

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5831 SB	<b>Title:</b> Certification of mechanics
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## Estimated Cash Receipts

Agency Name	2007-09		2009-11		2011-13	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	Non-zero but indeterminate cost. Please see discussion."					
Department of Labor and Industries	0	2,645,900	0	1,898,800	0	1,898,800
<b>Total \$</b>	0	2,645,900	0	1,898,800	0	1,898,800

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

## Estimated Expenditures

Agency Name	2007-09			2009-11			2011-13		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	6.6	0	1,450,290	8.6	0	1,558,962	8.6	0	1,558,962
<b>Total</b>	6.6	\$0	\$1,450,290	8.6	\$0	\$1,558,962	8.6	\$0	\$1,558,962

Local Gov. Courts *									
Local Gov. Other **									
Local Gov. Total									

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<b>Prepared by:</b> Deborah Feinstein, OFM	<b>Phone:</b> 360-902-0614	<b>Date Published:</b> Final 2/27/2007
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID: 16744

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5831 SB	<b>Title:</b> Certification of mechanics	<b>Agency:</b> 090-Office of State Treasurer
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.
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### Estimated Expenditures from:

	FY 2008	FY 2009	2007-09	2009-11	2011-13
<b>Fund</b>					
<b>Total \$</b>					

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/01/2007
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 02/02/2007
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 02/02/2007
OFM Review: Deborah Feinstein	Phone: 360-902-0614	Date: 02/07/2007

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

SB 5831 creates the HVAC/R fund and allows the account to retain its earnings from investments.

Assumption: Earnings will be credited to the HVAC/R fund even though RCW 43.84.092 is amended instead of RCW 43.79A.040.

Earnings from investments:

The amount of earnings by an account is a function of the average daily balance of the account and the earnings rate of the investment portfolio. The average daily balance is a function of the beginning balance in the account and the timing & amount of receipts, disbursements, & transfers during the time period in question. Accordingly, even with a beginning balance of zero, two accounts with the same overall level of receipts, disbursements, and transfers can have different average balances, and hence different earnings.

There will be an impact to the earnings; however, the actual earnings will be determined more by the impact to the average daily balance than the amount of increases or decreases in receipts, disbursements, and transfers. Currently, estimated earnings are indeterminable. Without projected monthly estimates of receipts, disbursements, and transfers, OST is unable to estimate the changes to the average balance of the account and the impact to earnings.

Based on the November 2006 Revenue Forecast, the net rate for estimating earnings for FY 08 is 4.18% and FY 09 is 4.21%. Approximately \$41,800 in FY 08 and \$42,100 in FY 09 in net earnings and \$5,000 in OST management fees would be gained or lost annually for every \$1 million increase or decrease in average daily balance.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

SB 5831 creates the HVAC/R fund and allows the account to retain its earnings from investments.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years					
Total:					

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5831 SB	<b>Title:</b> Certification of mechanics	<b>Agency:</b> 235-Department of Labor and Industries
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

FUND	FY 2008	FY 2009	2007-09	2009-11	2011-13
HVAC/R-State NEW-1	1,696,500	949,400	2,645,900	1,898,800	1,898,800
<b>Total \$</b>	1,696,500	949,400	2,645,900	1,898,800	1,898,800

### Estimated Expenditures from:

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years	4.5	8.6	6.6	8.6	8.6
<b>Fund</b>					
HVAC/R-State NEW-1	645,363	804,927	1,450,290	1,558,962	1,558,962
<b>Total \$</b>	645,363	804,927	1,450,290	1,558,962	1,558,962

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/01/2007
Agency Preparation: Trista A Zugel	Phone: 360-902-6805	Date: 02/27/2007
Agency Approval: Joshua Swanson	Phone: 360-902-6805	Date: 02/27/2007
OFM Review: Deborah Feinstein	Phone: 360-902-0614	Date: 02/27/2007

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

See attachment

### II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

See attachment

### II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

See attachment

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2008	FY 2009	2007-09	2009-11	2011-13
FTE Staff Years	4.5	8.6	6.6	8.6	8.6
A-Salaries and Wages	210,816	432,614	643,430	864,462	864,462
B-Employee Benefits	64,299	131,831	196,130	263,332	263,332
C-Personal Service Contracts					
E-Goods and Services	265,260	147,040	412,300	254,080	254,080
G-Travel	39,603	93,442	133,045	177,088	177,088
J-Capital Outlays	65,385		65,385		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
<b>Total:</b>	\$645,363	\$804,927	\$1,450,290	\$1,558,962	\$1,558,962

