

Multiple Agency Fiscal Note Summary

Bill Number: 1050 E S HB	Title: Apprenticeship utilization
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Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Enterprise Services	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Labor and Industries	1.1	0	0	575,000	2.1	0	0	454,000	2.1	0	0	454,000
Superintendent of Public Instruction	.0	0	0	0	.0	0	0	0	.0	0	0	0
University of Washington	.0	0	0	0	.0	0	0	0	.0	0	0	0
Washington State University	.0	0	0	0	.0	0	0	0	.0	0	0	0
Eastern Washington University	.0	0	0	0	.0	0	0	0	.0	0	0	0
Central Washington University	.0	0	0	0	.0	0	0	0	.0	0	0	0
The Evergreen State College	.0	0	0	0	.0	0	0	0	.0	0	0	0
Western Washington University	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Transportation	.0	0	0	0	.0	0	0	0	.0	0	0	0
Community and Technical College System	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	1.1	0	0	575,000	2.1	0	0	454,000	2.1	0	0	454,000

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Enterprise Services	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	.0	0	0	.0	0	0	.0	0	0
Superintendent of Public Instruction	.0	0	0	.0	0	0	.0	0	0
University of Washington	.0	0	0	.0	0	0	.0	0	0
Washington State University	.0	0	0	.0	0	0	.0	0	0
Eastern Washington University	.0	0	0	.0	0	0	.0	0	0
Central Washington University	.0	0	0	.0	0	0	.0	0	0
The Evergreen State College	.0	0	0	.0	0	0	.0	0	0
Western Washington University	.0	0	0	.0	0	0	.0	0	0
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
Community and Technical College System	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Breakout

School District Fiscal Note - SPI	Non-zero but indeterminate cost and/or savings. Please see discussion.
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Prepared by: Jennifer Masterson, OFM	Phone: (360) 810-0117	Date Published: Final 3/14/2023
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Individual State Agency Fiscal Note

Revised

Bill Number: 1050 E S HB	Title: Apprenticeship utilization	Agency: 179-Department of Enterprise Services
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

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: Daniel Masterson	Phone: 360-786-7454	Date: 03/04/2023
Agency Preparation: Becky Guyer	Phone: (360) 407-9254	Date: 03/10/2023
Agency Approval: Ashley Howard	Phone: (360) 407-8159	Date: 03/10/2023
OFM Review: Jennifer Masterson	Phone: (360) 810-0117	Date: 03/10/2023

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.

Sec. 1. (1)(a)(iii) amends RCW 39.04.320 to require public works contracts awarded by municipalities, estimated at \$1,000,000, to have a minimum apprenticeship utilization rate of 15%.

Section 1 (5) b requires the Department of Enterprise Services (DES) to make available sample contract language and provide contract administration advice. This would have some impact to DES, however, this can be done within routine business processes, therefore no fiscal impact.

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.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

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.

Individual State Agency Fiscal Note

Bill Number: 1050 E S HB	Title: Apprenticeship utilization	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	0.0	2.1	1.1	2.1	2.1
Account					
Public Works Administration Account-State 234-1	318,000	257,000	575,000	454,000	454,000
Total \$	318,000	257,000	575,000	454,000	454,000

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.

Legislative Contact: Daniel Masterson	Phone: 360-786-7454	Date: 03/04/2023
Agency Preparation: Allison Kaech	Phone: 360-902-4530	Date: 03/09/2023
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 03/09/2023
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 03/09/2023

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.

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	318,000	257,000	575,000	454,000	454,000
Total \$			318,000	257,000	575,000	454,000	454,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		2.1	1.1	2.1	2.1
A-Salaries and Wages		148,000	148,000	296,000	296,000
B-Employee Benefits		57,000	57,000	114,000	114,000
C-Professional Service Contracts	318,000		318,000		
E-Goods and Other Services		31,000	31,000	42,000	42,000
G-Travel		1,000	1,000	2,000	2,000
J-Capital Outlays		20,000	20,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	318,000	257,000	575,000	454,000	454,000

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
Fiscal Analyst 5	71,520		0.1	0.1	0.1	0.1
Program Specialist 3	69,756		2.0	1.0	2.0	2.0
Total FTEs			2.1	1.1	2.1	2.1

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.

Part II: Explanation

This bill amends RCW 39.04.320, expanding apprenticeship utilization requirements (AURs) adding public works projects over \$1 million awarded by municipalities to the mandatory 15 percent AUR. Provides that any local laws ordinances more favorable to apprentices on municipal projects shall be in full effect and override the minimum requirements of this bill.

