# Multiple Agency Fiscal Note Summary

| **Bill Number:** 1259 HB | **Title:** Women & minority contracting |
|---|---|

## Estimated Cash Receipts

| Agency Name | 2021-23 | | | 2023-25 | | | 2025-27 | | |
|---|---|---|---|---|---|---|---|---|---|
| | GF-State | NGF-Outlook | Total | GF-State | NGF-Outlook | Total | GF-State | NGF-Outlook | Total |
| Office of Minority and Women's Business Enterprises | 0 | 0 | 210,000 | 0 | 0 | 168,000 | 0 | 0 | 168,000 |
| **Total $** | **0** | **0** | **210,000** | **0** | **0** | **168,000** | **0** | **0** | **168,000** |

| Agency Name | 2021-23 | | 2023-25 | | 2025-27 | |
|---|---|---|---|---|---|---|
| | GF- State | Total | GF- State | Total | GF- State | Total |
| Local Gov. Courts | Fiscal note not available | | | | | |
| Loc School dist-SPI | | | | | | |
| Local Gov. Other | | | | | | |
| Local Gov. Total | | | | | | |

## Estimated Operating Expenditures

| Agency Name | 2021-23 | | | | 2023-25 | | | | 2025-27 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | FTEs | GF-State | NGF-Outlook | Total | FTEs | GF-State | NGF-Outlook | Total | FTEs | GF-State | NGF-Outlook | Total |
| Administrative Office of the Courts | Fiscal note not available | | | | | | | | | | | |
| Office of Attorney General | Fiscal note not available | | | | | | | | | | | |
| Office of Minority and Women's Business Enterprises | 4.0 | 1,525,858 | 1,525,858 | 1,525,858 | 4.0 | 1,349,710 | 1,349,710 | 1,349,710 | .0 | 1,349,710 | 1,349,710 | 1,349,710 |
| Department of Enterprise Services | Fiscal note not available | | | | | | | | | | | |
| **Total $** | **4.0** | **1,525,858** | **1,525,858** | **1,525,858** | **4.0** | **1,349,710** | **1,349,710** | **1,349,710** | **0.0** | **1,349,710** | **1,349,710** | **1,349,710** |

| Agency Name | 2021-23 | | | 2023-25 | | | 2025-27 | | |
|---|---|---|---|---|---|---|---|---|---|
| | FTEs | GF-State | Total | FTEs | GF-State | Total | FTEs | GF-State | Total |
| Local Gov. Courts | Fiscal note not available | | | | | | | | |
| Loc School dist-SPI | | | | | | | | | |
| Local Gov. Other | | | | | | | | | |
| Local Gov. Total | | | | | | | | | |

## Estimated Capital Budget Expenditures

FNPID: 61331

FNS029 Multi Agency rollup

| Agency Name | 2021-23 | | | 2023-25 | | | 2025-27 | | |
|---|---|---|---|---|---|---|---|---|---|
| | FTEs | Bonds | Total | FTEs | Bonds | Total | FTEs | Bonds | Total |
| Administrative Office of the Courts | Fiscal note not available | | | | | | | | |
| Office of Attorney General | Fiscal note not available | | | | | | | | |
| Office of Minority and Women's Business Enterprises | .0 | 0 | 0 | .0 | 0 | 0 | .0 | 0 | 0 |
| Department of Enterprise Services | Fiscal note not available | | | | | | | | |
| **Total $** | **0.0** | **0** | **0** | **0.0** | **0** | **0** | **0.0** | **0** | **0** |

| Agency Name | 2021-23 | | | 2023-25 | | | 2025-27 | | |
|---|---|---|---|---|---|---|---|---|---|
| | FTEs | GF-State | Total | FTEs | GF-State | Total | FTEs | GF-State | Total |
| Local Gov. Courts | Fiscal note not available | | | | | | | | |
| Loc School dist-SPI | | | | | | | | | |
| Local Gov. Other | | | | | | | | | |
| Local Gov. Total | | | | | | | | | |

