

Multiple Agency Fiscal Note Summary

Bill Number: 5621 SB	Title: Public works payroll records
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Estimated Cash Receipts

Agency Name	2013-15		2015-17		2017-19	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of Attorney General	0	237,059	0	132,720	0	132,720
Total \$	0	237,059	0	132,720	0	132,720

Estimated Expenditures

Agency Name	2013-15			2015-17			2017-19		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of Attorney General	.9	0	237,059	.5	0	132,720	.5	0	132,720
Department of Commerce	2.4	0	546,341	2.8	0	604,056	2.8	0	601,554
Department of Enterprise Services	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	3.5	0	855,000	3.5	0	752,000	3.5	0	752,000
Department of Transportation	2.0	0	436,000	2.0	0	398,000	2.0	0	406,000
Total	8.8	\$0	\$2,074,400	8.8	\$0	\$1,886,776	8.8	\$0	\$1,892,274

Local Gov. Courts *									
Local Gov. Other **	Non-zero but indeterminate cost. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Impact

Agency Name	2013-15		2015-17		2017-19	
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Department of Commerce						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	429,087	698,903	698,903	700,571	698,903	698,903
Department of Labor and Industries						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	\$429,087	\$698,903	\$698,903	\$700,571	\$698,903	\$698,903

* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID 34657

FNS029 Multi Agency rollup

Prepared by: Tristan Wise, OFM	Phone: (360) 902-0538	Date Published: Final 2/26/2013
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID 34657

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 5621 SB	Title: Public works payroll records	Agency: 100-Office of Attorney General
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2014	FY 2015	2013-15	2015-17	2017-19
Legal Services Revolving Account-State 405-1	132,647	104,412	237,059	132,720	132,720
Total \$	132,647	104,412	237,059	132,720	132,720

Estimated Expenditures from:

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	1.0	0.8	0.9	0.5	0.5
Account					
Legal Services Revolving Account-State 405-1	132,647	104,412	237,059	132,720	132,720
Total \$	132,647	104,412	237,059	132,720	132,720

Estimated Capital Budget Impact:

NONE

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:

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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: Mac Nicholson	Phone: 360-786-7445	Date: 02/07/2013
Agency Preparation: Cam Comfort	Phone: (360) 664-9429	Date: 02/19/2013
Agency Approval: Brendan VanderVelde	Phone: 360 586-2104	Date: 02/19/2013
OFM Review: David Dula	Phone: (360) 902-0547	Date: 02/20/2013

Request # 13-048B-2

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.

Section 1 amends RCW 39.12.040 to provide that an officer or person charged with the custody and disbursement of public funds, before payment is made by or on behalf of the state, or any county, municipality, or political subdivision, must require the contractor and each and every subcontractor to submit to the officer current, complete, and accurate certified payroll records. Following final acceptance of a public works project, the officer charged with the disbursement of public funds must require the contractor and each and every subcontractor to submit current, complete, and accurate certified payroll records before final payment is made and funds retained according to the provisions of RCW 60.28.011 are released to the contractor. Certified payroll records must be submitted on forms approved by the industrial statistician.

The Attorney General's Office (AGO) estimates a workload impact of 0.7 Assistant Attorney General (AAG), 0.2 Legal Assistant (LA), and 0.1 Paralegal (PL) at a cost of \$132,647 in Fiscal Year (FY) 2014, 0.5 AAG, 0.2 LA and 0.1 PL at a cost of \$104,412 in FY2015, and 0.3 AAG, 0.1 LA and 0.1 PL at a cost of \$66,360 in FY2016 and each FY thereafter. The increase in staffing is to provide legal services for guidance and advice, and for litigation for L&I notice of violation appeals.

We estimate direct litigation costs at \$2,300 in FY2014, \$2,500 in FY2015, and 2,000 in FY2016 and in each FY thereafter, which are included in this cost. Direct litigation costs are required for litigation expenses such as court reporter fees, messenger fees, and other costs.

This bill is assumed effective 90 days after the end of the 2013 legislative session.

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.

Funds are assumed to be appropriated Legal Service Revolving Account dollars. Legal services costs incurred by the AGO will be billed through the revolving fund to the client agency.