Section 1 of this bill takes effect July 1, 2024.

ESHB 1050 is different from HB 1050 in that:

- Section 1 (a) (iii): Removes the 15% AUR for subcontractors with a contract estimated to cost over \$200,000.
- Section 1 (5) (a): Changes the responsibility for providing information and collecting data from the Department of Enterprise Services (DES) to Labor & Industries (L&I).
- Section 1 (10): Removes the provision that no contractor or subcontractor is accountable for or vicariously liable for any other contractor or subcontractor to comply with the AUR.

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

Section 1 amends RCW 39.04.320 to add public works projects over \$1 million awarded by municipalities to the list of projects with a mandatory 15 percent apprenticeship utilization requirement. Changes the responsibility for providing information, technical assistance and collecting data from the DES to L&I.

Section 2 makes Section 1 effective July 1, 2024.

II. B – Cash Receipt Impact

None.

II. C – Expenditures

This bill would require the Department of Labor & Industries (L&I) to begin verifying AURs on all public works projects over \$1 million awarded by municipalities on a qualifying project in addition to the current list of contractors with a mandatory 15 percent AUR.

Appropriated – Operating Costs

Implementation of this bill affects the Prevailing Wage programs; therefore, expenditures will be increased in the Public Works Administration Account, fund 234. The following assumptions were used to estimate the resources requested to implement this bill.

Staffing

2.0 FTE, Program Specialist 3 (PS3), permanent effective July 1, 2024. Duties include: answering phone calls and emails related to apprentice utilization requirements (AURs). Review completed projects for AUR compliance for prime contractor and applicable subcontractors, review good faith efforts, contact awarding agencies for information, document results of reviews, compile data, contact contractors as needed, inform and educate awarding agencies/contractors of AUR requirements on public works projects and new laws, attend trainings and meetings.

- Each PS3 can manage 70 reviews per quarter.
- L&I estimates with the addition of municipalities to AURs, there will be approximately 120-140 projects/subcontractors that will need to be reviewed each quarter.
- $130 \text{ average projects} / 70 \text{ reviews per PS3} = 1.86 \text{ FTE}$.

Information Technology

Contract developers will be required to modify and enhance multiple internal systems Apprentice Registration and Tracking System (ARTS) and the Prevailing Wage, Intent & Affidavit (PWIA) system. This estimate includes the ability to track, maintain and report L&I's verification efforts. This effort will take 12 months. This will also include QA. A total of \$317,000 is needed.

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.	0	12,300	12,300	12,300	12,300	12,300
	Total:	\$0	\$12,300	\$12,300	\$12,300	\$12,300	\$12,300

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

None.

Individual State Agency Fiscal Note

Bill Number: 1050 E S HB	Title: Apprenticeship utilization	Agency: 350-Superintendent of Public Instruction
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

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: Daniel Masterson	Phone: 360-786-7454	Date: 03/04/2023
Agency Preparation: Kirti Vijay	Phone: 3607256261	Date: 03/06/2023
Agency Approval: Randy Newman	Phone: 360 725-6267	Date: 03/06/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 03/07/2023

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.

The bill proposes to expand apprenticeship utilization requirements by amending RCW 39.04.320.

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.

No impact to OSPI's cash receipts.

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.

No impact to OSPI's operating budget.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

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

The proposed legislation does not impact the funding drivers of the grants administered by OSPI. Hence, the requirement for apprenticeship utilization does not change the funding allocations to the school districts. Therefore, there is no impact to OSPI's capital budget.

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 1050 E S HB	Title: Apprenticeship utilization	Agency: 360-University of Washington
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

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.

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- 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: Daniel Masterson	Phone: 360-786-7454	Date: 03/04/2023
Agency Preparation: Michael Lantz	Phone: 2065437466	Date: 03/07/2023
Agency Approval: Charlotte Shannon	Phone: 2066858868	Date: 03/07/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 03/07/2023

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.

Engrossed Substitute House Bill 1050 expands apprenticeship utilization requirements for public works projects.