### III. B - Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2008	FY 2009	2007-09	2009-11	2011-13
Compliance Inspector	54,372		4.0	2.0	4.0	4.0
Customer Service Specialist 2	31,056	1.0	1.0	1.0	1.0	1.0
Financial Analyst 3	44,664	0.2	0.3	0.3	0.3	0.3
ITS 5	60,036	0.5		0.3		
Program Manager	76,000	0.3	0.3	0.3	0.3	0.3
Secretary Supervisor	34,920	1.0	1.0	1.0	1.0	1.0
Specialty Compliance Tech Spec	57,120	1.5	2.0	1.8	2.0	2.0
<b>Total FTE's</b>		4.5	8.6	6.6	8.6	8.6

## Part IV: Capital Budget Impact

None

**Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

See attachment

## Part II: Explanation

This bill creates an HVAC/R contractor registration, mechanical certifications (one residential, one commercial) and gas piping mechanic licenses (gas piping mechanic I and gas piping mechanic II), to be governed by a stand-alone HVAC/R Board. The new board and licenses will be administered in conjunction with the administration of chapter 18.106, Plumbers. A new HVAC/R fund is established.

### II. A – Brief Description of What the Measure Does that Has Fiscal Impact

**Section 2 Contractor Registration and Mechanic Certification;** Requirements state that it is illegal for any person, firm, partnership corporation or other entity to advertise, offer to do work, submit a bid, engage in, conduct or carry on the business of performing **HVAC/R work or gas piping work** without being registered as a contractor under 18.27 RCW. It also states that no such entity can employ a person to perform or offer to perform HVAC/R work or gas piping work that has not been issued a certificate or permit, without having in his or her possession a certificate or permit issued by the department under this chapter. Agency inspectors will have the responsibility of ensuring compliance with supervision requirements.

**Section 5 Eligibility for Examination** describes eligibility requirements for examination. The department will develop procedures for the administration of these requirements including processing of applications and fees, verification of hours and appropriate auditing methods and criteria.

**Section 7 Examination** gives the department the authority to create the qualifying exam and states that the department may enter into a contract with a professional testing agency to “develop, administer and score the examinations and set a fee for the administration of this exam”. The tests must be given at least four times annually and the fee to administer the tests must cover but not exceed the costs of preparing and administering the exam.

**Section 8 Certification without Examination** describes the grandfathering provisions of this legislation. Individuals seeking the new license will submit proof of work experience to the department beginning January 1, 2008. The grandfathering period will end on July 1, 2008.

**Section 9 Certificates of Competency** specifies the terms and conditions of the certificate of competency. The term is three years and renews on the mechanic's birth date. This section requires the department to create a single document and establish a single expiration date for a mechanic who holds two or more certificates or endorsements under this chapter, chapter 18.106, Plumbers and chapter 19.28, Electricians and electrical installations.

**Section 10 Trainee Certificates** describes the terms and conditions of the training certificates. Training certificates are issued to apprentices in HVAC/R related apprenticeship programs, to trainees who provide the department with an accurate list of their employers in the HVAC/R or gas piping industry for the previous 2 year period and the number of hours worked for each employer, and have complied with the

continuing education requirement in section 11 of this act. Training certificates are valid for two years and expire on the trainee's birth date.

**Section 11 Continuing Education** requires twenty four hours of continuing education in the three year period prior to renewal. A trainee must demonstrate satisfactory completion of sixty hours of Related Supplemental Instruction or equivalent as a part of an apprenticeship program in the two year period prior to renewal to maintain their trainee card. The department shall determine the contents of the continuing education courses and establish the requirements for satisfactory completion of such courses.

**Section 12 Trainee Supervision** describes the requirements for supervision of trainees. A trainee may only conduct HVAC/R work when the mechanic is on the same job site and the trainee is under their control. Supervision percentages and ratios vary.

**Section 17 Civil Penalties** authorizes civil penalties for violations of this chapter. These penalties will be set by rule but must not be less than \$50 and not more than \$500.

**Section 19 HVAC/R Fund** creates the HVAC/R Fund and states that the fund is subject to allotment but appropriation is not required for expenditures.

**Section 20 HVAC/R Fund/Interest Earnings** creates the treasury income account and sets forth requirements for the management of this account. Funds in this account will be deposited into the general fund except for those funds (listed in this section) that "shall receive their proportionate share of earnings..."