The client agencies are assumed to be L&I and the Department of Commerce (COM). The AGO will bill L&I and COM for legal services rendered.

Please note that these cash receipts represent the AGO authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agencies' fiscal note. Appropriation authority is necessary in the AGO budget.

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.

The AGO estimates a workload impact of 0.7 AAG, 0.2 LA, and 0.1 PL at a cost of \$132,647 in FY2014, 0.5 AAG, 0.2 LA and 0.1 PL at a cost of \$104,412 in FY2015, and 0.3 AAG, 0.1 LA and 0.1 PL at a cost of \$66,360 in FY2016 and each FY thereafter.

ASSUMPTIONS FOR COM WORKLOAD:

1. We assume almost all of COM's contracts will need to be revised to add a detailed requirement identifying what records contractors must submit.
2. We assume COM will substantially change its reimbursement process to build in a review of submitted payroll records from contractors to verify the records appear complete and accurate. We assume the new reimbursement process will trigger a number of legal questions and issues.
3. We assume COM will request guidance to carefully craft a payroll records review policy to comply with the new requirement and have liability for paying wage differentials if COM improperly reimbursed contractors.
4. We assume potential for PRA and record retention issues may arise depending on the nature of the information on the certified forms in payroll records.
5. We assume 0.15 AAG in FY2014 and 0.1 AAG in FY2015.
6. We assume legal services will not be required beyond FY2015.

ASSUMPTIONS FOR LNI WORKLOAD:

1. We assume that the legislation will significantly increase the number of complaints L&I receives each year.
2. We assume an additional 20% in Notices of Violation (NOV) issued each year based on increased L&I staffing of prevailing wage investigators.
3. We assume up to 2 NOV appeals will be referred to the AGO each year as a result of this bill.
4. We assume the AGO will file four new collection actions against the retainage and bond in Superior Court.
5. We assume 0.5 AAG, 0.1 PL, and 0.2 LA in FY2014, 0.4 AAG, 0.1 PL, and 0.2 LA in FY2015, and 0.3 AAG, 0.1 PL, and 0.1 LA in each FY thereafter.
6. We assume direct litigation costs for court reporter fees, messenger fees, and travel in FY2014 and in each FY thereafter.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	1.0	0.8	0.9	0.5	0.5
A-Salaries and Wages	68,142	55,737	123,879	69,872	69,872
B-Employee Benefits	20,167	16,693	36,860	20,886	20,886
C-Professional Service Contracts	2,300	2,500	4,800	4,000	4,000
E-Goods and Other Services	35,443	26,812	62,255	34,702	34,702
G-Travel	1,420	1,120	2,540	1,360	1,360
J-Capital Outlays	5,175	1,550	6,725	1,900	1,900
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$132,647	\$104,412	\$237,059	\$132,720	\$132,720

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 2014	FY 2015	2013-15	2015-17	2017-19
Assistant Attorney General	82,704	0.7	0.5	0.6	0.3	0.3
Legal Assistant II	42,594	0.2	0.2	0.2	0.1	0.1
Paralegal II	58,652	0.1	0.1	0.1	0.1	0.1
Total FTE's	183,950	1.0	0.8	0.9	0.5	0.5

III. C - Expenditures By Program (optional)

Program	FY 2014	FY 2015	2013-15	2015-17	2017-19
Agriculture & Health Division (AHD)	28,464	19,276	47,740		
Labor & Industries Division (LNI)	104,183	85,136	189,319	132,720	132,720
Total \$	132,647	104,412	237,059	132,720	132,720

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.

None.

Individual State Agency Fiscal Note

Revised

Bill Number: 5621 SB	Title: Public works payroll records	Agency: 103-Department of Commerce
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Part I: Estimates



No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	2.1	2.8	2.4	2.8	2.8
Account					
General Fund-Federal 001-2	53,782	60,155	113,937	121,144	120,310
Public Works Assistance Account-State 058-1	106,956	102,264	209,220	205,362	204,528
Washington Housing Trust Account-State 532-1	65,813	120,311	186,124	241,456	240,622
Public Facility Construction Loan Revolving Account-State 887-1	19,013	18,047	37,060	36,094	36,094
Total \$	245,564	300,777	546,341	604,056	601,554

Estimated Capital Budget Impact:

	2013-15		2015-17		2017-19	
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	429,087	698,903	698,903	700,571	698,903	698,903
Total \$	\$429,087	\$698,903	\$698,903	\$700,571	\$698,903	\$698,903

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:	Mac Nicholson	Phone: 360-786-7445	Date: 02/07/2013
Agency Preparation:	Don Whiting	Phone: 360-725-2706	Date: 02/26/2013
Agency Approval:	Dan McConnon	Phone: 360-725-2910	Date: 02/26/2013
OFM Review:	Kathy Cody	Phone: (360) 902-9822	Date: 02/26/2013

Request # 054-1A0-2

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.

Section 3 prohibits Commerce from making a payment, including funds retained under RCW 60.28.011, on a public works contract until all of the contractors and subcontractors have submitted current, complete, and accurate certified payroll records.

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.

NONE

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.

Section 3

ASSUMPTIONS: Certified payroll records are not required to be submitted to the Department of Labor and Industries for approval by the Industrial Statistician prior to being submitted to Commerce. Commerce assumes that it will verify the payroll records to ensure they are accurate and consistent with state prevailing wage requirements and trade classifications. Commerce assumes that the review of certified payroll records from each contractor and subcontractor on the monthly vouchers for each contract will average 15 minutes per record. For all programs, except the Public Works Board and Community Economic Redevelopment Board, only a portion of the contracts will be executed in the first fiscal year and, because the average length of a contract is two years, the number of invoices to which this requirement applies in FY14 (outside of PWB and CERB) will be less than the number of invoices received by those programs in FY15-19.

This bill impacts the following four programs in Commerce where the program administration is supported, in whole or in part, by operating funds-, rather than capital funds: The Housing Finance program, the Housing Improvement and Preservation program, the Public Works Board, and the Community Economic Revitalization Board.

Housing Finance Program:

FTE Salary and Benefits

Commerce estimates 208 invoices, 4,160 certified payroll records, and .25 hours per payroll record for a total of 1,040 staff hours (0.5 FTE) in FY14 and 416 invoices, 8,320 certified payroll records, and .25 hours per payroll record for a total of 2,080 staff hours (1.0 FTE) in FY15-19 for processing certified payroll records.

FY14: \$41,698

FY15-19: \$83,395 each fiscal year

Goods and Other Services

FY14: \$18,457

standard G&S: \$15,587

space and utilities: \$2,870

non-standard G&S: \$0

FY15-19: \$36,916 each fiscal year

standard G&S: \$31,175

space and utilities: \$5,741

non-standard G&S: \$0

Capital Outlay

FY14: \$5,658 for 1 standard office workstation, 3 additional filing cabinets, and 3 book shelves

FY17: \$834 for 1 replacement computer

Housing Improvements and Preservation Program:

FTE Salary and Benefits

Commerce estimates 166 invoices, 3,328 certified payroll records, and .25 hours per payroll record for a total of 832 staff hours (0.4 FTE) in FY14 and 208 invoices, 4,160 certified payroll records, and .25 hours per payroll record for a total of 1,040 staff hours (0.5 FTE) in FY15-19 for processing certified payroll records.

FY14: \$33,358

FY15-19: \$41,698 each fiscal year

Goods and Other Services

FY14: \$14,766

standard G&S: \$12,470

space and utilities: \$2,296

non-standard G&S: \$0

FY15-19: \$18,457 each fiscal year

standard G&S: \$15,587

space and utilities: \$2,870

non-standard G&S: \$0

Capital Outlay

FY14: \$5,658 for 1 standard office workstation, 3 additional filing cabinet5, and 3 book shelves

FY17: \$834 for 1 replacement computer

Public Works Board and Community Economic Revitalization Board:

FTE Salaries and Benefits

Commerce estimates 416 invoices, 8,320 certified payroll records, and .25 hours per payroll record for a total of 2,080 staff hours (1.0 FTE) in FY14-19 for processing certified payroll records.

