

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 6239 E SB	<b>Title:</b> Public works projects
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## Estimated Cash Receipts

NONE

## Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Enterprise Services	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

## Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Enterprise Services	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Labor and Industries	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

## Estimated Capital Budget Breakout

Department of Enterprise Services	Non-zero but indeterminate cost and/or savings. Please see discussion.
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6239 E SB	<b>Title:</b> Public works projects	<b>Agency:</b> 179-Department of Enterprise Services
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## Part I: Estimates

☒ **No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### Estimated Capital Budget Impact:

Non-zero but indeterminate cost and/or savings. Please see discussion.

*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: Trudes Tango	Phone: 360-786-7384	Date: 02/24/2020
Agency Preparation: Kenneth McBroom	Phone: (360) 407-8261	Date: 02/25/2020
Agency Approval: Ashley Howard	Phone: (360) 407-8159	Date: 02/25/2020
OFM Review: Jennifer Masterson	Phone: (360) 902-0579	Date: 02/28/2020

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.

Sections 1 is amended to require apprenticeship utilization requirements on public works projects be met by all contractor and subcontractors participating on a project.

Section 2(f) requires bidders, prior to submitting a bid on public works projects subject to the apprenticeship utilization requirement in RCW 39.04.320, to be a training agent operating under a valid training agreement per chapter 49.04 RCW.

The Department of Enterprise Services can incorporate this work as part of routine business processes, therefore, this has no fiscal impact to the operating budget.

Capital costs are indeterminate, as contractors and subcontractors may increase their costs to comply with the requirements of this bill.

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.

II. C - Expenditures

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

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

IV. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

**IV. C - Capital Budget Breakout**

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

<b>Non-zero but indeterminate cost and/or savings. Please see discussion.</b>
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Capital costs are indeterminate, as contractors and subcontractors may increase their costs to comply with the requirements of this bill.

**Part V: New Rule Making Required**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6239 E SB	<b>Title:</b> Public works projects	<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 Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

### 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: Trudes Tango	Phone: 360-786-7384	Date: 02/24/2020
Agency Preparation: Shana J Snellgrove	Phone: 360-902-6408	Date: 02/27/2020
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 02/27/2020
OFM Review: Robyn Williams	Phone: (360) 902-0575	Date: 03/01/2020

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 - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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

NONE

Part V: New Rule Making Required

## **Part II: Explanation**

Current law requires state public works projects with an apprentice utilization requirement to utilize apprentices for 15 percent of the total labor hours. These are overall project hours, not by contractor. As long as the 15 percent threshold is met, or a good faith effort is approved, not every contractor needs to use apprentices. Contractors that are not training agents of an approved apprenticeship program can still bid on projects. However, only contractors that are approved training agents can utilize apprentices.

This bill changes the law to require a bidder on a public works project, who has a history of not achieving the apprentice utilization goals or who habitually utilizes the good faith effort process, to submit an apprenticeship utilization plan along with its bid documents. The apprenticeship utilization plan must detail verifiable efforts to meet the apprentice utilization requirements.

ESB 6239 is different from SB 6239 in that it:

- No longer changes the current overall 15 percent apprentice utilization requirement on affected public works projects to a 15 percent apprentice utilization requirement for each and every contractor and subcontractor.
- No longer requires that every contractor must be a training agent of an approved apprenticeship program, or itself be an approved apprenticeship program, in order to bid on public works projects.
- Instead, ESB 6239 requires a bidder on a public works project that has a history of receiving monetary penalties for not achieving apprenticeship utilization goals, or is habitual in utilizing the good faith effort exception process, to submit an apprenticeship utilization plan with its bid.

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

**Section 1** amends RCW 39.04.310 to define “apprenticeship utilization plan” as “a plan submitted by a prospective bidder specifically detailing verifiable efforts to meet the apprenticeship utilization requirements.

**Section 2** amends RCW 39.04.350 to require a bidder with a history of receiving monetary penalties for not achieving the apprenticeship utilization goals pursuant to RCW 39.04.320 or who is habitual in utilizing the good faith effort exception process, to submit an apprenticeship utilization plan along with its bid documents.

## **II. B – Cash Receipt Impact**

None.

## **II. C – Expenditures**

Fiscal impact is **indeterminate**.

If the intent of the bill is for the Department of Labor and Industries to provide awarding agencies and hiring contractors with systems and tools to verify a contractor's apprentice utilization history (to include the percentage met and the percentage not met), the use of the good faith effort exception process, and the monetary penalties as outlined in section 2 of the bill, then the following information technology resources would be needed:

- \$650,855 in fiscal year 2021 for 4,815 contractor hours to develop, test, and implement modifications to the Apprenticeship Registration and Tracking System (ARTS), the Retainage Overview Analysis Release (ROAR) system and the Public Works Intents and Affidavits (PWIA) system.

However, if the intent is that the department is not required to provide awarding agencies and hiring contractors with the systems and tools outlined above, then this bill can be implemented using existing resources.

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

None.

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

None.