**Section 22 HVAC/R Board** creates the HVAC/R Board, and gives requirements for membership. The board will meet quarterly. The department will reimburse board members for travel expenses.

**Section 23 Administration** allows for the administration of the new chapter, which will be done in conjunction with chapter 19.106. The costs for administering this chapter shall be paid proportionately from the HVAC/R fund, and the Plumbing Certificate Fund established under 18.106.130. The department is given rule making authority necessary for the administration of this chapter.

**Section 25 General and Specialty Contractor Registration** states that, for a contractor who qualifies for two or more registrations or licenses under chapter 18.27 RCW, this chapter and 19.28, the department shall "establish a single registration/licensing document. The document shall list all of the contractor's registrations and licenses."

**Section 26 Trade Coordination Panel** creates the "trade coordination panel" This board is to meet as needed but only if one or more of the boards believes that there is a conflict regarding a scope of work. LNI will reimburse board members for travel.

**Section 30 Effective Date** gives an effective date of January 1, 2008.

## **II. B – Cash Receipt Impact**

The department anticipates receipts from HVAC/R registrations, certifications, and penalties. All cash receipts will be received into the new HVAC/R fund.



- New HVAC/R contractor registrations will cost \$120.00 and HVAC/R contractor registration renewals will be \$60. Registrations and renewals will be good for two years.
- Individual certifications will be \$200 initially and \$200 at renewal. Both will have a term of three years.
- The initial application fee for certified workers will average \$122.
- Fines for working without proper certification will be \$100 for each infraction.
- Unregistered contractor citations will be \$500 for each infraction.
- Training certificates will be approximately \$40.
- Testing fees will be approximately \$122

Section 9 requires the department to create a single document and establish a single expiration date for a mechanic who holds two or more certificates or endorsements. Section 25 states that for a contractor who qualifies for two or more registrations or licenses, the department shall “establish a single registration/licensing document.

To ensure the proper administration of these sections, all new registrations and certifications will be set to renew at the same time as any existing registrations and certifications. All associated fees will be prorated to reflect the actual time between initial application and first renewal. All contractor registrations will be aligned with the expiration of the general contractor’s license.

The following tables detail expected activities and revenues and are based on the following assumptions:

- Approximately 1,100 firms will register under this act. This is based on the number of contractors who employ HVAC/R electrical technicians (those that hold the 06A certificate), which is approximately 900, and the assumption that some firms that do plumbing work will also register as HVAC/R contractors to perform the full scope of their work.
- Of the contractors registering under this act in 2008, one half will have other registrations that will expire before Fiscal Year 2010. For these contractors, the initial registration fee will be prorated to approximately \$60. The other one half will purchase registrations in 2008 that will be good for two years. The cost for these initial registrations, because they are good for two years, will be \$120.
- Of the workers applying for certification under this act in 2008, one third will have other certificates that will expire before Fiscal Year 2010. For these mechanics, the initial certification fee will be prorated to approximately \$67. One third will purchase registrations in 2008 that will be good for two years. The cost for these initial certifications, because they are good for two years, will be approximately \$133. The remaining one third will purchase certifications good for three years. The costs for these certifications will be \$200.
- Starting in Fiscal Year 2009, the department will write approximately 600 infractions to contractors and 300 infractions to uncertified workers. Based on collection history, we will collect on approximately one third of these infractions.

- The department will receive 3,500 applications for trainee certificates yearly. This is based on the approximate number of trainees in the plumbing and electrical certification programs.

### REVENUE PROJECTIONS

	FY 2008		FY 2009		FY 2010	
	Count	Revenue	Count	Revenue	Count	Revenue
Registration	1,100	\$ 99,000	200	\$ 24,000	200	\$ 24,000
Registration Renewals	N/A	\$ -	500	\$ 60,000	500	\$ 60,000
Application	7,500	\$ 457,500	350	\$ 42,700	350	\$ 42,700
Certifications*	7,500	\$ 1,000,000	350	\$ 70,000	350	\$ 70,000
Certification Infractions	N/A	\$ -	200	\$ 20,000	200	\$ 20,000
Registration Infractions	N/A	\$ -	100	\$ 50,000	100	\$ 50,000
Test Fee	N/A	\$ -	350	\$ 42,700	350	\$ 42,700
Certification Renewals	N/A	\$ -	2,500	\$ 500,000	2,500	\$ 500,000
Training Certificate	3,500	\$ 140,000	3,500	\$ 140,000	3,500	\$ 140,000
Totals	19,600	\$ 1,696,500	8,050	\$ 949,400	8,050	\$ 949,400

