

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1050 E S HB AMS KINC S3187.1	<b>Title:</b> Apprenticeship utilization
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## Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI	No fiscal impact					
Local Gov. Other						
Local Gov. Total						

## 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	3.2	0	0	1,088,000	2.8	0	0	607,000	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
<b>Total \$</b>	<b>3.2</b>	<b>0</b>	<b>0</b>	<b>1,088,000</b>	<b>2.8</b>	<b>0</b>	<b>0</b>	<b>607,000</b>	<b>2.1</b>	<b>0</b>	<b>0</b>	<b>454,000</b>

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	No fiscal impact								
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
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

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	No fiscal impact								
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

### Estimated Capital Budget Breakout

**Prepared by:** Jennifer Masterson, OFM

**Phone:**  
(360) 810-0117

**Date Published:**  
Final 4/25/2023

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1050 E S HB AM; KING S3187.1	<b>Title:</b> Apprenticeship utilization	<b>Agency:</b> 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:	Phone:	Date: 04/18/2023
Agency Preparation: Becky Guyer	Phone: (360) 407-9254	Date: 04/20/2023
Agency Approval: Ashley Howard	Phone: (360) 407-8159	Date: 04/20/2023
OFM Review: Jennifer Masterson	Phone: (360) 810-0117	Date: 04/20/2023

## 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 \$2,000,000, to have a minimum apprenticeship utilization rate of 15%. Includes additional language that reduces the contract amount to \$1,500,000 after July 1, 2026, and then \$1,000,000 after July 1, 2028. This has no fiscal impact to Enterprise Service.

### 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

<b>Bill Number:</b> 1050 E S HB AM; KING S3187.1	<b>Title:</b> Apprenticeship utilization	<b>Agency:</b> 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	2.1	4.3	3.2	2.8	2.1
<b>Account</b>					
Public Works Administration Account-State 234-1	590,000	498,000	1,088,000	607,000	454,000
<b>Total \$</b>	590,000	498,000	1,088,000	607,000	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:	Phone:	Date: 04/18/2023
Agency Preparation: Allison Kaech	Phone: 360-902-4530	Date: 04/21/2023
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 04/21/2023
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 04/21/2023

## 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	590,000	498,000	1,088,000	607,000	454,000
<b>Total \$</b>			590,000	498,000	1,088,000	607,000	454,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	2.1	4.3	3.2	2.8	2.1
A-Salaries and Wages	161,000	308,000	469,000	398,000	296,000
B-Employee Benefits	59,000	116,000	175,000	151,000	114,000
C-Professional Service Contracts	317,000		317,000		
E-Goods and Other Services	32,000	52,000	84,000	56,000	42,000
G-Travel	1,000	2,000	3,000	2,000	2,000
J-Capital Outlays	20,000	20,000	40,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	590,000	498,000	1,088,000	607,000	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	0.3	0.2	0.2	0.1
Management Analyst 4	82,896	1.0	1.0	1.0	0.4	
Program Specialist 3	69,756	1.0	3.0	2.0	2.3	2.0
<b>Total FTEs</b>		2.1	4.3	3.2	2.8	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 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.

ESHB 1050 is different from ESHB AMS KING S31871.1 1050 in that it:

- Phases-in the apprenticeship utilization requirements for municipalities, with the requirements applying to contracts of more than \$2 million until July 1, 2026, contracts of more than \$1.5 million from July 1, 2026, until July 1, 2028, and contracts of more than \$1 million after July 1, 2028.
- Requires Labor & Industries (L&I) and the Municipal Research and Services Center to provide AUR training, information and technical assistance to municipalities. The training provided must include reporting requirements, contract administration, and best practices regarding adopting apprenticeship guidelines.
- Requires L&I to conduct a study on public works project outcomes related to AURs, access to apprentices, and participation by women, minority, and veteran-owned businesses. Municipal projects with a bid due date before July 1, 2024, are not included in the study, except for application data that may already exist. The report must be submitted to the Office of Financial Management and the Legislature by December 1, 2025.

