

Multiple Agency Fiscal Note Summary

Bill Number: 5775 S SB	Title: Prevailing rate of wage
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Estimated Cash Receipts

Agency Name	2015-17		2017-19		2019-21	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of Attorney General	0	40,581	0	81,162	0	81,162
Office of Administrative Hearings	0	172,368	0	172,368	0	172,368
Department of Labor and Industries	0	790,230	0	1,580,460	0	1,580,460
Total \$	0	1,003,179	0	1,833,990	0	1,833,990

Estimated Expenditures

Agency Name	2015-17			2017-19			2019-21		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of Attorney General	.2	0	40,581	.3	0	81,162	.3	0	81,162
Office of Administrative Hearings	.8	0	172,368	.8	0	172,368	.8	0	172,368
Department of Labor and Industries	3.4	0	1,173,000	3.4	0	788,000	3.4	0	788,000
Total	4.4	\$0	\$1,385,949	4.5	\$0	\$1,041,530	4.5	\$0	\$1,041,530

Estimated Capital Budget Impact

NONE

Prepared by: Devon Nichols, OFM	Phone: (360) 902-0582	Date Published: Final 3/ 5/2015
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

ENPID: 40496

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 5775 S SB	Title: Prevailing rate of wage	Agency: 100-Office of Attorney General
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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
Legal Services Revolving Account-State 405-1		40,581	40,581	81,162	81,162
Total \$		40,581	40,581	81,162	81,162

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.0	0.3	0.2	0.3	0.3
Account					
Legal Services Revolving Account-State 405-1	0	40,581	40,581	81,162	81,162
Total \$	0	40,581	40,581	81,162	81,162

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: Susan Jones	Phone: 786-7404	Date: 02/24/2015
Agency Preparation: Michael Shinn	Phone: 360-759-2100	Date: 02/26/2015
Agency Approval: Nick Klucarich	Phone: 360-586-3434	Date: 02/26/2015
OFM Review: Chris Stanley	Phone: (360) 902-9810	Date: 02/27/2015

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 39.12.026 to require that the Department of Labor and Industries (L&I) use a stratified random sampling methodology.

Section 2 is a new section specifying requirements for conducting the stratified random sampling methodology.

Section 3 amends RCW 39.12.070, relating to the setting of fees, to add a reference to collecting data to establish the prevailing rate of wage.

Section 4 amends RCW 39.12.080, relating to the Public Works Administration Account in the State Treasury, to include a reference to collecting data to establish the prevailing rate of wage.

In order to provide legal services for L&I, the Attorney General's Office (AGO) estimates a workload impact of 0.2 Assistant Attorney General (AAG) and 0.1 Legal Assistant (LA) at a cost of \$40,581 in Fiscal Year (FY) 2017 and in each FY thereafter.

This bill is assumed effective 90 days after the end of the 2015 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 agency is assumed to be L&I. The AGO will bill L&I 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 agency's 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.

In order to provide legal services for L&I, the AGO estimates a workload impact of 0.2 AAG and 0.1 LA at a cost of \$40,581 in FY2017 and in each FY thereafter.

Assumptions:

1. Legal services associated with the enactment of this bill are assumed to begin on July 1, 2016. We don't expect appeals to the penalties until FY2017.
2. This bill will create additional legal work in both the implementation and enforcement of the bill. We assume

this bill will result in legal services to create processes, rulemaking, and to begin the implementation of this bill. The AGO can support this work with existing resources.

3. We assume L&I will conduct surveys during FY2017 and Notice of Violation (NOV) appeals will begin in FY2017.

4. We assume that this bill will result in the issuance of 4,200 NOV's each year.

5. Beginning in FY2017, we assume 1.5% of the NOV's associated with this bill will be appealed. This will result in up to 63 new appeals.

6. We assume each of the appeals with the conducted under the Administrative Procedure Act. These cases will be assigned to an AAG to prosecute and litigate the matter before the Office of Administrative Hearings. We do not anticipate these will be very complicated cases.

7. To minimize costs, we will request telephone hearings in lieu of live hearings when possible, and expect to use the current allocation of PL resources to aid in these enforcement actions.