Compared with the substitute bill, the engrossed substitute:

- Removes the requirement that subcontracts with an initial subcontract price of \$350,000 (\$250,000 in the original bill) or more require that at least 15 percent of the labor hours be performed by apprentices.
- Changes the responsibility for providing information and collecting data from the Department of Enterprise Services to the Department of Labor and Industries.
- Removes language that no contractor or subcontractor is accountable for or vicariously liable for the failure of any other contractor or subcontractor to comply with the apprenticeship utilization requirements. The other criteria are subject to review from the municipality's legislative authority.

With the requirement that 15 percent of labor hours on subcontracts over \$350,000 be performed by apprentices removed, there is no longer a fiscal impact to the University of Washington from ESHB 1050.

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.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

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.

Individual State Agency Fiscal Note

Bill Number: 1050 E S HB	Title: Apprenticeship utilization	Agency: 365-Washington State University
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

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: Daniel Masterson	Phone: 360-786-7454	Date: 03/04/2023
Agency Preparation: Anne-Lise Brooks	Phone: 509-335-8815	Date: 03/09/2023
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 03/09/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 03/13/2023

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.

Washington State University expects no fiscal impact to 1050 ES HB. The requirement/expansion of apprenticeship to subcontracts above \$200,000 in prior bills has been removed.

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.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

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.

Individual State Agency Fiscal Note

Bill Number: 1050 E S HB	Title: Apprenticeship utilization	Agency: 370-Eastern Washington University
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

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: Daniel Masterson	Phone: 360-786-7454	Date: 03/04/2023
Agency Preparation: Keith Tyler	Phone: 509 359-2480	Date: 03/09/2023
Agency Approval: Alexandra Rosebrook	Phone: (509) 359-7364	Date: 03/09/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 03/09/2023

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.

ESHB 1050 amends RCW 39.04.320 expanding apprenticeship utilization to require public works contracts by a four-year institution of higher education, advertised for bid on or after January 1, 2012, costing \$1,000,000 or more to use apprentices for no less than 15% of the labor hours. This bill provides an effective date of July 1, 2024.

This substitute bill removes the requirement for subcontractors to utilize apprenticeship hours for 15% of labor hours on jobs over \$200,000, as well as removes the reduced proportionate thresholds for contracts over \$2,000,000 and \$3,000,000.

EWU anticipates no fiscal impact as a result of this bill.

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.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

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.

Individual State Agency Fiscal Note

Revised

Bill Number: 1050 E S HB	Title: Apprenticeship utilization	Agency: 375-Central Washington University
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

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: Daniel Masterson	Phone: 360-786-7454	Date: 03/04/2023
Agency Preparation: Erin Sargent	Phone: 509-963-2395	Date: 03/09/2023
Agency Approval: Lisa Plesha	Phone: (509) 963-1233	Date: 03/09/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 03/09/2023

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.

ES HB 1050 establishes the minimum apprenticeship utilization requirements on public works contracts awarded by a municipality, and the changes pose no fiscal impact to Central Washington University.

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.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

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.

Individual State Agency Fiscal Note

Bill Number: 1050 E S HB	Title: Apprenticeship utilization	Agency: 376-The Evergreen State College
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

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: Daniel Masterson	Phone: 360-786-7454	Date: 03/04/2023
Agency Preparation: Daniel Ralph	Phone: 360-867-6500	Date: 03/07/2023
Agency Approval: Dane Apalategui	Phone: 360-867-6517	Date: 03/07/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 03/07/2023

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.

ES HB 1050 relates to expanding apprenticeship utilization requirements.

Section 1 (a) (iii) removes the requirement listed in the summary of Section 1 (1) (d) below.

This version of the bill does not include the minor works stipulation that might have created fiscal impact for Evergreen, so we expect no fiscal impact from this bill.

HB 1050 relates to expanding apprenticeship utilization requirements.

Section 1 (1) (d) (iii) requires that for all contracts advertised or bid on after the effective date of this section, for all subcontractors on public works by an institution of higher education, with an initial subcontracted price of \$200,000 or more, no less than 15% of the labor hours must be performed by apprentices.

Section 1 (2) (a-d) offer options for remediation in situations where it is not possible to meet the requirement for certain reasons.

We feel it is important to note that, while the direct cost to Evergreen is minimal, construction costs will increase due to the fewer number of contractors available to bid on our projects because they do not have robust apprenticeship programs that would meet the requirements of this bill.

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.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

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.