	FY 2011		FY 2012		FY 2013	
	Count	Revenue	Count	Revenue	Count	Revenue
Registration	200	\$ 24,000	200	\$ 24,000	200	\$ 24,000
Registration renewals	500	\$ 60,000	500	\$ 60,000	500	\$ 60,000
Application	350	\$ 42,700	350	\$ 42,700	350	\$ 42,700
Certifications	350	\$ 70,000	350	\$ 70,000	350	\$ 70,000
Certification Infractions	200	\$ 20,000	200	\$ 20,000	200	\$ 20,000
Registration Infractions	100	\$ 50,000	100	\$ 50,000	100	\$ 50,000
Test Fee	350	\$ 42,700	350	\$ 42,700	350	\$ 42,700
Certification Renewals	2,500	\$ 500,000	2,500	\$ 500,000	2,500	\$ 500,000
Training Certificate	3,500	\$ 140,000	3,500	\$ 140,000	3,500	\$ 140,000
Totals	8,050	\$ 949,400	8,050	\$ 949,400	8,050	\$ 949,400

The revenue projections focus on agency assumptions regarding the potential number of contractors and certified workers. They are based on:

- The number of employers reporting hours under HVAC/R risk classes for workers' compensation.
- The number of employees they report.
- The number of registered HVAC/R electricians (assuming they take the grandfathering opportunity provided).

First year assumptions reflect the number of expected applications for grandfathering and the assumption that they will bring in approximately \$1.7 million. Revenues from this period allow the department to build a reasonable fund balance.

If the number of certified workers and registered contractors does not meet or exceed expectations, this will give the department some latitude to alter fees in future fiscal years. Should the department deem it appropriate to reduce fees, these reductions will first be reflected in individual certification fees.

## **II. C – Expenditures**

Implementation of the bill will require staffing, including technical specialist, customer service specialists, and additional compliance inspectors and information development resources. The department assumes that the new certifications and registrations will constitute a workload very similar to that of the existing plumbing program.

### **FTE Staffing**

A total of eight new FTEs will be needed including four (4) Compliance Inspector FTEs, two (2) Specialty Compliance Technical Specialist FTEs, one (1) Secretary Supervisor FTE, and one (1) Customer Service Specialist (CSS) FTEs.

### **PHASE 1--PROGRAM START-UP**

To effectively and properly review and process the new registrations and certifications, including the grandfather requirements the department will hire a one Secretary Supervisor (who will also serve as the administrative assistant to the HVAC/R Board) and one SCS Technical Specialist, effective 7/1/2007. These two positions will provide administrative and board preparation support in the start-up phase.

### **PHASE 2—FULL PROGRAM IMPLEMENTATION**

#### **Headquarters Staff**

The Secretary Supervisor will act as administrative assistant to the new HVAC/R Board and supervise the processing staff. Additionally, the Secretary Supervisor will support the Customer Service Specialist 2 (CSS2) in processing all applications and handling all phone inquiries from HVAC/R contractors, certified HVAC/R mechanics and gas piping mechanics.

One CSS2 will field calls and process registrations and certifications for the approximately 10,000 certified mechanics, mechanic trainees and associated contractors per year. This workload equates to the management of approximately 3,300 certification and registration accounts per year, and includes processing applications and handling all phone inquiries from contractors and certified HVAC/R mechanics and gas piping mechanics. The CSS2 starts on 1-1-08.

### **Specialty Compliance Services Technical Specialists**

The two SCS Technical Specialists will serve as experts on the HVAC/R industry. They will manage all rulemaking and ensure proper interpretation of statute and rule for all issue areas. In addition, they will, when necessary, audit affidavits of work experience to ensure that technicians are appropriately credited for hours of work experience. The department assumes that the technical specialist will audit approximately 1,750 affidavits annually. This is based on the number of affidavits reviewed annually by the Plumbing Program. One position begins on July 1, 2007 and the second Technical Specialist starts 1-1-08.

### **Compliance Inspectors**

Four Compliance Inspectors will perform approximately 67 inspections per month for a total of 800 per year, which is equivalent to the workload of existing inspectors. The expected workload of approximately 3,200 inspections per year equates to four new inspectors. The Compliance Inspectors will start 7-1-08.

