

Individual State Agency Fiscal Note

Bill Number: 1526 HB	Title: Electrical inspector salary	Agency: 235-Department of Labor and Industries
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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 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.5	0.5	0.5	0.5	0.5
Account					
Electrical License Account-State 095-1	5,689,000	6,797,000	12,486,000	17,194,000	22,406,000
Total \$	5,689,000	6,797,000	12,486,000	17,194,000	22,406,000

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.

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.

See attached.

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
095-1	Electrical License Account	State	5,689,000	6,797,000	12,486,000	17,194,000	22,406,000
Total \$			5,689,000	6,797,000	12,486,000	17,194,000	22,406,000

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	0.5	0.5	0.5	0.5	0.5
A-Salaries and Wages	4,770,000	5,719,000	10,489,000	14,480,000	18,886,000
B-Employee Benefits	898,000	1,072,000	1,970,000	2,702,000	3,508,000
C-Professional Service Contracts					
E-Goods and Other Services	11,000	6,000	17,000	12,000	12,000
G-Travel					
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 \$	5,689,000	6,797,000	12,486,000	17,194,000	22,406,000

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
Fiscal Analyst 5	71,520	0.0	0.0	0.0	0.0	0.0
Human Resource Consultant 1	58,704	0.5	0.5	0.5	0.5	0.5
Total FTEs		0.5	0.5	0.5	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 sets the hourly base rate of pay for electrical inspectors at the higher of (1) the statewide average of the prevailing wage rate for the applicable journey level electricians or (2) a salary determined by the Department of Labor and Industries (L&I) director.

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

Section 2 establishes an hourly base rate of pay for electrical inspectors at the higher of (1) the statewide average of the prevailing wage rate, excluding usual benefits and overtime, for the applicable journey level electricians or (2) a salary determined by the Department of Labor and Industries (L&I) director.

II. B – Cash Receipt Impact

Receivables – Operating

The Electrical License Account, fund 095, would incur additional expenses due to the higher base rates for Electrical Construction Inspectors, and the corresponding increases required due to wage compression for Electrical Construction Inspector Leads, Electrical Plans Examiners, and Electrical Inspector Field Supervisors/Technician Specialists. L&I estimates that fee increases could be needed in the 2025 – 2027 biennium, although they may be needed as early as FY 2025. The cash receipts are indeterminate at this time.

II. C – Expenditures

Appropriated – Operating Costs

This bill increases expenditures to the Electrical License Account, fund 095. The following assumptions were used to estimate the resources requested to implement this bill.

Staffing

.5 FTE, Human Resource Consultant 1 (HRC1), permanent starting July 1, 2023. Duties include processing payroll and prevailing wage for impacted positions, as well as assistance with keying

prevailing wage salaries each time the prevailing wage is updated. This is based on the following assumptions:

- An HRC1 will complete the following additional duties as a result of this bill, estimated in hours of work per year:
 - The following tasks are calculated based on the assumption of 156 positions impacted by this bill in the Field Services & Public Safety (FSPS) division. Further detail on the assumptions for impacted FSPS positions as represented in the “Other” section on pages 6-7:
 - 312 hours manually calculating and updating electrical inspector salaries (1 hour per position X 156 impacted positions = 312 hours per year).
 - 104 hours manually keying salaries into the Human Resource Management System (HRMS) (20 minutes per person per pay period X 156 impacted positions X 24 pay periods = 104 hours per year).
 - 156 hours auditing prevailing wage calculations and entries keyed into HRMS (30 minutes per impacted position X 156 impacted positions X 2 audits per year = 156 hours per year).
 - The following tasks are based on routine tasks and processes which are not directly dependent on the number of impacted positions in FSPS:
 - 48 hours monitoring and researching prevailing wage rates (2 hours per pay period X 24 pay periods each year = 48 hours per year).
 - 48 hours consulting regarding electrical inspector salary questions (2 hours per pay period X 24 pay periods = 48 hours per year).
 - 24 hours reviewing and correcting salaries as needed (1 hour per pay period X 24 pay periods = 24 hours per year).
 - 30 hours onboarding approximately 10 additional employees per year due to impacted positions becoming more desirable as a result of this bill and less likely to remain vacant long-term (3 hours per hire X 10 additional new hires per year = 30 hours per year).
- Potential issues such as over and underpayments or additional incidental calculations are unknown and not included in this calculation.