FY14-19: \$83,395 each fiscal year

Goods and Other Services:

FY14-19: \$36,916

standard G&S: \$31,175

space and utilities: \$5,741

non-standard G&S: \$0

Capital Outlay:

FY14: \$5,658 for 1 standard office workstation, 3 additional filing cabinets, and 3 book shelves

FY17: \$834 for one replacement computer

Total Operating Cost

FY14: \$245,564

FY15-16: \$300,777 each fiscal year

FY17: \$303,279

FY18-19: \$300,777 each fiscal year

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	2.1	2.8	2.4	2.8	2.8
A-Salaries and Wages	123,006	161,850	284,856	323,700	323,700
B-Employee Benefits	35,445	46,638	82,083	93,276	93,276
E-Goods and Other Services	70,139	92,289	162,428	184,578	184,578
J-Capital Outlays	16,974		16,974	2,502	
Total:	\$245,564	\$300,777	\$546,341	\$604,056	\$601,554

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 2014	FY 2015	2013-15	2015-17	2017-19
Commerce Specialist 3	64,740	1.9	2.5	2.2	2.5	2.5
Various Administrative Services	55,478	0.2	0.3	0.2	0.3	0.3
Total FTE's	120,218	2.1	2.8	2.4	2.8	2.8

III. C - Expenditures By Program (optional)

Program	FY 2014	FY 2015	2013-15	2015-17	2017-19
Agency Administration (100)	55,457	72,970	128,427	145,940	145,940
Community Services and Housing (3A0)	190,107	227,807	417,914	458,116	455,614
Total \$	245,564	300,777	546,341	604,056	601,554

Part IV: Capital Budget Impact

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

Construction Estimate	FY 2014	FY 2015	2013-15	2015-17	2017-19
Acquisition					
Construction					
Other	429,087	698,903	1,127,990	1,399,474	1,397,806
Total \$	429,087	698,903	1,127,990	1,399,474	1,397,806

This bill impacts the following three programs in Commerce where the program administration is supported, in whole or in part, by capital funds: The Community Capital Facilities program, the Housing Finance program, and the Housing Improvement and Preservation program.

ASSUMPTIONS: Contractors who are required to pay prevailing wages will now be required to maintain certified payroll records for themselves and their subcontractors and to submit these documents to Commerce. Commerce assumes that the review of certified payroll records from each contractor and subcontractor on the monthly vouchers for each contract will average 15 minutes per record. Not all of the contracts will be executed in the first fiscal year and, because the average length of a contract is two years, the number of invoices in each program to which this requirement applies in FY14 will be less than the number of invoices received by that program in FY15-19. In programs that make grants to municipalities or other nonprofit entities for construction of facilities (community capital facilities program) or for weatherization improvements (housing improvement and preservation program), the municipality or other entity receiving the grant from Commerce will have to amend its contracts on the project to require submission of the certified payroll reports and will have to absorb the increased costs associated with that reporting to both themselves and to their contractors and subcontractors on the project. In the housing finance program, which contracts directly for construction of public facilities, Commerce will have to amend its contracts to pay for the additional reporting responsibilities of the contractors and subcontractors and additional capital funding will be required in FY14-15 to cover those increased costs on existing projects. The inclusion of these requirements in future contracts will either require additional capital funding for each project or will reduce the volume of projects that can be funded.

Community Capital Facilities Program:

FTE Salary and Benefits

Commerce estimates 333 invoices, 6,656 certified payroll records, and .25 hours per payroll record for a total of 1,664 staff hours (0.8 FTE) in FY14 and 624 invoices, 12,480 certified payroll records, and .25 hours per payroll record for a total of 3,120 staff hours (1.5 FTE) in FY15-19 for processing certified payroll records.

FY14: \$66,716
FY15-19: \$125,093 each fiscal year

Goods and Other Services

FY14: \$29,534
standard G&S: \$24,941
space and utilities: \$4,593
non-standard G&S: \$0

FY15-19: \$55,374 each fiscal year
standard G&S: \$46,763
space and utilities: \$8,611
non-standard G&S: \$0

Capital Outlay

FY14: \$5,658 for 1 standard office workstation, 3 filing additional cabinets, and 3 book shelves
FY17: \$834 for 1 replacement computer

Housing Finance Program:

Commerce estimates that the increased cost of the payroll processing and reporting functions of all contractors and subcontractors on projects funded by the housing finance unit will be approximately double the increased administrative costs of these reporting requirements to Commerce. As described in the assumptions above, Commerce will be required to amend contracts on existing projects and compensate contractors for their additional reporting requirements in FY14-15.