### **Additional Costs**

Board meetings will occur at least quarterly with the seven members being eligible for reimbursement of their travel expenses.

We assumed that an average of one-half of the meetings would occur in Eastern and one-half in Western Washington. We also assumed that the average per diem and travel would equal \$750/board member ( $\$750 \times 4 \times 7 = \$21,000$ ) or \$21,000 travel cost, yearly.

The Trade Coordination Panel is not required to meet on a regular basis.

We assumed the same per diem and travel costs for this panel but estimated two meetings per year for a total annual cost ( $750 \times 2 \times 4 = \$6,000$ ) of \$6,000.

### **Information Systems**

The department's current information technology infrastructure will need to be modified. Changes would be needed to the current specialty compliance systems. Four new specialties would be created, with corresponding business rule changes. These systems will also need to be modified for entry and tracking of a single registration document with a single expiration date for an HVAC/R certificate holder who also has other Labor and Industries certificates or endorsements.

The new processes also will need to be able to create a 90-day reciprocal temporary license and a combined license document.

# of Hours	Hourly Rate	Total	Task
1250	\$80	\$100,000	Create 4 new specialty codes, including. continuing education, experience and testing requirements.
40	80	3,200	90-day reciprocal temporary license
125	80	10,000	Grandfather existing HVAC/R
350	80	28,000	Replace current license card with combined license document.
440	80	35,200	Synchronize expire dates for multiple licenses on combined document.

Project Management and administration will be handled by a part-time project manager. In order to complete these changes in time a 0.3 Information Technology Specialist 5 FTE will be hired. This will be a project position for approximately seven months.

The cost of permanent and project (temporary) FTEs includes salary and benefits as well as the agency standard costs associated with a new FTE which includes: The lease of office space, work unit (desk, file cabinet, etc) and furniture (if needed), telephone and communication expenses, training, travel and leased PC equipment. It is also assumed that additional leased office space will be required with the approval of new FTEs. Therefore costs are included, prorated on a per FTE basis, to cover tenant improvements associated with acquiring the new leased space. Tenant improvements include one-time expenditures for GA real estate and architectural fees, phone and data wiring, copy room and conference room equipment and furniture, lunch/break room equipment, staff relocation, security system and other miscellaneous supplies. A detail of these standard costs is available upon request.

In addition to the direct costs estimated with this decision package, L&I included funding to cover agency wide indirect FTEs and indirect costs for the Administrative Services and Information Services programs. A rate of 2.3 percent in Fiscal Year 2008 and at rate of 2.2 percent in Fiscal Year 2009 and beyond is applied to cost estimates for FTEs and the standard costs associated with the addition of new FTEs; the exception being the cost of equipment purchases. These indirect rates for the Specialist Compliance Services program are based on the cost allocation methodology adopted by L&I in 2003 (with the funding realignment approved in the 2004, 2005, and 2006 Legislative Sessions).

When the calculation of the direct costs is complete (partial or full) indirect FTE salary and benefits costs are calculated that can be supported within the constraints of the indirect rate used in this decision package. For these calculations salary and benefits are based on a Financial Analyst 3 (Range 50, Step G). The amount remaining after the salary and benefits are calculated is allocated in object E to provide goods and services for the indirect FTEs.

The amount received for the indirect FTE may not be sufficient to actually hire a new staff person. However, depending on the needs of the indirect activities this indirect funding could be used to pay current staff for overtime or extending or increasing the use of temporary and seasonal employees. Expenditures of these types are reflected as FTE usage in the statewide AFRS reports.

Depending on the needs of the agency, activities covered by the indirect funding include the handling and processing of vendor payments and payroll; equipment purchase, delivery, inventory, storage and set-up; technical assistance to employees; desk-top and network support; internal IT systems support; contract administration; legislative services and public affairs; library; public disclosure; personnel and employee services; budget; accounting; facilities management; and other indirect support services functions.

The amount included in this fiscal note for indirect is:

Fund Name, Fund #	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
HVAC/R Fund	\$9,074	\$17,327	\$16,779	\$16,779	\$16,779	\$16,779

#### **Part IV: Capital Budget Impact**

None.

#### **Part V: New Rule Making Required**

Rule making is needed to make changes to the following WACs;

296-900 Administrative rules

296-400A, Plumber Certification

And new rule making will be required under section 7 of the bill regarding the department's administration of the qualifying HVAC/R examination.