Individual State Agency Fiscal Note

Revised

Bill Number: 1050 E S HB	Title: Apprenticeship utilization	Agency: 380-Western Washington University
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

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: Daniel Masterson	Phone: 360-786-7454	Date: 03/04/2023
Agency Preparation: Gena Mikkelsen	Phone: 3606507412	Date: 03/10/2023
Agency Approval: Faye Gallant	Phone: 3606504762	Date: 03/10/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 03/10/2023

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.

With the removed sections below, WWU sees no fiscal impact from this bill.

Removed: Section 1 (iii) (iii) As of the effective date of this section, for all subcontractors on public works with an initial subcontract price of \$350,000 or more, all specifications must require that no less than 15 percent of the labor hours be performed by apprentices.

Removed: Section 1 (v) As of the effective date of this section, for all subcontractors on public works by the department of transportation with an initial subcontract price of \$350,000 or more, all specifications must require that no less than 15 percent of the labor hours be performed by apprentices.

Removed: Section 1 (iv) For contracts advertised for bid on or after the effective date of this section, for all subcontractors on public works by a school district with an initial subcontract price of \$350,000 or more, all specifications must require that no less than 15 percent of the labor hours be performed by apprentices.

Removed: Section 1 (10) (10) It is the responsibility and obligation of each contractor and subcontractor to comply with the requirements under this section and no contractor or subcontractor is accountable for or vicariously liable for the failure of any other contractor or subcontractor to comply with the minimum apprenticeship utilization requirements of this section.

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.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

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.

Individual State Agency Fiscal Note

Bill Number: 1050 E S HB	Title: Apprenticeship utilization	Agency: 405-Department of Transportation
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

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: Daniel Masterson	Phone: 360-786-7454	Date: 03/04/2023
Agency Preparation: Jim Cuthbertson	Phone: 360-705-7825	Date: 03/08/2023
Agency Approval: Jon Deffenbacher	Phone: 360-7057829	Date: 03/08/2023
OFM Review: Maria Thomas	Phone: (360) 229-4717	Date: 03/09/2023

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 WSDOT 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.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

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.

Individual State Agency Fiscal Note

Bill Number: ESHB 1050	Title: Apprenticeship Utilization	Agency: 405-Department of Transportation
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Part I: Estimates

Check applicable boxes and follow corresponding instructions, use the fiscal template table provided to show fiscal impact by account, object, and program (if necessary), **add rows if needed**. If no fiscal impact, check the box below, skip fiscal template table, and go to Part II to explain briefly, why the program believes there will be no fiscal impact to the department.

- No Fiscal Impact (Explain in section II. A)
If a fiscal note is assigned to our agency, someone believes there might be, and we need to address that, showing why there is no impact to the department.
- Indeterminate Cash Receipts Impact (Explain in section II. B)
- Indeterminate Expenditure Impact (Explain in section II. C)

- If fiscal impact is less 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 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**
- Revised

The cash receipts and expenditure estimates on this fiscal template represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Agency Assumptions

N/A

Agency Contacts:

Preparer: Jim Cuthbertson	Phone: 360-870-1108	Date: 03/07/23
Approval: John Deffenbacher	Phone: 360-705-7829	Date: 03/07/23
Budget Manager: Doug Clouse	Phone: 360-705-7535	Date: 3/7/2023

Individual State Agency Fiscal Note

Part II: Narrative Explanation

II. A - Brief description of what the measure does that has fiscal impact

Briefly describe by section number (sections that will change WSDOT costs or revenue), the significant provisions of the bill, and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency.

The original version of this bill required all public works subcontracts with an initial price of \$200,000 or more to include specifications that no less than 15% of the hours be performed by apprentices. This version removes the change to \$200,000 and restores the current threshold of \$2 million. These edits align with Washington State Department of Transportation's current policy and procedures for requiring apprenticeship, therefore there is no fiscal impact to the agency.

II. B – Cash Receipts Impact

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.

N/A

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.

N/A

Part III: Expenditure Detail

III. A - Expenditures by Object or Purpose

N/A

Part IV: Capital Budget Impact

N/A

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.

N/A

Individual State Agency Fiscal Note

Bill Number: 1050 E S HB	Title: Apprenticeship utilization	Agency: 699-Community and Technica College System
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

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: Daniel Masterson	Phone: 360-786-7454	Date: 03/04/2023
Agency Preparation: Brian Myhre	Phone: 360-704-4413	Date: 03/08/2023
Agency Approval: Cherie Berthon	Phone: 360-704-1023	Date: 03/08/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 03/08/2023

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.