Grants, Benefits, and Client Services

FY 14: \$274,969
FY 15: \$458,281

Housing Improvement and Preservation Program:

FTE Salary and Benefits

Commerce estimates 166 invoices, 3,328 certified payroll records, and .25 hours per payroll record for a total of 832 staff hours (0.4 FTE) in FY14 and 208 invoices, 4,160 certified payroll records, and .25 hours per payroll record for a total of 1,040 staff hours (0.5 FTE) in FY15-19 for processing certified payroll records.

FY14: \$33,358
FY15-19: \$41,698 each fiscal year

Goods and Other Services

FY14: \$14,766
standard G&S: \$12,470
space and utilities: \$2,296

non-standard G&S: \$0

FY15-19: \$18,457 each fiscal year

standard G&S: \$15,587

space and utilities: \$2,870

non-standard G&S: \$0

Capital Outlay

FY14: \$4,086 for 1 standard office workstation, 3 filing cabinets and 3 book shelves

FY17: \$834 for 1 replacement computer

Total Capital Cost:

FY14: \$429,087

FY15-16: \$698,903 each fiscal year

FY17: \$700,571

FY18-19: \$698,903 each fiscal year

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.

NONE

Individual State Agency Fiscal Note

Bill Number: 5621 SB	Title: Public works payroll records	Agency: 179-Department of Enterprise Services
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Part I: Estimates

☒ No Fiscal Impact

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:	Mac Nicholson	Phone: 360-786-7445	Date: 02/07/2013
Agency Preparation:	Sharlene Hickman	Phone: 407-8244	Date: 02/13/2013
Agency Approval:	Bob Van Schoorl	Phone: (360)407-9222	Date: 02/13/2013
OFM Review:	Diamatris Winston	Phone: (360) 902-7657	Date: 02/14/2013

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.

Section 1 (3) Before payment is made by or on behalf of the state, it is the duty of the officer or person charged with the custody and disbursement of public funds to require the contractor and each subcontractor to submit current, complete, and accurate certified payroll records. Following the final acceptance of a public works project, it is the duty of the officer charged with disbursement of public funds to require the contractor and each and every subcontractor to submit current, complete, and accurate certified payroll records before final payment is made and funds retained according to the provisions of RCW 60.28.011 are released to the contractor.

Section 1 (4) Directs the officer charged with the disbursement of public funds to require a public works contractor and each and every subcontractor to submit current, complete, and accurate certified payroll records before payment can be made.

After discussion with Legislative staff, the Department of Enterprise Services (DES) assumes this bill will require the contractor to submit current, complete, and accurate certified payroll records before payment is made by DES. DES will collect and retain the certified payroll records. DES is not required to verify the accuracy of the certified payroll records. Following final acceptance, DES must require contractors to submit certified payroll records before final payment is made and the retainage is released. As per our discussion with Legislative staff, these assumptions have no fiscal impact to DES.

However, if this bill assumes the public owner (DES) will verify the accuracy of the certified payroll records; are current, complete and accurate, there will be a fiscal impact. The impact would assume an additional 8.6 annual full-time equivalent, for a biennial cost of \$2,496,000.

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.

None

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.

After discussion with Legislative staff, the Department of Enterprise Services (DES) assumes this bill will require the contractor to submit current, complete, and accurate certified payroll records before payment is made by DES. DES will collect and retain the certified payroll records. DES is not required to verify the accuracy of the certified payroll records. Following final acceptance, DES must require contractors to submit certified payroll records before final payment is made and the retainage is released. As per our discussion with Legislative staff, these assumptions have no fiscal impact to DES.

However, if this bill assumes the public owner (DES) will verify the accuracy of the certified payroll records; are current, complete and accurate, there will be a fiscal impact. The impact would assume an additional 8.6 annual full-time equivalent, for a biennial cost of \$2,496,000

Part III: Expenditure Detail

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.