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

### Section 1

- Adds a 15% AUR to public works projects over \$1 million awarded by municipalities. Contracts over \$2,000,000 start July 1, 2026. Contracts over \$1,500,000 start July 1, 2026. Contracts over \$1,000,000 start July 1, 2028.
- Allows municipalities to adjust the criteria for AURs, which are subject to review by the municipality's legislative authority.

- Any local laws or ordinances more favorable to apprentices on municipal projects shall be in full effect and override the minimum requirements of this bill.
- AURs do not apply to housing authorities as defined in RCW 35.82.020.
- L&I would be responsible to provide AUR reporting information and technical assistance with AUR reporting. L&I also must collect relevant data outlined in this section.
- DES would be required to provide AUR sample contract language & contract administration advice.
- Any local laws or ordinances more favorable to apprentices on municipal projects shall be in full effect and not be affected by the minimum requirements of this section.

## **Section 2**

Starting July 1, 2024, L&I must perform a study covering apprenticeship & AURs. The study must include projects completed between July 1, 2020 and June 30, 2025 and in-progress projects as of June 30, 2025. Municipal projections with a bid due date after July 1, 2024 are included. L&I must submit the completed study to the Office of Financial Management and legislature no later than December 1, 2025.

The report must:

- Delineate by project size and type of awarding agency. Delineate project outcomes by type of municipality.
- Include total project cost, ratio of materials to labor hours, apprentice hours worked by craft and percent of total hours worked, cost savings or increases from utilizing apprentices, number of projects achieving and not achieving apprentice utilization rates, number of projects with good faith efforts with reasons for good faith efforts, and the number and percentage of women, minority, and veteran-owned businesses as contractors and whether they were able to utilize apprentices.
- Include, by craft, the number and service area of construction apprenticeship programs, the number of training agents, and the number of construction apprentices.
- Analyze women, minority, and veteran-owned businesses' access to public works projects and access to apprentices. The analysis should include project data and consultation with the Office of Minority and Women's Business Enterprises (OMWBE) and women, minority and veteran-owned businesses.

- Identify and analyze existing apprenticeship utilization requirements by municipalities and for subcontractors beyond requirements specified in RCW 39.04.320.
- Include recommendations and best practices for increasing apprenticeship utilization and accessing apprentices for women, minority, and veteran-owned businesses.
- Include recommendations and best practices for extending apprenticeship utilization requirements to subcontractors.

### **Section 3**

Section 1 is 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 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 average projects / 70 reviews per PS3 = 1.86 FTE.

1.0 FTE, Management Analyst 4 (MA4), project, effective July 1, 2023 through April 1, 2026. Duties include providing daily operational supervision, training and guidance to the project PS3. Set up and administer stakeholder meetings, attend Washington State Apprenticeship & Training Council (WSATC) meetings, liaison between agency and local organizations. Responsible for managing development of the new study required by this bill, gathering data, providing status updates and presenting information. Ensure the required study achieves timely goals, issues are identified and resolved, and a thorough analysis is completed to include recommendations and best practices that will be incorporated into the final report due the Legislature and the Office of Financial Management (OFM) by December 1, 2025.

1.0 FTE, Program Specialist 3 (PS3), project, July 1, 2023 through December 31, 2025. Duties include: Research, gather, filter, organize, and present all data and information required in the study; Contact awarding agencies, prime contractors, and subcontractors to gather required data and project information; Attend Apprenticeship, Fraud Prevention & Labor Standards, agency, and WSATC meetings as required. Utilize the Prevailing Wage Intents and Affidavits (PWIA) system and the Apprenticeship Registration and Tracking System (ARTS) to assist with data gathering; Assist MA4 with information and reporting.

This study will review and report on approximately 600-700 public works projects completed between July 1, 2020 and June 30, 2025. The PS3 can complete all information gathering required on these projects in the provided timeframe.

