

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1360 HB	<b>Title:</b> Alt. professional licensing	<b>Agency:</b> 240-Department of Licensing
-----------------------------	---	--

## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Architects' License Account-State 003-1	26,000	3,000	29,000		
Real Estate Commission Account-State 026-1	259,000	28,000	287,000		
Real Estate Appraiser Commission Account-State 06G-1	26,000	3,000	29,000		
Business and Professions Account-State 06L-1	879,000	95,000	974,000		
Funeral and Cemetery Account-State 15V-1	26,000	3,000	29,000		
Landscape Architects' License Account-State 16B-1	26,000	3,000	29,000		
Appraisal Management Company Account-State 16M-1	26,000	3,000	29,000		
Geologists' Account-State 298-1	26,000	3,000	29,000		
<b>Total \$</b>	1,294,000	141,000	1,435,000		

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.5	1.5	1.5	0.0	0.0
<b>Account</b>					
Architects' License Account-State 003-1	26,000	3,000	29,000	0	0
Real Estate Commission Account-State 026-1	259,000	28,000	287,000	0	0
Real Estate Appraiser Commission Account-State 06G-1	26,000	3,000	29,000	0	0
Business and Professions Account-State 06L-1	880,000	94,000	974,000	0	0
Highway Safety Account-State 106 -1	251,000	68,000	319,000	0	0
Funeral and Cemetery Account-State 15V-1	26,000	3,000	29,000	0	0
Landscape Architects' License Account-State 16B-1	26,000	3,000	29,000	0	0
Appraisal Management Company Account-State 16M-1	26,000	3,000	29,000	0	0
Geologists' Account-State 298-1	26,000	3,000	29,000	0	0
<b>Total \$</b>	1,546,000	208,000	1,754,000	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.

Legislative Contact: Megan Mulvihill	Phone: 360-786-7304	Date: 01/17/2023
Agency Preparation: Gina Rogers	Phone: 360-634-5036	Date: 01/24/2023
Agency Approval: Gerrit Eades	Phone: (360)902-3863	Date: 01/24/2023
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 01/24/2023

## 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.

See attached fiscal note

### 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.

See attached fiscal note

### 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.

See attached fiscal note

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
003-1	Architects' License Account	State	26,000	3,000	29,000	0	0
026-1	Real Estate Commission Account	State	259,000	28,000	287,000	0	0
06G-1	Real Estate Appraiser Commission Account	State	26,000	3,000	29,000	0	0
06L-1	Business and Professions Account	State	880,000	94,000	974,000	0	0
106-1	Highway Safety Account	State	251,000	68,000	319,000	0	0
15V-1	Funeral and Cemetery Account	State	26,000	3,000	29,000	0	0
16B-1	Landscape Architects' License Account	State	26,000	3,000	29,000	0	0
16M-1	Appraisal Management Company Account	State	26,000	3,000	29,000	0	0
298-1	Geologists' Account	State	26,000	3,000	29,000	0	0
<b>Total \$</b>			1,546,000	208,000	1,754,000	0	0

**III. B - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.5	1.5	1.5		
A-Salaries and Wages	106,000	106,000	212,000		
B-Employee Benefits	40,000	40,000	80,000		
C-Professional Service Contracts					
E-Goods and Other Services	1,393,000	62,000	1,455,000		
G-Travel					
J-Capital Outlays	7,000		7,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	1,546,000	208,000	1,754,000	0	0

**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
Management Analyst 3	71,520	0.5	1.0	0.8		
Program Specialist 3	69,756	1.0	0.5	0.8		
<b>Total FTEs</b>		1.5	1.5	1.5		0.0

**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.*

See attached fiscal note

# Individual State Agency Fiscal Note

Agency 240 – Department of Licensing

Bill Number: HB 1360

Bill Title: Concerning alternative professional licensing standards

## Part 1: Estimates

No Fiscal Impact

### Estimated Cash Receipts:

Revenue	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Architects' License	003	26,000	3,000	29,000	-	-
Real Estate Commission	026	259,000	28,000	287,000	-	-
Real Estate Appraiser Commission	06G	26,000	3,000	29,000	-	-
Business and Professions	06L	879,000	95,000	974,000	-	-
Funeral and Cemetery	15V	26,000	3,000	29,000	-	-
Landscape Architects' License	16B	26,000	3,000	29,000	-	-
Appraisal Management Company	16M	26,000	3,000	29,000	-	-
Geologists'	298	26,000	3,000	29,000	-	-
<b>Account Totals</b>		<b>1,294,000</b>	<b>141,000</b>	<b>1,435,000</b>	-	-