The engrossed substitute differs from the substitute in several ways, including:

- Removes apprenticeship utilization requirements for public work subcontracts.
- Changes the responsibility for providing information and collecting data from the Department of Enterprise Services to the Department of Labor and Industries.

These changes would not change the fiscal impact to the community and technical college system when compared to the prior bill.

This bill would establish minimum apprenticeship utilization requirements on public works contracts awarded by municipalities, school districts, four-year institutions of higher education and the Department of Transportation.

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.

No cash receipts impact.

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.

No expenditure impact.

The Department of Enterprise Services awards and manages public works contracts on behalf of the community and technical colleges. Apprenticeship utilization requirements already apply to public works contracts awarded by the state.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1050 E S HB

Title: Apprenticeship utilization

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities: Indeterminate impacts for public works exceeding thresholds established by the legislation
- Counties: Same as above
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: The increase in bid costs for local governments

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

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

Part III: Preparation and Approval

Fiscal Note Analyst: Brandon Rountree	Phone: (360) 999-7103	Date: 03/07/2023
Leg. Committee Contact: Daniel Masterson	Phone: 360-786-7454	Date: 03/04/2023
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 03/07/2023
OFM Review: Jennifer Masterson	Phone: (360) 810-0117	Date: 03/08/2023

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

CHANGES BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

Increased the minimum contracted project total for required apprenticeship labor hours from \$200,000 to \$1,000,000.

SUMMARY OF CURRENT BILL:

This legislation would amend RCW 39.04.320, related to apprenticeship training programs and public works contracts for municipalities. The effective date would be July 1, 2022.

In all public works projects estimated to cost \$1 million or more, current law requires at least 15 percent of the labor hours be performed by apprentices. The law would stipulate that all public works contracts awarded by a municipality costing \$1 million or more require at least 15 percent of the labor hours to be performed by apprentices.

Municipalities would be responsible for monitoring apprenticeship utilization hours by the contractors and include a specific line item in the contract specifying that apprenticeship utilization goals should be met, monetary incentives for meeting the goals, monetary penalties for not meeting the goals, and an expected cost value to be included in the bid associated with meeting the goals. The municipality must report the apprenticeship utilization by contractor and subcontractor to the supervisor of apprenticeship at the Department of Labor and Industries (L&I) by final project acceptance.

The Department of Enterprise Services (DES) must provide information and technical assistance to municipalities and DES collected data for relevant projects. Section 1(5)(a) outlines the required data to be collected. Section (1)(7) DES and the L&I are required to compile and summarize the data when requested by the legislature for both state agencies (current law) and municipalities (proposed legislation).

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

CHANGES IN EXPENDITURE IMPACTS BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

No changes were made between versions that would change the expenditure impact of the bill.

EXPENDITURE IMPACTS OF CURRENT BILL:

This legislation would result in indeterminate impacts to local government expenditures. Potential impacts could be significant.

For the purposes of this fiscal note, local government takes on the application assumptions put forward by the Department of Labor & Industries: The Department of Labor & Industries (L&I) would be required to begin verifying AURs on all public works projects over \$1 million awarded by municipalities and subcontractors with a contract of \$200,000 on a qualifying project in addition to the current list of contractors with a mandatory 15 percent AUR.

INCREASED BID COSTS

It is anticipated enactment of this bill will result in higher administrative costs for the prime contractor, which will be passed on to public works projects in the form of higher bids. Local jurisdictions have reported an expected increase range of 5 to 10 percent per bid. This cost would vary dependent on the type, scale and other requirements of an individual project. Reasons include:

- The increased administrative effort to obtain and maintain apprentices, and to track and report progress toward apprenticeship requirements.
- Increased labor costs on certain projects in order to maintain the proper journeyman to apprentice ratios.
- The cost to access/join apprenticeship programs.

Additionally, it is not standard practice to name subcontractors during the bidding process. This could cause complications within the duration of a project and have a negative impact upon bids and change orders. For example, certain contractors may bid their subcontracted work to staying under the threshold, only to necessitate adding to the costs through change

order later in the project.