Individual State Agency Fiscal Note

Bill Number: 5621 SB	Title: Public works payroll records	Agency: 235-Department of Labor and Industries
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	3.5	3.5	3.5	3.5	3.5
Account					
Public Works Administration	459,000	396,000	855,000	752,000	752,000
Account-State 234-1					
Total \$	459,000	396,000	855,000	752,000	752,000

Estimated Capital Budget Impact:

NONE

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: Mac Nicholson	Phone: 360-786-7445	Date: 02/07/2013
Agency Preparation: Jeri Deuel	Phone: 360-902-6982	Date: 02/20/2013
Agency Approval: Tamara Jones	Phone: 360-902-6805	Date: 02/20/2013
OFM Review: Tristan Wise	Phone: (360) 902-0538	Date: 02/20/2013

Request # SB 5621-1

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 Attached

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.

None

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 Attached

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	3.5	3.5	3.5	3.5	3.5
A-Salaries and Wages	172,566	172,566	345,132	345,132	345,132
B-Employee Benefits	64,287	64,287	128,574	128,574	128,574
C-Professional Service Contracts					
E-Goods and Other Services	187,887	151,887	339,774	263,774	263,774
G-Travel	7,260	7,260	14,520	14,520	14,520
J-Capital Outlays	27,000		27,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$459,000	\$396,000	\$855,000	\$752,000	\$752,000

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 2014	FY 2015	2013-15	2015-17	2017-19
Financial Analyst 2	40,524	0.5	0.5	0.5	0.5	0.5
Industrial Relation Agent 2	51,864	2.0	2.0	2.0	2.0	2.0
Industrial Relation Agent 3	55,836	1.0	1.0	1.0	1.0	1.0
Total FTE's	148,224	3.5	3.5	3.5	3.5	3.5

Part IV: Capital Budget Impact

NONE

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 prohibits public agencies from releasing payments on public works projects before the contractor and each and every subcontractor submits a current, complete, and accurate certified payroll record to the public agency. It also prohibits public agencies from making final payment and releasing funds retained under RCW 60.28.011 (liens for labor, materials, taxes on public works) before the contractor and each and every subcontractor submits current, complete and accurate certified payroll records to the public agency.

Certified payroll records must be submitted on forms approved by the industrial statistician.

This bill takes effect 90 days from sine die.

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

Section 1 (3) Prohibits public agencies from releasing payments on public works projects before the contractor and each and every subcontractor submits a current, complete, and accurate certified payroll record to the public agency. Prohibits public agencies from making final payment and releasing funds retained under RCW 60.28.011 (liens for labor, materials, taxes on public works) before the contractor and each and every subcontractor submits current, complete and accurate certified payroll records to the public agency.

Section 1 (4) Certified payroll records must be submitted on forms approved by the industrial statistician.

II. B – Cash Receipt Impact

None.

II. C – Expenditures

Section 1 (4) requires that certified payroll records must be submitted on forms approved by the industrial statistician. The department currently has forms established for certified payroll records, so there would be no additional cost.

The program assumes the increased access to payroll records will increase the number of wage complaint investigations and complaints alleging violations of this bill. It is also assumed that the department will get requests from public agencies and other interested parties for training and guidance on certified payroll matters. The department estimates it will need the following:

Staffing

- Two Industrial Relation Agent 2s (IRA 2) - An IRA 2 on average investigates approximately 30 complaints per year. Based on 107,000 affidavits received in Fiscal Year 2012, there are 53,500 unique contracting relationships in the public works industry with an estimated 99.9 percent compliance and 0.1 percent non-compliance. The department estimates 53.5 additional investigations each year. Each prime contractor and each subcontractor are required to file one Intent form and one Affidavit form. Therefore, for each pair of Intent and Affidavit (I&A) forms, there is one contractor or subcontractor (contracting relationship). With 107,000 I&As divided by 2 for contractual relationship equals 53,500. 53,500 times 0.1 percent non-compliance equals 53.5 Investigations. 53.5 divided by 30 complaints per year equals Two Industrial Relation Agent 2 FTEs.
- One Industrial Relation Agent 3 (IRA 3) to conduct the additional education and outreach, to respond to inquiries and to process notices of violation resulting from this bill. The Prevailing Wage program anticipates that public agencies, contractors and various interested party groups (labor unions, compliance monitoring nonprofits, etc.) will all seek information about the form, content, evaluation, timing and process of certified payroll records on public works.

