

Individual State Agency Fiscal Note

Bill Number: 5186 SB	Title: Contracting/discrimination	Agency: 120-Human Rights Commission
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	3.0	4.0	3.5	4.0	4.0
Account					
General Fund-State 001-1	368,000	452,000	820,000	904,000	904,000
Total \$	368,000	452,000	820,000	904,000	904,000

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 1 (2) Every state contract and subcontract for public works or for goods or services must contain a nondiscrimination clause prohibiting discrimination on the bases enumerated in RCW 49.60.400.

Section 1 (3) The commission must develop rules and regulations for the application and implementation of this section. Regulations must describe and include, but are not limited to, the following: (a) Procedures for the investigation, approval, certification, decertification, monitoring, and enforcement of nondiscrimination clauses

Section 1 (3)(d) Criteria for determining the appropriate plant, region, division, or other unit of a contractor or subcontractor's operation for which a nondiscrimination program is required.

Section 1 (3)(e) Procedures for coordinating the nondiscrimination requirements of this section and its implementing rules and regulations with all applicable state laws and with comparable federal laws and regulations concerning nondiscrimination, and equal employment opportunity by those who contract with the United States.

Section 1 (3) (f) The basic principles and standards to guide the commission in administering and implementing this section

Section (4) Where the commission determines and certifies that the provisions of this section are violated or determines a contractor or subcontractor is engaging in practices made unlawful under this part, the commission may recommend appropriate sanctions to the awarding agency. Any such recommendation must take into consideration the severity of the violation or violations and any other penalties, sanctions, or remedies previously imposed.

There is insufficient knowledge of the number of contractors/subcontractors within the state of Washington. There could be as many contractors and subcontractors as there are business owners.

The bill proposes full enforcement responsibility. This bill proposes that Human Rights Commission will be responsible for the development, implementation and enforcement of this statewide program for contractors and subcontractors.

We do not know how many complaints we will receive, because we do not know the number of contractors and subcontractors or number of potential violations.

Statewide outreach will be needed for employers, contractors and subcontractors in order to educate them about the new law.

There will be an increased number of cases for investigation, and compliance monitoring.

Additional policy level staff will be needed to draft and obtain approval of procedures, rules and regulations, in the 6-month period to implementation.

Additional investigative staff will be needed to draft and investigate complaints received.

There will be need for appeals process for enforcement for complainants and respondents who disagree with agency determinations.

There will be additional legal expenses through the Attorney General's Office in the event of legal issues and/ or a party's failure to comply with the terms of a compliance agreement.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

None

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Rulemaking will be needed in order to implement the mandates of this proposed bill (including statewide stakeholder public hearings, compilation of the data from hearings, travel, etc.). The Human Rights Commission (HUM) would hire a policy analyst and an administrative assistant 3 in July 2023 to assist with implementing and maintaining the new requirements for the agency.

The exempt Policy Analyst is assumed to have a salary of \$107,088 per year and receive benefits estimated at \$33,456 per year at current benefits rates. The Administrative Assistant is range 40 (assumed step L) so a salary of \$50,592 per year plus benefits estimated at \$23,181 per year at current benefits rates.

Additional staff would be needed to conduct investigations related to the new law. HUM has insufficient knowledge of the number of (sub) contractors within the state of Washington and therefore, insufficient information about the number of possible complaints we will receive. It assumed the agency will require, at a minimum, one Investigator 2 and one Investigator 4. It is assumed those positions will not be needed until January 2024 when the new law becomes effective.

A full time Investigator 2 is paid at range 49 (assumed step L) so a salary of \$63,216 per year plus benefits estimated at \$25,477 per year at current benefits rates. In FY24 the agency would only need .5 FTE so the salary would cost would be \$63,216 divided by 2 = \$31,608 plus related benefits estimated at \$12,738. A full time Investigator 4 is paid at range 59 (assumed step L) so a salary of \$80,952 per year plus benefits estimated at \$28,702 per year at current benefits rates. In FY24 the agency would only need .5 FTE so the salary would cost would be \$80,952 divided by 2 = \$40,476 plus related benefits estimated at \$14,351.

Goods and services are estimated at \$33,822 per year and include communications, payroll processing, training, and other staff costs. Estimates include some travel at the low cost per diem rates totaling \$5,610 per year. Also included is one time equipment costs for furniture and computers totaling \$22,228 in fiscal year 2024.

Additional legal expenses with the Office of Attorney General are likely but the cost is unknown.

Another probable cost is statewide outreach needed for employers, contractors and subcontractors in order to educate them about the law.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	368,000	452,000	820,000	904,000	904,000
Total \$			368,000	452,000	820,000	904,000	904,000

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 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	3.0	4.0	3.5	4.0	4.0
A-Salaries and Wages	230,000	302,000	532,000	604,000	604,000
B-Employee Benefits	84,000	111,000	195,000	222,000	222,000
C-Professional Service Contracts					
E-Goods and Other Services	28,000	34,000	62,000	68,000	68,000
G-Travel	4,000	5,000	9,000	10,000	10,000
J-Capital Outlays	22,000		22,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	368,000	452,000	820,000	904,000	904,000

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 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Assistant 3	50,592	1.0	1.0	1.0	1.0	1.0
Investigator 2	63,216	0.5	1.0	0.8	1.0	1.0
Investigator 4	80,952	0.5	1.0	0.8	1.0	1.0
Policy Analyst	107,000	1.0	1.0	1.0	1.0	1.0
Total FTEs		3.0	4.0	3.5	4.0	4.0

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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

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

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Section 1 (3) The commission must develop rules and regulations for the application and implementation of this section. Regulations must describe and include, but are not limited to, the following: (a) Procedures for the investigation, approval,

certification, decertification, monitoring, and enforcement of nondiscrimination clauses

The agency will need to adopt new administrative rules. The rulemaking process will need to be used in order to establish new rules for a new program, in order to implement the mandates of this proposed bill. This includes statewide stakeholder public hearings, compilation of the data from hearings, travel, etc.