OTHER COST IMPACT CONSIDERATIONS

Other challenges impact the cost of subcontractors required to meet an apprenticeship labor threshold of 15% include:

- Difficulty for smaller contractors to meet the requirement, as certain trades may not have the proper journeyman to apprentice ratios at this level;
- Reduce opportunities for small contractors, as certain prime contractors may limit their use of subcontractors to avoid the administrative impacts of the 15% requirement;
- Have a negative impact upon bids and change orders, as certain contractors may intentionally bid their subcontracted work to stay under the threshold, only to add to the costs through change order later in the project.
- Limit competition of the bidding process, with the potential for a higher impact in rural geographies.
- The proposed legislation does have stipulations that would adjust requirements, however, it can be anticipated that the exemption process would also incur indeterminate costs.

LOCAL EXAMPLES

Local municipalities anticipate challenges meeting apprenticeship requirements as demonstrated through current local requirements and documented challenges.

Example 1:

Snohomish County has required 15% apprenticeship on County projects for several years. The County has recently amended their overall requirement for apprenticeship labor, raising the threshold for apprenticeship requirements being applied from projects costing \$250,000 to being applied to projects costing \$1M. Apprenticeship requirements in the County for obtaining a waiver are more restrictive than what is written in legislation. The County has supplemental bidder responsibility criteria, causing bidders to be found non-responsive if they have failed to meet apprenticeship requirements on any project during the two years prior to the bid. Therefore, if subcontractor fails to meet the 15% requirement, there is the implication that the prime and sub-contractors would not be eligible to bid on Snohomish County projects for a period of two years. Snohomish County notes that in their experience, it is often very difficult to obtain 15% apprenticeship on smaller projects.

Example 2:

The City of Vancouver currently has an apprenticeship requirement. The apprenticeship program is scaled based on estimated project value (starting at \$500K) and ranges from 3% to 8% for contracts over \$12M. The program requires contractor's to quantify the cost of apprenticeship utilization on the project. Apprenticeship information is collected through prime contractors that in turn, also may collect information from subcontractors.

Four of the nine projects in 2020 exceeded the \$1 million dollars proposed by HB 1308. For those four projects, the cost of the programs ranged from \$7,000 - \$25,190, with an average cost of \$10,183. These projects had apprenticeship goals of 3-5%. Vancouver reports that their current utilization goals can be challenging.

ASSUMPTION: The impacts in this section were initially estimated in association with HB 1308 (2021). The Local Government Fiscal Note Program assumes that such costs would be similar in a job market with an abundance of talent. In a tighter job market, higher bid cost and other cost impacts would be likely, but will vary depending upon volatile labor conditions and cannot be predicted in advance. Therefore these potential cost fluctuations are indeterminate.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

CHANGES IN REVENUE IMPACTS BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

No changes were made between versions that would change the revenue impact of the bill.

REVENUE IMPACTS OF CURRENT BILL:

This legislation would not impact local government revenue.

SOURCES

Local Government Fiscal Note HB 1308 (2021)

Local Government Fiscal Note HB 1050 (2023)

The City of Vancouver

Okanogan County

Snohomish County

Washington State Association of Counties (WSAC)

Association of Washington State Cities (AWC)

Individual State Agency Fiscal Note

Revised

Bill Number: 1050 E S HB	Title: Apprenticeship utilization	Agency: SDF-School District Fiscal Note - SPI
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

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

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.

The proposed legislation is trying to expand the apprenticeship utilization requirements.

Sec. 1 (1)(a)(ii) states that all public works contracts awarded by a municipality estimated to cost \$1,000,000 or more must require at least 15% of labor hours to be performed by apprentices.

Sec. 1 (2)(d) specifies that the awarding entities may adjust the requirements subject to review by the office of the governor or the municipality's legislative authority if the awarding entity is a municipality.

Sec. 1 (4)(a) says that the section applies to public works contracts awarded by a municipality but not to those awarded by housing authorities as defined in RCW 35.82.020.

Sec. 1 (5)(b) describes that the department of labor and industries would provide information and technical assistance regarding apprenticeship utilization reporting. However, the department of enterprise services shall make the sample contract language and contract administration advice available.

Sec. 1 (9) establishes the minimum apprenticeship utilization requirements. However, if any local standards or requirements relating to apprenticeship utilization are more favorable to apprentices than the minimum requirements of the proposed legislation, then the more favorable laws apply and may be enforced as provided by law.

Sec. 2 describes that the bill would take effect on July 1, 2024.

The engrossed substitute version of the proposed legislation changes the requirements around sub-contracting and utilization of apprentices. However, this does not affect the estimated fiscal impact on the capital budget of local school districts since the additional labor costs are calculated as a percentage of an assumed construction cost.

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.

No impact to local school districts' cash receipts.

