

Individual State Agency Fiscal Note

Bill Number: 1075 HB	Title: Prevailing wages, paying of	Agency: 235-Department of Labor and Industries
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2016	FY 2017	2015-17	2017-19	2019-21
Public Works Administration Account-State 234-1	(243,560)	(243,560)	(487,120)	(487,120)	(487,120)
Total \$	(243,560)	(243,560)	(487,120)	(487,120)	(487,120)

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	1.6	0.0	0.8	0.0	0.0
Account					
Public Works Administration Account-State 234-1	161,000	0	161,000	0	0
Total \$	161,000	0	161,000	0	0

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.

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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.

see attached.

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 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	1.6		0.8		
A-Salaries and Wages	70,000		70,000		
B-Employee Benefits	26,000		26,000		
C-Professional Service Contracts					
E-Goods and Other Services	44,000		44,000		
G-Travel	1,000		1,000		
J-Capital Outlays	20,000		20,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$161,000	\$0	\$161,000	\$0	\$0

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 2016	FY 2017	2015-17	2017-19	2019-21
Customer Service Specialist 2	36,756	0.7		0.4		
Fiscal Analyst 2	40,524	0.2		0.1		
Industrial Relations Agent 3	55,836	0.7		0.4		
Total FTE's	133,116	1.6		0.8		0.0

Part IV: Capital Budget Impact

NONE

see attached.

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 attached.

Part II: Explanation

This bill eliminates the requirement for a contractor to file a statement of intent to pay prevailing wages (intent) and an affidavit of wages paid (affidavit) on public works contracts valued at less than \$750.

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

Section 3 (a) stipulates the requirement to submit an intent and affidavit does not apply to contractors or subcontractors whose contract amounts are less than \$750, or less than the contract amount established under (b) of this subsection.

Section 3 (b) stipulates the \$750 threshold amount shall be recalculated each year to account for inflation.

II. B – Cash Receipt Impact

This bill decreases cash receipts to the Public Works Administration Account, Fund 234. The following assumptions were made in developing the estimates:

- In fiscal year 2014, 1,755 intents and 3,234 affidavits would not require filing under this bill.
- An additional 1,100 intent and affidavit forms are expected to be filed annually as parties become aware of the \$750 threshold. (1% of the 110,000 forms received each year equals 1,100)
- The total number of eligible forms is 6,089 (1,755 + 3,234 + 1,100)
- There is a \$40 filing fee for each form.
- Total annual cash receipts will decrease \$243,560 (6,089 forms x \$40 filing fee).

II. C – Expenditures

This bill increases expenditures to the Public Works Administration Account, Fund 234. The following assumptions were made in developing the estimates:

- In order to proactively communicate the provisions of the new law, additional outreach, training and education will be necessary to explain the new law to customers, stakeholders and other affected parties.
- Additional customer support will be necessary while stakeholders become familiar with the new law.
- Rule-making hearings will be needed.

Staffing

- 0.7 FTE Industrial Relations Agent 3, temporary, from July 1, 2015 through February 29, 2016. Duties will include preparing and presenting six to eight training workshops throughout the state to assist affected parties in the understanding the new law, and answering questions from customers, stakeholders, and management regarding the new law.
- 0.7 FTE Customer Service Specialist 2, temporary, from July 1, 2015 through February 29, 2016. Duties will include assisting the temporary Industrial Relations Agent 3 in answering customer inquiries related to the new law.

Rule Making

- Four rule making hearing will be required to amend WAC 296-127-050, plus create new rules to clarify new processes.

Indirect Costs

The amount included in this fiscal note for indirect is:

Fund	Name	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
234	Public Works Admin Account	\$7,000	\$0	\$0	\$0	\$0	\$0

The department assesses an indirect rate to cover agency-wide administrative costs. Labor and Industries indirect rate is applied on salaries, benefits, and standard costs. For fiscal note

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

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

This legislation would result in rule changes to:

- 296-127-050, Prevailing Wage.