

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5493 S SB	<b>Title:</b> Prevailing rate of wage
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## Estimated Cash Receipts

NONE

## Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Labor and Industries	.0	0	7,500	.0	0	0	.0	0	0
<b>Total</b>	<b>0.0</b>	<b>\$0</b>	<b>\$7,500</b>	<b>0.0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>	<b>\$0</b>	<b>\$0</b>

Local Gov. Courts *									
Loc School dist-SPI									
Local Gov. Other **	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

## Estimated Capital Budget Impact

NONE

<b>Prepared by:</b> Devon Nichols, OFM	<b>Phone:</b> (360) 902-0582	<b>Date Published:</b> Revised 2/27/2018
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID: 52707

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5493 S SB	<b>Title:</b> Prevailing rate of wage	<b>Agency:</b> 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 2018	FY 2019	2017-19	2019-21	2021-23
<b>Account</b>					
Public Works Administration Account-State 234-1	0	7,500	7,500	0	0
<b>Total \$</b>	0	7,500	7,500	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.

<b>Legislative Contact:</b> Susan Jones	<b>Phone:</b> 360-786-7404	<b>Date:</b> 01/25/2018
<b>Agency Preparation:</b> Xia Zhan	<b>Phone:</b> 360-902-6985	<b>Date:</b> 01/29/2018
<b>Agency Approval:</b> Trent Howard	<b>Phone:</b> 360-902-6698	<b>Date:</b> 01/29/2018
<b>OFM Review:</b> Devon Nichols	<b>Phone:</b> (360) 902-0582	<b>Date:</b> 01/30/2018

## 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 – RCW 39.12.015 is amended to include subsection (2) and (3), which states;

- The prevailing rate of wage shall be established using the hourly wage, usual benefits, and occupations that have collective benefit agreement. For trades and occupations with more than one collective bargaining agreement in the county, the higher rate will prevail; and
- The prevailing rate of wage will be established by conducting wage and hour surveys when there are no collective bargaining agreements, except in instances where such surveys are not feasible.

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

The department assumes the potential cost savings to be realized from a reduced requirement for wage and hour surveys will be offset by the potential cost increase for the new work to research statistical and market data, analyze that data, and resolve conflicting claims over which collective bargaining agreement is correct for a particular trade and locality in the state.

#### Rule Making

- Three rule making hearings will be required to amend rules in WAC 296-127-019. The average cost of one rule making hearing is \$2,500, so three hearings will total \$7,500. These hearings will occur during fiscal year 2019.

### Part III: Expenditure Detail

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

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services		7,500	7,500		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total:</b>	\$0	\$7,500	\$7,500	\$0	\$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.*

This legislation would result in rule changes to:

- WAC 296-127-019, Survey methodology

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

<b>Bill Number:</b> 5493 S SB	<b>Title:</b> Prevailing rate of wage
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**Part I: Jurisdiction**-Location, type or status of political subdivision defines range of fiscal impacts.

## Legislation Impacts:

- ☐ Cities:
- ☐ Counties:
- ☐ Special Districts:
- ☐ 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:

Labor and Industries (L&I) new rules; which job classifications would be used for capital projects; difference in prevailing wage for specific job classifications impacted by bill

### Estimated revenue impacts to:

None

### Estimated expenditure impacts to:

Indeterminate Impact

## Part III: Preparation and Approval

Fiscal Note Analyst: Cat Costi	Phone: 360-725-5041	Date: 02/27/2018
Leg. Committee Contact: Susan Jones	Phone: 360-786-7404	Date: 01/25/2018
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 02/27/2018
OFM Review: Devon Nichols	Phone: (360) 902-0582	Date: 02/27/2018

## Part IV: Analysis

### A. SUMMARY OF BILL

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

Section 1 – RCW 39.12.015 is amended to include subsection (2) and (3).

-- (2) The prevailing rate of wage shall be established using the hourly wage, usual benefits, and occupations that have collective benefit agreement. For trades and occupations with more than one collective bargaining agreement in the county, the higher rate will prevail.

-- (3) The prevailing rate of wage will be established by conducting wage and hour surveys when there are no collective bargaining agreements, except in instances where such surveys are not feasible.

### 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.*

This bill would likely result in indeterminate expenditure impacts to public ports, cities, and counties. It is difficult to estimate what the change in cost would be for local government because this would be dependent upon what Labor and Industries (L&I) new rules end up being which is not available at this point.

#### BACKGROUND:

-- The number of non-union job classifications is 2580 across all counties. The number of union covered classifications is 16,757 across all counties. This means that right now 13 percent of job classifications do not fall under a union contract. The average non-union wage across all classifications is \$16.28. The average union wage across all classifications is \$49.97.

This is a difference of \$33.69 between non-union and union covered job classes.

Note that some trades (with all classifications under them) are not covered by unions in any county, such as Industrial Power Vacuum Cleaners, Landscape Construction, or Street And Parking Lot Sweeper Workers (which account for 195 of the non union job classifications). This means that there is no union wage to change them to and their prevailing wage would be based on other rules. This would lower the expected average increase of \$33.69, making it difficult to give a real number as at least eight percent of the non-union jobs would have their prevailing wage determined by L&I new rules.

Some classifications are covered by unions across all counties such as Divers & Tenders, which would result in no changes to the prevailing wage also making it difficult to give an overall average as those account for 370 of the union job classifications and have an average wage of \$68.87.

Any changes in prevailing wage would likely increase local government costs for labor work on projects, as well as for any ongoing or intermittent labor that may be contracted out for specific needs such as grounds maintenance or specialized skills. Costs would also depend upon the types of labor used.

### 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.*

The legislation would have no revenue impact for local government.

#### SOURCES:

Department of Labor and Industries  
Association of Washington Cities  
Washington Public Ports Association  
Municipal Research and Services Center