

Individual State Agency Fiscal Note

Revised

Bill Number: 1400 HB	Title: Alt. professional licensing	Agency: 240-Department of Licensing
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

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

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	1.3	1.3	1.3	1.3	1.3
Account					
Architects' License Account-State 003-1	4,000	4,000	8,000	8,000	8,000
Real Estate Commission Account-State 026-1	44,000	40,000	84,000	80,000	80,000
Real Estate Appraiser Commission Account-State 06G-1	7,000	7,000	14,000	14,000	14,000
Business and Professions Account-State 06L-1	76,000	70,000	146,000	140,000	140,000
Funeral and Cemetery Account-State 15V-1	7,000	7,000	14,000	14,000	14,000
Landscape Architects' License Account-State 16B-1	3,000	2,000	5,000	4,000	4,000
Appraisal Management Company Account-State 16M-1	1,000	1,000	2,000	2,000	2,000
Geologists' Account-State 298-1	4,000	3,000	7,000	6,000	6,000
Total \$	146,000	134,000	280,000	268,000	268,000

In addition to the estimates above, there are additional indeterminate costs 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.

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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.

This bill authorizes the Department of Licensing (DOL) to develop a competency-based assessment, and issue licenses to individuals who pass this assessment.

Section 1(3) – Adds new language to authorize DOL to develop a competency-based assessment which allows individuals to show proficiency required by a professional licensing exam (after consulting with trade groups).

Section 2 – Amends RCW 43.24:

Section 2(1) clarifies DOL may issue a professional license to applicants that meet all competency-based licensing requirements.

Section 2(2)(a)(i) adds definitions to “competency-based licensing requirement” and “professional license”.

Section 3(3) specifies this doesn’t apply when there is a reciprocity licensing agreement with a national organization that allows individuals who are licensed in another state to work in Washington State.

Section 4 adds the effective date as January 1, 2022. DOL would approach this work in phases, to allow for the associated stakeholder work, rule changes and Information Technology (IT) system modifications.

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.

Cash receipts impact is indeterminate.

Fee increases may be required for some professions to cover the cost of establishing and implementing competency assessments where they do not exist currently.

Section 2 authorizes DOL to develop a competency-based assessment, and issue licenses to individuals who pass this assessment. It is unknown how many individuals may choose to license through the competency based licensing path, and of those how many would not, or could not, have licensed through the traditional licensing process. This bill would result in an indeterminate increase in revenue collected.

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.

Expenditure impact is indeterminate except the 1.0 Management Analyst 3 (MA3) position. Please see below.

In order to implement this bill, the following resources are needed:

Business & Professions Division (BPD):

- 1.0 MA3 FTE – The MA3 will be necessary to support applicable rulemaking, coordination with trade groups for competency-based licensing requirements, development of business processes and implementation, and organization of stakeholder communication. This resource will provide communication, outreach, and meeting facilitation for each industry group before and during rulemaking as the competency-based licensing requirements are developed. There are at least 30 different industry groups impacted by this bill.
- Costs would vary by profession based on the complexity of the requirements, number of applicants, the licensee population, and the degree of federal oversight. The following are potential exam and system costs.
- Potential costs to develop new exams - DOL has to develop competency-based licensing requirements in consultation with trade/industry groups. The resulting licensing requirements may include such options as portfolio review, practical skills evaluation or alternate types of licensing exams. For example, if new exams are needed, there will be costs for psychometric services to develop them, past contracts for similar services to update a single exam were \$50K. Additionally, based on our knowledge of national exams the cost to develop a computer based exam is over \$1M. DOL cannot determine how many exams or which professions will need them because that is information DOL has to develop with the industry/trade groups as part of implementing this bill. Therefore, the costs to develop new exams are indeterminate.

Information Services (indeterminate impact):

DOL's online business and professions licensing database (POLARIS) would be modified to support the competency-based assessment in this bill.

The following contracted technology changes are required, total costs are \$847,400:

- Update applications on public portal and back-office general application flows and add profession-specific questions related to competency-based licensing requirements.
- Update back office features to support management competency-based applications.
- Add identifier to capture whether application is for standard or competency-based licensing requirements.
- Update existing notifications to reflect competency based information.

The system changes identified above impact an existing Commercial off the Shelf (COTS) product and require modifications by the vendor. The design, development and configuration services are estimated to cost \$282,420.

Total Potential Information Services Costs are: \$1,130,000 in FY 22 (\$847,400+ \$282,420).

Support Services:

Agency Administrative Overhead is included at a rate of 26 percent of the direct program costs. This funding received covers agency-wide functions such as vendor payments, contract administration, financial management, mail processing, equipment management, help desk support, and technical assistance to DOL employees.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
003-1	Architects' License Account	State	4,000	4,000	8,000	8,000	8,000
026-1	Real Estate Commission Account	State	44,000	40,000	84,000	80,000	80,000
06G-1	Real Estate Appraiser Commission Account	State	7,000	7,000	14,000	14,000	14,000
06L-1	Business and Professions Account	State	76,000	70,000	146,000	140,000	140,000
15V-1	Funeral and Cemetery Account	State	7,000	7,000	14,000	14,000	14,000
16B-1	Landscape Architects' License Account	State	3,000	2,000	5,000	4,000	4,000
16M-1	Appraisal Management Company Account	State	1,000	1,000	2,000	2,000	2,000
298-1	Geologists' Account	State	4,000	3,000	7,000	6,000	6,000
Total \$			146,000	134,000	280,000	268,000	268,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	1.3	1.3	1.3	1.3	1.3
A-Salaries and Wages	85,000	83,000	168,000	166,000	166,000
B-Employee Benefits	33,000	32,000	65,000	64,000	64,000
C-Professional Service Contracts					
E-Goods and Other Services	19,000	19,000	38,000	38,000	38,000
G-Travel					
J-Capital Outlays	9,000		9,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	146,000	134,000	280,000	268,000	268,000

In addition to the estimates above, there are additional indeterminate costs 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*

Job Classification	Salary	FY 2022	FY 2023	2021-23	2023-25	2025-27
Indirect ADM Fiscal Analyst 2	4,509	0.2	0.2	0.2	0.2	0.2
Indirect ISD IT Cust. Support - Journey	6,991	0.1	0.1	0.1	0.1	0.1
Management Analyst 3	69,264	1.0	1.0	1.0	1.0	1.0
Total FTEs		1.3	1.3	1.3	1.3	1.3

III. D - Expenditures By Program (optional)

Program	FY 2022	FY 2023	2021-23	2023-25	2025-27
Mgmt & Support Services (100)	22,000	20,000	42,000	40,000	40,000
Information Services (200)	9,000	9,000	18,000	18,000	18,000
Business and Professions (700)	115,000	105,000	220,000	210,000	210,000
Total \$	146,000	134,000	280,000	268,000	268,000

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

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

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.

Rulemaking will be required to establish the competency-based assessment criteria.