8. 0.20 AAG are needed to handle 63 appeals. This request is for 0.2 AAG in FY2017 and in each FY thereafter at a cost of \$40,581 per FY.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years		0.3	0.2	0.3	0.3
A-Salaries and Wages		22,141	22,141	44,282	44,282
B-Employee Benefits		6,891	6,891	13,782	13,782
C-Professional Service Contracts					
E-Goods and Other Services		10,649	10,649	21,298	21,298
G-Travel		300	300	600	600
J-Capital Outlays		600	600	1,200	1,200
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$40,581	\$40,581	\$81,162	\$81,162

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
Assistant Attorney General	90,972		0.2	0.1	0.2	0.2
Legal Assistant II	42,588		0.1	0.1	0.1	0.1
Total FTE's	133,560		0.3	0.2	0.3	0.3

III. C - Expenditures By Program (optional)

Program	FY 2016	FY 2017	2015-17	2017-19	2019-21
Labor and Industries Division (LNI)		40,581	40,581	81,162	81,162
Total \$		40,581	40,581	81,162	81,162

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

Bill Number: 5775 S SB	Title: Prevailing rate of wage	Agency: 110-Office of Administrative Hearings
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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
Administrative Hearings Revolving Account-State 484-1	86,184	86,184	172,368	172,368	172,368
Total \$	86,184	86,184	172,368	172,368	172,368

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.8	0.8	0.8	0.8	0.8
Account					
Administrative Hearings Revolving Account-State 484-1	86,184	86,184	172,368	172,368	172,368
Total \$	86,184	86,184	172,368	172,368	172,368

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: Susan Jones	Phone: 786-7404	Date: 02/24/2015
Agency Preparation: Jane Habegger	Phone: 360-407-2756	Date: 03/02/2015
Agency Approval: Larry Dzieza	Phone: 360-407-2717	Date: 03/02/2015
OFM Review: Chris Stanley	Phone: (360) 902-9810	Date: 03/03/2015

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 substitute bill requires the Department of Labor and Industries to use a stratified random sampling methodology to collect data to establish the prevailing rate of wage.

Administrative Law Judges employed by the Washington State Office of Administrative Hearings conduct prevailing wage hearings for the Department of Labor and Industries.

It takes an average of 11.4 hours for an Administrative Law Judge to conduct a prevailing wage hearing and draft an order. Our Administrative Law Judge hourly rate is \$120 an hour. Thus the average hearing costs \$1,368.

The Department of Labor and Industries estimates that 63 new appeals will be referred to the Office of Administrative Hearings per year under this substitute bill.

Assuming the number of new appeals will be 63 per year, the cost to the Office of Administrative Hearings is \$86,184 per fiscal year.

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.

The average Administrative Law Judge billable time for a prevailing wage case is 11.4 hours. Our Administrative Law Judge hourly rate is \$120 an hour. The Department of Labor and Industries estimates that 63 new appeals will be referred to the Office of Administrative hearings per year under this bill. Assuming that these cases will be similar to the current cases, the receipts are expected to be \$86,184 per fiscal year.

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.

Expenditures assume that the average administrative law judge billable time per case is 11.4 hours for each case and 63 cases will be held each year. The estimate for the number of hours per case is based on past experience for similar cases. At the current agency billing rate of \$120 an hour the estimated annual cost is \$86,184. The effect on FTE is an increase of .8 beginning in FY2016.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.8	0.8	0.8	0.8	0.8
A-Salaries and Wages	47,450	47,450	94,900	94,900	94,900
B-Employee Benefits	16,684	16,684	33,368	33,368	33,368
C-Professional Service Contracts					
E-Goods and Other Services	19,210	19,210	38,420	38,420	38,420
G-Travel	1,117	1,117	2,234	2,234	2,234
J-Capital Outlays	1,723	1,723	3,446	3,446	3,446
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$86,184	\$86,184	\$172,368	\$172,368	\$172,368

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
Administrative Assistant 4	42,588	0.4	0.4	0.4	0.4	0.4
Administrative Law Judge 3	77,942	0.2	0.2	0.2	0.2	0.2
Legal Secretary 1	35,040	0.1	0.1	0.1	0.1	0.1
Office Assistant 3	29,784	0.1	0.1	0.1	0.1	0.1
Total FTE's	185,354	0.8	0.8	0.8	0.8	0.8

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: 5775 S SB	Title: Prevailing rate of wage	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		790,230	790,230	1,580,460	1,580,460
Total \$		790,230	790,230	1,580,460	1,580,460