### Estimated Expenditures:

	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
FTE Staff Years	1.5	1.5	1.6	-	-

Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Architects' License	003	26,000	3,000	29,000	-	-
Real Estate Commission	026	259,000	28,000	287,000	-	-
Real Estate Appraiser Commission	06G	26,000	3,000	29,000	-	-
Business and Professions	06L	880,000	94,000	974,000	-	-
Highway Safety	106	251,000	68,000	319,000	-	-
Funeral and Cemetery	15V	26,000	3,000	29,000	-	-
Landscape Architects' License	16B	26,000	3,000	29,000	-	-
Appraisal Management Company	16M	26,000	3,000	29,000	-	-
Geologists'	298	26,000	3,000	29,000	-	-
<b>Account Totals</b>		<b>1,546,000</b>	<b>208,000</b>	<b>1,754,000</b>	-	-

*The revenue 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 the fiscal impact is **less than \$50,000** per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- 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.
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone: (360)	Date:
Agency Preparation: Gina Rogers	Phone: (360) 634-5036	Date: 1/24/23
Agency Approval: Gerrit Eades	Phone: (360) 902-3931	Date:

Request #	2
Bill #	1360 HB

## Part 2 – Explanation

This bill requires the Department of Licensing (DOL) to develop competency-based assessments that will offer applicants an alternative path to licensure.

### 2.A – Brief Description Of What The Measure Does That Has Fiscal Impact

Section 2 adds a new section to chapter 43.24 RCW.

- (1) DOL may issue a license if the applicant meets all competency-based licensing requirements.
- (2)(a)(i) “Competency-based licensing requirement” means a practical assessment of knowledge/skills that demonstrates an individual is prepared to engage in a profession, and provides a definition for “professional license”.
- (3) this section doesn’t apply when there is a reciprocity licensing agreement with a national organization in place.

Section 3 adds a new section to Title 18 RCW, addressing the same subsections and requirements as Section 2.

Section 4 is a new section stating that section 3 constitutes a new chapter in Title 18 RCW.

Section 5 establishes an effective date of January 1, 2024.

### 2.B - Cash receipts Impact

Revenue	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Architects' License	003	26,000	3,000	29,000	-	-
Real Estate Commission	026	259,000	28,000	287,000	-	-
Real Estate Appraiser Commission	06G	26,000	3,000	29,000	-	-
Business and Professions	06L	879,000	95,000	974,000	-	-
Funeral and Cemetery	15V	26,000	3,000	29,000	-	-
Landscape Architects' License	16B	26,000	3,000	29,000	-	-
Appraisal Management Company	16M	26,000	3,000	29,000	-	-
Geologists'	298	26,000	3,000	29,000	-	-
<b>Account Totals</b>		<b>1,294,000</b>	<b>141,000</b>	<b>1,435,000</b>	-	-

### 2.C – Expenditures

This bill will have impacts on both operations and information technology systems. To implement this bill, the following resources are needed:

#### **Business & Professions Division (BPD):**

- 1.0 Management Analyst 3 (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.

Actual 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 must 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.

### **Programs & Services Division (PSD):**

PSD includes the Driver Training School (DTS) program, which licenses and oversees driver training schools and instructors. The program developed the following assumptions and estimates:

- For the instructor knowledge exam, would require contract with psychometrician or other subject matter experts, estimated cost is \$30,000.
- For the instructor skills exam, would require contract with psychometrician or other subject matter experts, estimated cost is \$30,000.
- The two exams above will include translation services to extend equitable access, estimated at \$25,000.
- The program cannot absorb implementation within existing resources and requests a Program Specialist 3 position for 18 months. This position will:
  - create materials for the public and instructor applicants based on the competency approach.
  - Manage extensive stakeholder to be aware of the change.
  - Assist with rulemaking associated with instructor requirements.
  - Develop necessary changes to the DTS instructor licensing process.

The program assumes this would take about 18 months to implement all the changes required in this bill

### **Information Services:**

#### **IS will implement:**

- 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.

### **Assumptions:**

- Implementation of this bill requires program staff to work with stakeholders to develop competency-based licensing requirements. This estimate is based on known information, but actual implementation cost may be impacted by decisions on what assessments are appropriate for each license type (e.g. external testing).



- Existing notifications are sufficient at this time, however new requirements at implementation may identify new notifications.
- Each license type will have license-type specific questions and attachments for their competency-based assessment.
- Staff can easily identify competency-based general applications.
- Once approved, licenses approved through a competency-based licensing will not differ from licenses approve through any other application method.
- 29 License types are included in this estimate. All are for individual licenses and not business licenses.