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.

No impact to local school districts' operating budget.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

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

IV. B - Expenditures by Object Or Purpose

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

IV. C - Capital Budget Breakout

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

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

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

NONE

The proposed legislation aims to expand the apprenticeship utilization for public works projects awarded by school districts which are above certain thresholds. However, the number of such public works contracts to be awarded is unknown and can only be estimated. Hence, the capital budget impact is indeterminate.

For the purposes of discussion, the trade of carpentry is considered. The United States Department of Labor's Bureau of Labor Statistics pegs the hourly mean wage for carpenters in Washington state at \$31.86. The Washington State Department of Labor & Industries states that the average apprenticeship hourly wage of carpenters is \$44.25. The difference in the basic wages amounts to the additional labor costs and is used to calculate the additional cost of benefits. Both of these are then applied to the mandatory minimum of 15% of labor hours, calculated as a percentage of the total construction cost.

Thereafter, the additional cost of expanding the apprenticeship utilization is extrapolated to the estimated small district modernization projects over \$1,000,000 and school construction assistance programs projects. The following are the estimates of additional cost due to expanding the apprenticeship utilization.

- FY 2024 - \$ 14,423,000
- FY 2025 - \$ 23,058,000
- FY 2026 - \$ 31,233,000
- FY 2027 - \$ 30,454,000
- FY 2028 - \$ 34,147,000
- FY 2029 - \$ 33,511,000
- FY 2030 - \$ 37,354,000
- FY 2031 - \$ 36,875,000
- FY 2032 - \$ 40,884,000
- FY 2033 - \$ 40,578,000

See attachment 1 for detailed calculations.

Part V: New Rule Making Required

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

Office of Superintendent of Public Instruction
 ESHB 1050 Expanding Apprenticeship Utilization Requirements - Attachment 1

Calculation of additional costs due to increased apprenticeship utilization	2023-25 Biennium		2025-27 Biennium		2027-29 Biennium		2029-31 Biennium		2031-33 Biennium	
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Small District Modernization										
Small District Modernization Project Requests	\$ 116,158,000		\$ 116,158,000		\$ 116,158,000		\$ 116,158,000		\$ 116,158,000	
Estimated Additional Cost of Labor to Public Works Contract	2%		2%		2%		2%		2%	
Estimated Additional Project Cost due to ESHB 1050	\$ 2,208,454		\$ 2,208,454		\$ 2,208,454		\$ 2,208,454		\$ 2,208,454	
School Construction Assistance Program										
Estimated School Construction Assistance Program Project Requests	\$ 644,844,132	\$ 1,216,592,140	\$ 1,531,788,451	\$ 1,606,834,421	\$ 1,685,559,627	\$ 1,768,146,725	\$ 1,854,778,373	\$ 1,945,663,323	\$ 2,041,010,324	\$ 2,141,028,127
Estimated Additional Cost of Labor to Public Works Contract	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Estimated Additional Project Cost due to ESHB 1050	\$ 12,260,099	\$ 23,130,458	\$ 29,123,128	\$ 30,549,939	\$ 32,046,702	\$ 33,616,890	\$ 35,263,974	\$ 36,991,924	\$ 38,804,709	\$ 40,706,297
Total Additional Costs due to increased apprenticeship utilization	\$ 14,469,000	\$ 23,130,000	\$ 31,332,000	\$ 30,550,000	\$ 34,255,000	\$ 33,617,000	\$ 37,472,000	\$ 36,992,000	\$ 41,013,000	\$ 40,706,000
Biennial Costs		\$ 37,599,000		\$ 61,882,000		\$ 67,872,000		\$ 74,464,000		\$ 81,719,000

Calculation of Apprenticeship Utilization to Sub-Contractors Impact Methodology	
Public Works Construction Contract Estimate	\$ 1,000,000
Assumed Labor Percentage of Construction Contract	25%
Estimated Labor Cost	\$ 250,000
Estimated Sub-Contractor Labor Completed by Apprentices	15%
Estimated Cost of Labor Completed by Apprentices	\$ 37,500
Wage Difference Percentage	39%
Additional Labor (Salary) Costs	\$ 14,625
Estimated Labor (Benefit) Percentage	30%
Additional Labor (Benefit) Costs	\$ 4,388
Total Additional Labor Costs (Salary and Benefits)	\$ 19,013
Estimated Additional Cost of Labor to Public Works Contract	2%