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	2.3	4.5	3.4	3.4	3.4
Account					
Public Works Administration Account-State 234-1	528,000	645,000	1,173,000	788,000	788,000
Total \$	528,000	645,000	1,173,000	788,000	788,000

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: Susan Jones	Phone: 786-7404	Date: 02/24/2015
Agency Preparation: Donald Jenson Jr	Phone: 360-902-6981	Date: 03/05/2015
Agency Approval: Randi Warick	Phone: 360-902-4214	Date: 03/05/2015
OFM Review: Devon Nichols	Phone: (360) 902-0582	Date: 03/05/2015

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	2.3	4.5	3.4	3.4	3.4
A-Salaries and Wages	160,000	233,000	393,000	318,000	318,000
B-Employee Benefits	60,000	88,000	148,000	120,000	120,000
C-Professional Service Contracts					
E-Goods and Other Services	278,000	293,000	571,000	348,000	348,000
G-Travel	1,000	1,000	2,000	2,000	2,000
J-Capital Outlays	29,000	30,000	59,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$528,000	\$645,000	\$1,173,000	\$788,000	\$788,000

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 2016	FY 2017	2015-17	2017-19	2019-21
Data Compiler 1	33,468		1.0	0.5	1.0	1.0
Fiscal Analyst 2	40,524	0.4	0.6	0.5	0.4	0.4
Industrial Relations Agent 2	51,864		1.0	0.5	1.0	1.0
Industrial Relations Agent 4	61,632	0.3	1.3	0.8	1.0	1.0
Information Technology Specialist 4	71,496	0.8	0.2	0.5		
Information Technology Specialist 6	87,096		0.2	0.1		
Project Manager (WMS2)	90,140	0.8	0.2	0.5		
Total FTE's	436,220	2.3	4.5	3.4	3.4	3.4

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 attached.

Part II: Explanation

This bill requires the Department of Labor and Industries (L&I) to use a stratified random sampling methodology for collecting data used to establish the prevailing rate of wage.

This bill takes effect 90 days from sine die.

The elements of this bill that differ from SB 5775 and are of interest or impact to L&I are:

- References to the civil penalty of \$500 have been removed from Section 2.

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

Section 1 (1) requires L&I use a stratified random sampling methodology for establishing the prevailing rate of wage.

Section 2 (1) provides instruction on how to conduct the new methodology.

Section 2 (2) requires recipients of the wage survey to reply within a specified time frame.

While this bill does not specifically address a penalty for the recipient not submitting a completed survey, RCW 39.12.050 authorizes the department to impose a civil penalty of five hundred dollars (\$500.00), and a strike against the recipient in the debarment process, for failure to file a statement or record required under this chapter.

Sections 3 and 4 change terminology from “the performance of adequate wage surveys” to “collecting data to establish the prevailing rate of wage”. Several rules in WAC 296-127 will need to be updated to reflect this change.

II. B – Cash Receipt Impact

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

- ***While this bill does not specifically address a penalty for the recipient not submitting a completed survey, RCW 39.12.050 gives L&I authority to assess a civil penalty of five hundred dollars (\$500.00), and a strike against the recipient in the debarment process, for failure to file a statement or record required under this chapter.***
- Currently, a survey response is not required. The bill requires a recipient response within 90 days of receiving the survey.
- Surveys would be suspended for fiscal year 2016 while methodology, processes, and a recipient management system are developed. The revenue impact begins for fiscal year 2017.
- L&I currently sends an average of 70,000 surveys annually, based on current data.
- This bill instructs the department to send surveys to 30 percent of the eligible recipients, so approximately 21,000 recipients will receive surveys ($70,000 \times .30$).
- Based on our current experience, 80 percent of those will not reply to the initial survey and will need to be contacted as stipulated in the bill, resulting in 16,800 follow up contacts needed ($21,000 \times .80$).
- It is assumed that 50 percent of 16,800 will not reply, and will need to be contacted as stipulated in the bill, for 8,400 additional follow up contacts needed ($16,800 \times .50$).
- It is assumed that 50 percent of the 8,400 will not reply, resulting in 4,200 civil penalties being assessed ($8,400 \times .50$).
- The potential increase in annual penalty revenue is \$2,100,000 ($4,200 \text{ penalties} \times \500).
- The department's Prevailing Wage program currently collects *one percent* of the penalties assessed, creating an increase to cash receipts of approximately \$21,000 per year ($\$2,100,000 \times .01$).
- The remaining \$2,079,000 in unpaid penalties ($\$2,100,000 \times .99$) will be referred to the department's Collection program. The current average collection rate is 37%, adding an additional \$769,230 in cash receipts ($\$2,079,000 \times .37$).
- Total cash receipts will increase approximately \$790,230 (\$21,000 initially plus \$769,230 through the collections process).