The agency will use appropriated funds to hire contract programmers to accomplish this work or to support current staff implementing this legislation within the required timeline. Appropriated funds may also be used to hire agency temporary staff to support permanent staff assigned to this legislative effort.

Any change requires a process to ensure changes are correctly applied to the system. This involves Project Managers that manage the team that completes the update, business analyst that documents and reviews the system changes, architect services that analyzes how the update could have an effect on other systems or DOL processes, developers who create the change, and testers and quality assurance teams that ensure the update is working correctly.

Cost Category	Description	Rate	2024	2025	2026	2027	2028	2029	Total Cost
TESTER	Test to verify individual components meet requirements; ensure that other business transactions have not been impacted.	\$ 22,620	183,200	-	-	-	-	-	183,200
BUSINESS ANALYST	Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc.	\$ 16,530	36,400	-	-	-	-	-	36,400
PROJECT MANAGER	Manage schedule and contracts	\$ 28,710	48,800	-	-	-	-	-	48,800
QUALITY ASSURANCE	Plan and carry out activities to assure project deliverables; e.g. preventative defect activities, align quality measures and business objectives.	\$ 37,410	217,000	-	-	-	-	-	217,000
SECURITY AND ARCHITECT SERVICES	Create the conceptual model that defines the structure, behavior and framework of a computerized system including a breakdown of the system into components, the component interactions and interfaces (including with the environment, especially the user), and the technologies and resources to be used in the design.	\$ 16,530	18,200	-	-	-	-	-	18,200
Trainer	Trains business partners and employees in new system processes and capabilities.	\$ 22,620	49,800	-	-	-	-	-	49,800
Organizational Change Management	Prepares stakeholders for the change and develops strategies to ensure the changes are fully adopted.	\$ 37,410	217,000	-	-	-	-	-	217,000
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ 25,474	77,000	-	-	-	-	-	77,000
<b>Totals</b>			<b>847,400</b>	-	-	-	-	-	<b>847,400</b>

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 \$302,521.

**Support Services:**

Agency Administrative Overhead is included at a rate of 23.4 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 3 – Expenditure Detail

#### 3.A – Operating Budget Expenditures

Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Architects' License	003	26,000	3,000	29,000	-	-
Real Estate Commission	026	259,000	28,000	287,000	-	-
Real Estate Appraiser Commission	06G	26,000	3,000	29,000	-	-
Business and Professions	06L	880,000	94,000	974,000	-	-
Highway Safety	106	251,000	68,000	319,000	-	-
Funeral and Cemetery	15V	26,000	3,000	29,000	-	-
Landscape Architects' License	16B	26,000	3,000	29,000	-	-
Appraisal Management Company	16M	26,000	3,000	29,000	-	-
Geologists'	298	26,000	3,000	29,000	-	-
<b>Account Totals</b>		<b>1,546,000</b>	<b>208,000</b>	<b>1,754,000</b>	<b>-</b>	<b>-</b>

#### 3.B – Expenditures by Object or Purpose

Object of Expenditure	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
FTE Staff Years	1.5	1.5	1.6	0.0	0.0
Salaries and Wages	106,000	106,000	212,000	-	-
Employee Benefits	40,000	40,000	80,000	-	-
Goods and Services	1,393,000	62,000	1,455,000	-	-
Equipment	7,000	-	7,000	-	-
<b>Total By Object Type</b>	<b>1,546,000</b>	<b>208,000</b>	<b>1,754,000</b>	<b>-</b>	<b>-</b>

#### 3.C – FTE Detail

Staffing	Salary	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Management Analyst 3	71,520	0.5	1.0	0.8	0.0	0.0
Program Specialist 3	69,756	1.0	0.5	0.8	0.0	0.0
<b>Total FTE</b>		<b>1.5</b>	<b>1.5</b>	<b>1.6</b>	<b>0.0</b>	<b>0.0</b>

### Part 4 – Capital Budget Impact

None.

### Part 5 – New Rule Making Required

To implement this legislation, a one-time assessment would need to be added to licenses that are funded with dedicated funds, equal to the costs contained in the expenditure section of this fiscal note. The cost allocation model applied to current expenditures is used to establish the revenue breakdown. For efficiency purposes, the department will add inclusion of this one-time assessment per license, to a planned fee rulemaking process in the spring of 2024, with any fee proposed increases to go into effect in June 2024.