- Therefore, .5 HRC1 is needed as a result of this bill (48 + 312 + 48 + 104 + 24 + 30 + 156 = 722 hours. 722 hours / 2,088 hours = .35 FTE, rounded to .5 FTE).

Other

\$12,369,648 is needed for salary & benefit increases during 2023-2025 biennium. \$5,623,453 for FY 2024 and \$6,746,195 for FY 2025. Additional funds will be needed each fiscal year to keep salaries for impacted positions aligned with prevailing wage updates. The estimated total additional funds needed for salaries and benefits each biennium are summarized in the table below.

Job Class	FTE	Biennial Estimated Cost		
		2023 - 2025	2025 - 2027	2027 - 2029
Electrical Construction Inspectors	97	29,845,353	32,625,441	35,694,138
Electrical Construction Inspector Leads	37	12,444,014	13,614,471	14,906,437
Electrical Plans Examiners	4	1,345,299	1,471,835	1,611,507
Electrical Inspector Field Supervisors/Technician Specialists	18	6,773,485	7,417,605	8,128,592
Total Estimated Cost – Salaries & Benefits		50,408,151	55,129,352	60,340,673
Base Funding – Salaries & Benefits		38,038,503	38,038,503	38,038,503
Total Additional Funds Needed – Salaries & Benefits		\$12,369,648	\$17,090,849	\$22,302,170

Based on the assumptions in the Governor’s 2023-25 Operating Budget proposal, staff in these job classes would be given a general wage increase of 4 percent 7/1/2023 and 3 percent 7/1/2024. In addition, these job classes are listed to receive job class specific increases:

- Electrical Construction Inspector - 61E to 65E
- Electrical Construction Inspector Lead – 65E to 67E
- Electrical Plans Examiners – 65E to 67E
- Electrical Inspector Field Supervisors/Technical Specialists – 70E to 72E.

Taking these assumptions into consideration when determining the base level of funding would require a funding need as outlined in the following table:

Job Class	FTE	Biennial Estimated Cost		
		23-25	25-27	27-29
Electrical Construction Inspectors	97	29,845,353	32,625,441	35,694,138
Electrical Construction Inspector Leads	37	12,444,014	13,614,471	14,906,437
Electrical Plans Examiner	4	1,345,299	1,471,835	1,611,507
Electrical Inspector Field Supervisors/Technician Specialists	18	6,773,485	7,417,605	8,128,592
Total Estimated Cost - Salaries and Benefits		50,408,151	55,129,352	60,340,673
Base Funding - Salaries & Benefits		38,038,503	38,038,503	38,038,503
Base Funding - Governor's Budget Assumptions		4,758,707	5,450,550	5,450,550
Total Increase		7,610,941	11,640,299	16,851,620

This table does not include any cost of living adjustments to the base funding in 2025-27 and 2027-29 which would be provided through future CBA negotiations.

The following assumptions were used to calculate the estimates:

- Electrical Construction Inspectors will be paid in alignment with the statewide average of the prevailing wage rate for journey level electricians, which increases to an average of \$52.94 statewide on March 1, 2023. For the purposes of this fiscal note, the base rate for an Electrical Construction Inspector will be equivalent to the Electricians – Inside Journeyman job classification.
- The prevailing wage rate for journey level electricians (i.e., Electricians – Inside Journeyman job classification) will be updated March and September of each year, and we assume a 2.5% increase to each job class, in alignment with the statewide average increases, 2019 – 2022. The salaries of all impacted employees will increase in alignment with these prevailing wage increases.
- Current funding is determined by using the number of funded positions at the current step L for the range applicable.
- In addition to affecting all 97 Electrical Construction Inspector positions, the bill will also affect positions in the following job classifications, as specified below:
 - Electrical Inspector Leads (37) and Electrical Plans Examiners (4): Electrical Construction Inspector Lead and Electrical Plans Examiners will continue to be paid 10% above Electrical Construction Inspectors per their collective bargaining agreement.
 - Electrical Inspector Field Supervisors/Technical Specialists (18): Electrical Inspector Field Supervisors/Technical Specialists will continue to be paid 25%

above Electrical Construction Inspectors per their collective bargaining agreement.

- L&I assumes that there will be increases related to collective bargaining but do not have an estimate as to what those would be or when, so these have been identified as indeterminate at this time.

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
095	Electrical License	3,000	3,000	3,000	3,000	3,000	3,000
	Total:	\$3,000	\$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 296-46B-906, Inspection fees.