II. C – Expenditures

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

- Stratified random sampling is a statistical sampling methodology that divides a survey population into groups or strata, and takes a random sample of each group. In this case, the strata are defined as the trades or occupations whose wage is being estimated. Since the data is defined by risk class, and not occupation, no strata will be defined and a simple random sample will be taken across all relevant risk classes in the state.
- Implementing stratified random sampling methodology would replace the current survey process L&I uses for collecting the data to establish the prevailing rate of wage.
- Currently, L&I's survey staff is comprised of an Economic Analyst 2 and a Data Compiler 3.
- Surveys would be suspended for fiscal year 2016 while methodology, processes, and a recipient management system are developed.
- L&I's existing Economic Analyst 2 and Data Compiler 3 will work in conjunction with the department's Research and Data Services and Actuarial staff to research and implement this new survey methodology.
- As stated in the cash receipt assumptions, the department expects to assess 4,200 civil penalties under the provisions of this bill. Currently, the Prevailing Wage program processes approximately 360 penalties per year manually. A computer application will need to be created to assist with this increased volume in penalties. That application will also assist in recipient reply tracking, the follow up phone calls, creating the notice of violation (NOV), and Director's order (DO) processes.
- Survey submission by recipients will continue to be done by mail.

The following additional resources are necessary to execute this bill:

Staffing

- One (1.0) FTE Data Compiler 1, permanent, beginning July 1, 2016. Duties will include maintaining the recipient reply component of the computer application.

- One (1.0) FTE Industrial Relations Agent 2, permanent, beginning July 1, 2016. Duties will include maintaining and monitoring the NOV and DO lists created by the application and evaluating when issuing the NOV and DO documents is appropriate.
- One (1.0) FTE Industrial Relations Agent 4, permanent, beginning July 1, 2016. Duties will include assisting recipients in submitting their survey data.
- 0.3 FTE Industrial Relations Agent 4, temporary, from July 1, 2015 through June 30, 2017 to create the necessary documents that will be involved in the notice of violation and Director's order process.

Information Technology

- One (1.0) FTE Information Technology Specialist 4, from October 1, 2015 to September 30, 2016. Duties include working with the Prevailing Wage program staff to develop the business requirements and process impacts.
- One (1.0) WMS Project Manager, from October 1, 2015 to September 30, 2016. Duties include planning and managing implementation of all of the phases of the building the application.
- 3,266 hours of Contract Programming, at \$94 per hour for a total of \$307,004. Duties include designing the functional requirements relating to: creating and developing a recipient list; developing interfaces to retrieve data to help identify potential survey recipients; developing interfaces to send the penalty receivables to our Accounts Receivable and Collections (ARC) system; developing, testing and implementing new receivable types in ARC, developing and implementing the required follow up phone calls stipulated in this bill; generating NOV and DO lists; and generating the NOV and DO documents.

Attorney General Costs

- The Attorney General Office estimates 0.2 FTE Assistant Attorney General and 0.1 FTE Legal Assistant, for a total annual cost of \$40,581 beginning in fiscal year 2017 and each fiscal year thereafter. This estimate is based on their office receiving 63 appeals cases, based on a 1.5 percent appeal rate (4,200 penalties x 0.015 = 63 appeals).

Office of Administrative Hearings

- The Office of Administrative Hearings estimates their costs at \$86,184 per year beginning in fiscal year 2017 and each fiscal year thereafter. This estimate is based the average Prevailing Wage hearing taking 11.4 hours of Administrative Law Judge time. At an hourly rate of \$120 per hour, the average cost is \$1,368 per hearing. 63 appeals at \$1,368 per hearing equals \$86,184 per year.

Rule Making

- Four rule making hearings will be required to amend several rules in WAC 296-127. The average cost of one rule making hearing is \$2,500, so four hearings will cost \$10,000.

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	\$16,000	\$25,000	\$17,000	\$17,000	\$17,000	\$17,000

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, Prevailing Wage.