### **Information Technology**

Contract developers will be required to modify and enhance multiple internal systems Apprenticeship 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.	12,300	26,000	20,000	20,000	12,300	12,300
	Total:	\$12,300	\$26,000	\$20,000	\$20,000	\$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

<b>Bill Number:</b> 1050 E S HB AM; KING S3187.1	<b>Title:</b> Apprenticeship utilization	<b>Agency:</b> 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:	Phone:	Date: 04/18/2023
Agency Preparation: Kirti Vijay	Phone: 3607256261	Date: 04/19/2023
Agency Approval: Randy Newman	Phone: 360 725-6267	Date: 04/19/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 04/19/2023

## 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

<b>Bill Number:</b> 1050 E S HB AM; KING S3187.1	<b>Title:</b> Apprenticeship utilization	<b>Agency:</b> 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.*

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:	Phone:	Date: 04/18/2023
Agency Preparation: Michael Lantz	Phone: 2065437466	Date: 04/19/2023
Agency Approval: Charlotte Shannon	Phone: 2066858868	Date: 04/19/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 04/19/2023

## 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.*

1050 ESHB AMS KING S3187.1 is an amendment to Engrossed Substitute House Bill 1050. The measure expands apprenticeship utilization requirements for certain public works projects.

Compared with the engrossed substitute, the amendment:

- (1) Phases-in the apprenticeship utilization requirements for municipalities, with the requirements applying to contracts of more than \$2 million until July 1, 2026, contracts of more than \$1.5 million from July 1, 2026, until July 1, 2028, and contracts of more than \$1 million after July 1, 2028.
- (2) Requires L&I and the Municipal Research and Services Center to provide training and technical assistance to municipalities to comply with apprenticeship utilization requirements. Requires the training to include reporting requirements, contract administration, and best practices regarding adopting apprenticeship guidelines.
- (3) Requires L&I to conduct a study on public works project outcomes related to apprenticeship utilization requirements, access to apprentices, and participation by small, women, minority, and veteran-owned businesses. Specifies the types of data, analyses, and recommendations the study must include. Requires the report to be submitted to the Office of Financial Management and the Legislature by December 1, 2025.

These changes, which are similar to those made by 1050 ESHB AMS King S277.1, will have no impact on the University of Washington.

Overall, with the original requirement that 15 percent of work on subcontracts over \$350,000 at higher education institutions be performed by apprentices removed, there is no longer a fiscal impact to the University from this measure.

### 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

<b>Bill Number:</b> 1050 E S HB AM; KING S3187.1	<b>Title:</b> Apprenticeship utilization	<b>Agency:</b> 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:	Phone:	Date: 04/18/2023
Agency Preparation: Anne-Lise Brooks	Phone: 509-335-8815	Date: 04/21/2023
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 04/21/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 04/25/2023

## 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 E S HB AMS KING S3187.1. The requirement/expansion of apprenticeship to subcontracts above \$200,000 in prior bills is not present in this version.

### 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

<b>Bill Number:</b> 1050 E S HB AM; KING S3187.1	<b>Title:</b> Apprenticeship utilization	<b>Agency:</b> 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:	Phone:	Date: 04/18/2023
Agency Preparation: Keith Tyler	Phone: 509 359-2480	Date: 04/19/2023
Agency Approval: Keith Tyler	Phone: 509 359-2480	Date: 04/19/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 04/19/2023



## 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.*

1050 ES HB AMS KING S3187.1 expands apprenticeship utilization requirements, amending RCW 39.04.320 and providing an effective date of July 1, 2024. Modifications to the current version of the bill include clarifications on the reporting requirements of the Department of Labor & Industries. As the changes to the current bill do not have an effect on institutions of higher education, EWU anticipates no fiscal impact as with previous versions.

### 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

<b>Bill Number:</b> 1050 E S HB AM; KING S3187.1	<b>Title:</b> Apprenticeship utilization	<b>Agency:</b> 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:	Phone:	Date: 04/18/2023
Agency Preparation: Erin Sargent	Phone: 509-963-2395	Date: 04/19/2023
Agency Approval: Lisa Plesha	Phone: (509) 963-1233	Date: 04/19/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 04/19/2023

## 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 changes made by ES HB 1050 establish the minimum apprenticeship utilization requirements on public works contracts awarded by a municipality, and these 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

<b>Bill Number:</b> 1050 E S HB AM; KING S3187.1	<b>Title:</b> Apprenticeship utilization	<b>Agency:</b> 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:	Phone:	Date: 04/18/2023
Agency Preparation: Daniel Ralph	Phone: 360-867-6500	Date: 04/18/2023
Agency Approval: Dane Apalategui	Phone: 360-867-6517	Date: 04/18/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 04/19/2023

## 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 AMS 1050 S3187.1 relates to expanding apprenticeship utilization requirements.

