the number of acts of violence committed against the entertainers and other workers in the adult entertainment industry. In order to estimate this quantitative benefit, L&I must first (i) estimate a reasonable number of incidents occurring in the industry; and (ii) estimate the probable reduction in the number of incidents as a result of the introduction of the SPB.

(i) Number of incidents

To estimate a reasonable number of incidents occurring in the industry, L&I relied primarily upon data from the Seattle Police Department (SPD) reports on responses to acts of violence at adult entertainment establishments.

In 2018, the SPD reported 30 responses to acts of violence at adult entertainment industry. Assuming this represents 20-40% of the actually occurred incidents, the total number of cases would be approximately 76.5 to 149 for the city of Seattle in King County where 74% of identified adult entertainment establishments are located. From this estimation, the number of incidents statewide would be approximately 103.4 to 201.4 (see Table 9).

(ii) Reduction rate of incidents

Various studies have found that security/surveillance systems could reduce crime rate (either through deterrence or early intervention) by 50-60%.[16] If the SPBs as a security measure could achieve a similar effect as these studies suggest, the requirement of having every room equipped with an SPB would reduce the number of acts of violence by approximately 51.8 to 120.8 annually.

[16] For example, a study from Orange County, New Jersey showed a 50% reduction in crime from the installation of surveillance cameras. In another study by the University of North Carolina, 60% of burglars said they surveyed a home for a security camera and most would move on to another target if one was present.

Table 9. Reduction in acts of violence[17]

Type of violent crime	Number of reports	Total (assuming 20-40% reporting rate)	Statewide estimates	Reduction in cases (low - high)
Assault	21	52.5 – 105	70.9 – 141.9	35.5 - 85.1
Rape[18]	1	4	5.4	2.7 - 3.2
Sexual Assault	2	5 – 10	6.8 – 13.5	3.4 - 8.1
Sexual Harassment	3	7.5 – 15	10.1 – 20.3	5.1 - 12.2
Threat	3	7.5 - 15	10.1 – 20.3	5.1 - 12.2
TOTAL	30	76.5 - 149	103.3 – 201.4	51.8 - 120.8

3.1.2 Cost savings from reduced acts of violence

To estimate the total cost savings from all these reduced acts of violence, L&I also needed to estimate the average societal cost per incident. There is no specific data on the cost of sexual assault to entertainers in the adult entertainment industry, so L&I used a referential/universal cost approach, i.e. we assume that a sexual assault in the entertainment industry is no different from that of any other industry, so the cost would also be similar. The cost of rape represents the highest cost of (sexual) violence against adults, and as a result was separated from the other acts of violence in this assessment. For each rape avoided by the rule, L&I estimates it would result in a saving of $122,461.[19] For other types of acts of violence, L&I relies on its claim data for the approximate cost. For the victims of these acts who do not need mental health treatment, each incident avoided would save $1,547.[20] For those who need mental health treatments, the average cost for mental health treatment is $2,313,[21] and the total cost saving per avoided incident is approximately $3,860. Based on the available information, and the crime reduction rate discussed above, L&I estimates that the rule would provide approximately $463,116 to $709,807 in averted costs (see Table 10).

[17] Statewide acts of violence extrapolated from Seattle Police Department 2018 data.
[18] According to the National Sexual Violence Research Center (NSVRC) about 25% of rapes were reported in 2018. Staff applied a 25% reporting rate for rape and a range of 20 to 40% reporting rate for the other acts of violence.
[19] Peterson, C. et al, "Lifetime Economic Burden of Rape Among U.S. Adults"
[20] Based on the median cost of all nine claims filed for acts of violence at the adult entertainment establishments between 2010 and 2019. L&I.
[21] Based on the median cost of mental health services for all closed claims that received mental health treatments in 2018-2020.

Table 10. Quantifiable benefits from a reduction in violent acts and claims

Avg. reduction rate in crime from the introduction of a surveillance system	50%	60%
Acts of violence		
Rape		
Avg. number of rapes per year		5.4
Approx. reduction in rapes	2.7	3.2
Lifetime cost of rape		$122,461
Avg. savings from a reduction in rapes	$330,645	$391,875
Acts of violence, other[22]		
Avg. number of violence acts per year		98 – 195.9
Approx. reduction in violent acts	98	117.6
Assuming 50% of these victims need mental health treatments		
Average cost for victims w/o mental health treatment		$1,547
Average cost for mental health treatment per victim		$2,313
Average cost for victims w/ mental health treatment		$3,860
Estimated total cost savings from all victims without mental health treatment.	$37,902	$90,964
Estimated total cost savings from all victims with mental health treatment.	$94,570	$226,968
Total avoided costs (savings)	**$463,116**	**$709,807**

3.2 Qualitative Benefits of the Rule

Beyond the benefits quantified above in Section 3.1.1, there are additional benefits which accrue as a result of the rule. These benefits are difficult to quantify and are even more difficult for this analysis due to the lack of data on this industry. Below, we discuss five of the main qualitative benefits of the rule.