Training

In the first year, this bill would require three training seminars to be held throughout Washington State. In the second year, this bill would require one additional training seminar. After the second year, the program would absorb this payroll training into our regular ongoing training program. Estimating \$3,000 in the first year and \$1,000 in the second year based on an average cost of other seminars that prevailing wage has put on.

Attorney General Cost

The Attorney General's Office (AGO) estimated the following:

- 0.5 Assistant Attorney General (AAG) FTE, 0.2 Legal Assistant FTE (LA) and 0.1 Paralegal FTE (PL) at a cost of \$104,183 in Fiscal Year 2014,
- 0.4 AAG FTE, 0.2 LA FTE and 0.1 PL FTE at a cost of \$85,136 in Fiscal Year 2015,
- 0.3 AAG FTE, 0.1 LA FTE and 0.1 PL FTE at a cost of \$66,360 in Fiscal Year 2016, and each fiscal year thereafter.

The increase in staffing is to provide legal service guidance and advice, and for direct litigation for Labor and Industries (L&I) notice of violation appeals. This is based on estimates from the attorney general office.

Indirect Costs

The amount included in this fiscal note for indirect is:

Fund	Name	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
	Public Works						
234	Administration Acct	20,200	20,200	20,200	20,200	20,200	20,200
	Total	20,200	20,200	20,200	20,200	20,200	20,200

We convert the total indirect amount into salary and benefits for partial or full indirect FTEs. Salary and benefits costs are based on a Financial Analyst 2 (Range 44, Step G).

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

The department will need to amend WAC 296-127-320 to clarify and add the requirements of the bill.

Individual State Agency Fiscal Note

Bill Number: 5621 SB	Title: Public works payroll records	Agency: 405-Department of Transportation
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	2.0	2.0	2.0	2.0	2.0
Account					
Motor Vehicle Account-State 108 -1	237,000	199,000	436,000	398,000	406,000
Total \$	237,000	199,000	436,000	398,000	406,000

Estimated Capital Budget Impact:

NONE

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: Mac Nicholson	Phone: 360-786-7445	Date: 02/07/2013
Agency Preparation: Mike Grigware	Phone: 360-705-7831	Date: 02/11/2013
Agency Approval: Jerry Lenzi	Phone: 360-705-7032	Date: 02/11/2013
OFM Review: Cheri Keller	Phone: 360-902-0563	Date: 02/12/2013

Request # 13-059-1

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.

This bill requires contractors and subcontractors to submit current certified payroll records on all public works contracts prior to final payment.

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.

None.

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.

This bill requires changes to current contract specifications by requiring contractors and subcontractors to submit certified payroll records on all public works contracts. The department currently requires certified payrolls on federal aid contracts, and only by request on state funded contracts. The department assumes that the workload associated with this effort would require two additional FTE staff at a Transportation Technician 3 classification. The department has 40 project offices that are impacted. An estimated additional eight hours per month would be required monthly in each office to check certified payrolls for these contracts, which equates to two FTE staff.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	2.0	2.0	2.0	2.0	2.0
A-Salaries and Wages	114,000	114,000	228,000	228,000	228,000
B-Employee Benefits	43,000	43,000	86,000	86,000	86,000
C-Professional Service Contracts					
E-Goods and Other Services	62,000	32,000	94,000	64,000	64,000
G-Travel					
J-Capital Outlays	18,000	10,000	28,000	20,000	28,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$237,000	\$199,000	\$436,000	\$398,000	\$406,000

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 2014	FY 2015	2013-15	2015-17	2017-19
Transportation Technician III	57,240	2.0	2.0	2.0	2.0	2.0
Total FTE's	57,240	2.0	2.0	2.0	2.0	2.0

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

Bill Number: 5621 SB	Title: Public works payroll records
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

☒ Cities: Local jurisdictions engaged in locally-funded public works project contracts would incur large increased administrative costs.

☒ Counties: Same as above

☒ Special Districts: Same as above

☐ Specific jurisdictions only:

☐ Variance occurs due to:

Part II: Estimates

☐ No fiscal impacts.

☐ Expenditures represent one-time costs:

☐ Legislation provides local option:

☒ Key variables cannot be estimated with certainty at this time:

The number and size of locally-funded public works projects statewide, and to what degree local governments must ensure certified payrolls are current, complete and accurate.