This amendment impacts municipalities and assigns work to Labor & Industries.

The revisions do not impact Evergreen's assessment of no direct fiscal impact, but we do expect that construction costs will increase as a result of this bill, since some contractors will be unable to meet the apprenticeship requirements and therefore the number of firms bidding on our projects will decrease.

\*\*\*\*\*

ES HB AMS 1050 relates to expanding apprenticeship utilization requirements.

Increases the dollar amount from \$1,000,000 to \$2,000,000 for all public works projects awarded by a municipality to be applicable to this bill requirements.

Changes the effective date to on or after 7-1-2026 and changes the threshold to \$1,500,000 to be applicable to this bill requirements. This bill also adds another effective and threshold of on or after 7-1-2028 and \$1,000,000 to be applicable to this bill requirements.

Language was inserted to clarify training and technical assistance provided as part of this bill.

A new section 2 is added requiring that the Dept of Labor and Industries report on apprenticeship programs by December 1, 2025.

An Effect statement is also added at the end of the bill as follows:

EFFECT:

(1) Phases-in the apprenticeship utilization requirements for municipalities, with the requirements applying to contracts of more than \$2 million until July 1, 2026, contracts of more than \$1.5 million from July 1, 2026, until July 1, 2028, and contracts of more

than \$1 million after July 1, 2028.

(2) Requires L&I and the Municipal Research and Services Center to provide training and technical assistance to municipalities to comply with apprenticeship utilization requirements. Requires the training to include reporting requirements, contract administration, and best practices regarding adopting apprenticeship guidelines.

(3) Requires L&I to conduct a study on public works project outcomes related to apprenticeship utilization requirements, access to apprentices, and participation by women, minority, and veteran owned businesses. Specifies the types of data, analyses, and recommendations the study must include. Requires the report to be submitted to the Office of Financial Management and the Legislature by December 1, 2025.

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.

\*\*\*\*\*

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

<b>Bill Number:</b> 1050 E S HB AM; KING S3187.1	<b>Title:</b> Apprenticeship utilization	<b>Agency:</b> 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:	Phone:	Date: 04/18/2023
Agency Preparation: Timothy Davenport	Phone: 3606503257	Date: 04/19/2023
Agency Approval: Faye Gallant	Phone: 3606504762	Date: 04/19/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 04/19/2023

## 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 following briefly summarizes the requirements of this amendment, followed by our analysis of the potential fiscal impact. In short, most of the new language doesn't apply to WWU; however, we would need further guidance for Sections 2c and 2e to assess the fiscal impact; otherwise, those costs are indeterminate at this time.

(1) Phases in the apprenticeship utilization requirements for municipalities.

IMPACT: This applies to municipalities, not institutions of higher education; thus, no fiscal impact.

(2) Requires Department of Labor & Industries and the MRSC to provide training and technical assistance to municipalities to comply with the apprenticeship requirements.

IMPACT: This applies to municipalities, not institutions of higher education; thus, no fiscal impact.

(3) By 12/1/2025, requires the Department of Labor & Industries to report on the effectiveness of apprenticeship utilization, including that of four-year institutions of higher education.

IMPACT: Sections 2c and 2e would require further guidance on how to retrieve this information; otherwise, those costs are indeterminate at this time.

### 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

<b>Bill Number:</b> 1050 E S HB AM; KING S3187.1	<b>Title:</b> Apprenticeship utilization	<b>Agency:</b> 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:	Phone:	Date: 04/18/2023
Agency Preparation: Jim Cuthbertson	Phone: 360-705-7825	Date: 04/24/2023
Agency Approval: Jon Deffenbacher	Phone: 360-7057829	Date: 04/24/2023
OFM Review: Maria Thomas	Phone: (360) 229-4717	Date: 04/25/2023

## 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

<b>Bill Number:</b> ESHB 1050 AMS KING S3187.1	<b>Title:</b> Apprenticeship Utilization	<b>Agency:</b> 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
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## Agency Contacts:

Preparer: Jim Cuthbertson	Phone: 360-870-1108	Date: 04/19/23
Approval: John Deffenbacher	Phone: 360-705-7829	Date: 04/19/23
Budget Manager: Doug Clouse	Phone: 360-705-7535	Date: 04/20/2023



# 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 proposed legislation Engrossed Substitute House Bill 1050 (ESHB 1050) would expand on current public works project contract requirements for apprenticeship use. The bill would require a minimum of 15% of the labor be performed by apprentices on public works projects awarded by a municipality that are estimated to cost over \$2 million. The legislation would also continue to phase-in other apprentice use requirements through July 1, 2028, on lower cost municipal public works contracts. On July 1, 2026, the threshold is becoming \$1.5 million, and on July 1, 2028, it becomes \$1 million.

The amendment (AMS King S2771.1) to ESHB 1050 does not create any added work for the Washington State Department of Transportation, nor does it alter any of the department's responsibilities. The proposed legislation with the amendment continues to align with the department's current policies, procedures, and practices about apprenticeship use requirements, therefore WSDOT assumptions are unchanged. There is no fiscal impact to the department.

### 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

<b>Bill Number:</b> 1050 E S HB AM; KING S3187.1	<b>Title:</b> Apprenticeship utilization	<b>Agency:</b> 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:	Phone:	Date: 04/18/2023
Agency Preparation: Brian Myhre	Phone: 360-704-4413	Date: 04/19/2023
Agency Approval: Cherie Berthon	Phone: 360-704-1023	Date: 04/19/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 04/19/2023

## 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 proposed amendment to the engrossed substitute bill would change the engrossed substitute in several ways, including:

- Phases-in the apprenticeship utilization requirements for municipalities.
- Requires the Department of Labor and Industries and Municipal Research and Services Center to provide training and technical assistance to municipalities to comply with apprenticeship utilization requirements.
- Requires the Department of Labor and Industries to conduct a study on public works project outcomes related to apprenticeship utilization requirements.

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

Section 2 of the bill as amended would have the Department of Labor and Industries conduct a study on public works project outcomes related to apprenticeship utilization requirements. It is assumed that any information required for the study would be provided by DES.

## 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

<b>Bill Number:</b> 1050 E S HB AM; KING S3187.1	<b>Title:</b> Apprenticeship utilization
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**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; number of qualified municipal projects; number of municipalities with existing apprenticeship requirements; work hours required for L&I and the Municipal Research and Services Center training; cost to municipalities for implementing process changes needed to comply with required reporting standards

**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: 04/24/2023
Leg. Committee Contact:	Phone:	Date: 04/18/2023
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 04/24/2023
OFM Review: Jennifer Masterson	Phone: (360) 810-0117	Date: 04/25/2023

## **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:**

Expanded scope of the Labor & Industry (L&I) study and report on public works project outcomes related to apprenticeship. The expanded scope would include the study and reporting of participation of small, women, minority, and veteran-owned businesses.

#### **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 \$2 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 \$2 million or more require at least 15 percent of the labor hours to be performed by apprentices.

On or after July 1, 2026, all public works projects estimated to cost \$1.5 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 \$1.5 million or more require at least 15 percent of the labor hours to be performed by apprentices.

On or after July 1, 2025, 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)

Local Government Fiscal Note ES HB 1050 (2023)

Local Government Fiscal Note ES HB 1050 AMS KING (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

<b>Bill Number:</b> 1050 E S HB AM; KING S3187.1	<b>Title:</b> Apprenticeship utilization	<b>Agency:</b> 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:**

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:	Phone:	Date: 04/18/2023
Agency Preparation: Kirti Vijay	Phone: 3607256261	Date: 04/19/2023
Agency Approval: Randy Newman	Phone: 360 725-6267	Date: 04/19/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 04/19/2023

## 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.*

Compared to the engrossed substitute house bill, this version eliminates any fiscal impact that the bill would have on the local school districts.

Sec. 2(1)(a) specifies that the public works projects awarded by the school districts must be delineated by project size and details of the outcomes related to apprenticeship utilization requirements, access to apprentices, and participation by women, minority, and veteran-owned businesses must be studied and reported by the department of labor and industries.

### 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

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

No impact to local school districts' 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.*