First, the rule could reduce the negative effects on mental, emotional, and physical health. Findings from exploratory research suggest that sexual harassment can lead to depression. For instance, the Institute for Women's Policy Research (IWPR) reports a study by Dansky and Kilpatrick (1997) found that one in ten women who were sexually harassed had severe symptoms of depression that met the definition of post-traumatic stress disorder (PTSD).[23] The

[22] For conservative estimates, we assume that 50% of victims would incur some mental health costs and 50% would incur some other (non-mental health) claim costs.
[23] *Sexual Harassment and Assault at Work: Understanding the Costs*. Source: https://iwpr.org/iwpr-publications/briefing-paper/sexual-harassment-and-assault-at-work-understanding-the-costs/

same authors found that these effects can last for many years after the harassment. The IWPR reports that several other studies have found that in addition to depression, sexual harassment and/or assault can have significant negative effects on psychological well-being and work behaviors, negative mental health effects, and higher risk of long-term physical health problems.

L&I believes that the implementation of the rule would reduce the acts of violence, and therefore, contribute to mitigate the negative impact of these incidents on the mental, emotional and physical health of victims.

Second, it reduces the risk of unemployment for the affected workers. As a result of the reduction in the acts of violence, the affected entertainers and other victims of violence within the industry may continue to work and earn a living.

A third qualitative benefit is increased safety and improved work conditions. Silent panic buttons can help protect more than just the entertainers. While the rule generally aims to benefit entertainers who may find themselves alone with a customer, L&I believes that other employees (for instance, bartenders and wait staff), who have also filed reports of acts of violence, would benefit from the increased security measure. The banning of customers accused of assault would also improve the safety of entertainers and staff by keeping perpetrators of crimes away and thus avoiding possible repeated incidents.

Fourth is an increase of (actual) data collection in this industry to better inform future decisions. Assessment of the potential costs and benefits of regulatory/legislative actions in this industry is complicated by the lack of valid data. The requirement to record/document acts of violence committed against entertainers would create the data collection necessary to better understand the industry and useful for future analyses.

A fifth qualitative benefit of rule is that it would contribute towards an improvement in reputational image of the industry. From enhancing security protection of its entertainers and employees to the banning of customers accused of acts of violence, the reputation of the establishments and industry in general would benefit both from an actual and perceived improvement in safety measures.

Chapter 4: Cost-Benefit Determination

In compliance with the Administrative Procedures Act (APA), chapter 34.05 RCW, L&I analyzed the probable costs and benefits, quantitatively and qualitatively, associated with the new rules under chapter 296-831 WAC. The main goal of this rulemaking is to make Washington's occupation safety and health standards for adult entertainers and adult entertainment establishments consistent with the corresponding state law under RCW 49.17.470. The rule primarily aims to enhance the safety and security of adult entertainers by addressing requirements for panic buttons in certain locations, recording accusations of violence acts towards an entertainer, and banning customers accused of committing acts of violence from all establishments under the same ownership.

There is an inherent uncertainty in the cost and benefit estimations in economic analyses. In this analysis, the uncertainty aspect comes from the reliance upon certain assumptions, the lack of available industry-specific data, and the difficulty of validating the actual data. Unforeseen and/or unknown economic events would also complicate the current estimates. This implies that the true cost and benefit implications, along with the other economic impact of the rule, are unknown. However, the approach taken by L&I to determine the impact of the rule is considered the best one based on the available information and data at the time of this analysis.

L&I estimates that the rule will impose approximately $1,183 to $2,495 of new compliance costs annually on all affected parties. The annual quantitative benefits of the rule are estimated to be $463,116 to $709,807. L&I also identified a number of substantive, but unquantifiable benefits. L&I therefore concludes that the probable benefits of the rule outweigh the probable costs.

Chapter 5: References

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