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Alicia LeDuc	Phone: 360/725-5040	Date: 02/13/2013
Leg. Committee Contact: Mac Nicholson	Phone: 360-786-7445	Date: 02/07/2013
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 02/13/2013
OFM Review: Tristan Wise	Phone: (360) 902-0538	Date: 02/13/2013

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

The bill would amend RCW 39.12.040 to require all contractors and subcontractors for public works projects to submit certified payroll records before payment is made by the local jurisdiction. Following final acceptance, the local jurisdiction must require contractors to submit certified payroll records before final payment is made and the retainage is released.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

Local jurisdictions would incur large but indeterminate increases in administrative costs as a result of acquiring current, complete and accurate certified payrolls for all contractors and subcontractors on all locally-funded public works projects. The bill is unclear as to how these tasks must be completed, and to what degree local governments must ensure certified payrolls are current, complete and accurate. The number of locally-funded public works projects to be completed, and the associated increased administrative costs of these projects as a result of the bill are unknown, making expenditure impacts to local governments indeterminate but likely large.

DISCUSSION:

The proposed legislation would require local jurisdictions to obtain certified payrolls from contractors and subcontractors prior to remitting payment for public works projects. Following the final acceptance of the project, it would be the duty of the officer charged with the disbursement of public funds to collect certified payrolls from contractors before final retainage funds are paid. The bill is unclear as to how public owners of public works projects would be required to obtain certified payrolls, how these should be processed, and what verifying or follow-up procedures should be taken.

Assuming the bill's requirements would be modeled after federal requirements regarding the Davis Bacon Act, local jurisdictions could be required to perform substantial additional administrative duties in obtaining and verifying certified payrolls and prevailing wages. Federal contracts requiring Davis Bacon Act compliance typically require 15 to 20 percent or more in additional administrative costs in order to obtain certified payrolls, periodically verify payrolls and adjust as necessary and complete contractor employee interviews. Were these processes to be required for all public works contracts, local government staff costs would increase, as local staff would need to visit work sites and conduct personal interviews with construction staff, review and compare certified payrolls with state prevailing wage schedules (which are updated every six months), and obtain, process, and store certified payrolls for an extended period of time, which if in paper form, could require additional office space and materials.

As an example, the city of Seattle currently manages about seven federally-funded and 80 locally funded public works projects. The federal projects are typically large, with costs in the range of \$50 million. The locally funded projects tend to be smaller, with a very small project costing approximately \$150,000 and a larger project costing \$6 million, with the average project cost being approximately \$1 to \$2 million. The federal projects require Davis Bacon Act compliance, including the certified payroll, employee interview, and payroll storage requirements described above. The locally funded projects do not, although other aspects of the contracts are monitored. The city of Seattle spends approximately one hour per month monitoring and reporting on a typical, average-sized, locally funded project, assuming there are no major issues or changes to the contracts. Were these projects to be required to provide certified payrolls in the same manner as federally-funded projects currently do, the administrative time spent per project on monitoring and payroll certification could increase from one hour up to three or four hours per month, again assuming no major issues or changes. Were there to be issues with the certified payrolls or discrepancies with the prevailing wage requirements, which is not unusual, this time per project could increase dramatically. City of Seattle contracting and purchasing staff stated the city would need to at least double its current contract compliance staff capacity in order to comply with the certified payroll obligations outlined in the proposed legislation.

The bill also states that following the final acceptance of a public works project, public owners of projects must obtain current, complete, and accurate certified payroll records from all contractors and subcontractors before final payment is made. The bill is unclear as to how this would rule would be applied to projects. For example, if one subcontractor failed to provide one week's worth of certified payrolls, it is unclear as to if the public owner of the project would be prevented from remitting payment to any of the other contractors and subcontractors until that certified payroll was obtained. The bill is unclear as to the particular aspects of how the certified payroll requirement would be applied, making expenditure impacts to local jurisdictions unable to be estimated.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

There are no cash receipt impacts to local jurisdictions as a result of the bill.

SOURCES:

Associated General Contractors of Washington (AGC)

Department of Commerce Public Works Board

Department of Labor and Industries

City of Seattle