

Individual State Agency Fiscal Note

Bill Number: 5563 SB	Title: Prevailing wage	Agency: 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:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.6	0.5	1.1	0.5	0.5
Account					
Public Works Administration Account-State 234-1	211,000	60,000	271,000	120,000	120,000
Total \$	211,000	60,000	271,000	120,000	120,000

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.

See attached.

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.

See attached.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
234-1	Public Works Administration Account	State	211,000	60,000	271,000	120,000	120,000
Total \$			211,000	60,000	271,000	120,000	120,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.6	0.5	1.1	0.5	0.5
A-Salaries and Wages	128,000	39,000	167,000	78,000	78,000
B-Employee Benefits	46,000	15,000	61,000	30,000	30,000
C-Professional Service Contracts					
E-Goods and Other Services	26,000	6,000	32,000	12,000	12,000
G-Travel	1,000		1,000		
J-Capital Outlays	10,000		10,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	211,000	60,000	271,000	120,000	120,000

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 Regulations Analyst 4	85,020	1.0		0.5		
Economic Analyst 2	73,260	0.5	0.5	0.5	0.5	0.5
Fiscal Analyst 5	71,520	0.1		0.1		
Total FTEs		1.6	0.5	1.1	0.5	0.5

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.

Part II: Explanation

This bill proposes changes to the process for determining the prevailed rate of wage when two or more Collectively Bargained Agreements (CBAs) exist in a county from prevailing the higher of the CBA rates in the county to prevailing the rate based on the preponderance of hours worked in the county, as determined by an Industrial Statistician.

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

Section 1 (3)(a) amends RCW 39.12.015 and 2019 c 29 s 2 to change the basis by which prevailing wage rates are determined for trades and occupations that have more than one collective bargaining agreement in a given county. Previously, the higher rate would be the prevailing rate of wage. This bill instead requires that the Industrial Statistician determine and prevail the wage rate to be the rate “representing the preponderance of hours.”

Section 1 (3)(b) states that an interested party may contest a wage rate determination by alleging and proving sufficient evidence that the “actual rate used in the determination is less than the rate representing the majority number or preponderance of hours.” In the event of a contested rate, the appropriate fiscal officer must establish a rate to be used for the work in question until the final determination has been made.

II. B – Cash Receipt Impact

None.

II. C – Expenditures

Appropriated – Operating Costs

This proposed bill increases expenditures to the Public Works Administration Account, Fund 234. The following assumptions were used to estimate the resources requested to implement this bill.

Staffing

1 FTE, Administrative Regulations Analyst 4 (ARA4), temporary July 1, 2023 – June 30, 2024.

Duties include overseeing the rule making effort in conjunction with the Prevailing Wage Advisory Committee (PWAC). The assumptions for this calculation are:

- Controversial stakeholdering, rulemaking, and policy activities are complex in nature and require 1 FTE until these tasks are complete. A temporary ARA would be needed to oversee the rulemaking effort in conjunction with the PWAC.

.5 FTE, Economic Analyst 2, permanent starting July 1, 2023. Duties include conducting wage surveys and overseeing the contests of wage rates in situations where more than one Collectively Bargained Agreement (CBA) rate exists for a given occupation within a county. The assumptions for this calculation are:

- Based on existing workload indicators for similar survey work that is currently conducted by L&I, approximately 1,000 hours per year will be needed to complete the CBA surveys, which will be conducted electronically, and oversee the contests of wage rates where more than one CBA rate exists within a county. (1,000 hours / 2,088 hours for 1 FTE = .48 FTE, rounded to .5 FTE)

Rule making

\$5,000 is needed for 2 rule making hearings to occur during FY 2024. The average cost of one rule making hearing is \$2,500. (2 hearings x \$2,500 each = \$5,000)

Indirect Costs

The amount included in this fiscal note for indirect is:

Fund Name		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
234	Public Works Admin.	10,000	3,000	3,000	3,000	3,000	3,000
	Total:	\$10,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000

The department assesses an indirect rate to cover agency-wide administrative costs. Labor and Industries’ indirect rate is applied on salaries, benefits, and standard costs. For fiscal note

purposes, the total indirect amount is converted into salary and benefits for partial or full indirect FTEs. Salary and benefits costs are based on a Fiscal Analyst 5 (Range 59, Step G).

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

This legislation would result in rule changes to:

- WAC 296-127-019, Survey methodology