## Estimated Capital Budget Breakout

NONE

| | | |
|---|---|---|
| **Prepared by:** Ramona Nabors, OFM | **Phone:** (360) 902-0547 | **Date Published:** Preliminary 1/26/2021 |

FNPID: 61331

FNS029 Multi Agency rollup

# Individual State Agency Fiscal Note

| Bill Number: 1259 HB | Title: Women & minority contracting | Agency: 147-Office of Minority and Women's Business Enterprises |
|---|---|---|

## Part I: Estimates

☐ **No Fiscal Impact**

**Estimated Cash Receipts to:**

| ACCOUNT | FY 2022 | FY 2023 | 2021-23 | 2023-25 | 2025-27 |
|---|---|---|---|---|---|
| OMWBE Enterprises Account-State 453-1 | 105,000 | 105,000 | 210,000 | 168,000 | 168,000 |
| **Total $** | 105,000 | 105,000 | 210,000 | 168,000 | 168,000 |

**Estimated Operating Expenditures from:**

| | FY 2022 | FY 2023 | 2021-23 | 2023-25 | 2025-27 |
|---|---|---|---|---|---|
| FTE Staff Years | 4.0 | 4.0 | 4.0 | 4.0 | 0.0 |
| **Account** | | | | | |
| General Fund-State 001-1 | 851,003 | 674,855 | 1,525,858 | 1,349,710 | 1,349,710 |
| **Total $** | 851,003 | 674,855 | 1,525,858 | 1,349,710 | 1,349,710 |

**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: | Kyle Raymond | Phone: 360-786-7190 | Date: 01/19/2021 |
| Agency Preparation: | Paul Bitar | Phone: 360-407-8129 | Date: 01/25/2021 |
| Agency Approval: | Paul Bitar | Phone: 360-407-8129 | Date: 01/25/2021 |
| OFM Review: | Ramona Nabors | Phone: (360) 902-0547 | Date: 01/25/2021 |

## Part II: Narrative Explanation

**II. A - Brief Description Of What The Measure Does That Has Fiscal Impact**

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

This bill will increase the regulatory oversight and accountability by the Office of Minority and Women's Business Enterprises (OMWBE).

Section 2 (3) would require OMWBE to identify state agencies and educational institutions with low levels of participation by minority- and women-owned businesses in their public contracts, and to report on this annually. OMWBE is in the process of implementing new software, the Business Diversity Management System, that will track and identify spending in public contracting statewide that will also help to meet the direction in Section 2(3) of the bill. Initial funding to begin this project was provided by the Legislature in the 2020 session, and the Governor's proposed budget for the 21-23 biennium includes the remaining funding needed to fully implement the project. We are assuming that funding will be included in the final budget as adopted by the Legislature so we are not including any cost impacts for this bill for that system, though it will be necessary to carry out the work as fully intended by the bill.

Section 4 (1) (a) states that if a person, firm, corporation, or business does not comply with a contract requirement the state may impose one or more penalties.

Section 4 (1) (b) states if a person firm, corporation, or business commits any of the prohibited activities in RCW 39.19.080, the state must impose one of the above mentioned sanctions. The fiscal note assumption is that two additional staff will be needed to satisfy these investigations and subsequent requirements.

Section 4 (1) (c) requires that if a penalty is imposed and then an entity willfully repeats violations, exceeding a single violation, OMWBE must disqualify the contractor from further participation in state contracts for a period of three years. The monitoring and enforcing of these violation and sanctions will require the above mentioned additional staff.

Section 4 (3) requires OMWBE to adopt, by rule, criteria for the imposition of penalties. This section allows the rule to incorporate the debarment process authorized for the Department of Enterprise Services in RCW 39.26.200. However, debarment activities would not be housed within OMWBE because there are existing processes in place outside of OMWBE more appropriate for this work.

Section 4 (4)(a) allows OMWBE to establish an audit and review unit for the purposes of detecting and investigating fraud and violations of certification requirements. Per this section, the office must employ qualified personnel for the unit and must audit or visit at least 3% of businesses under this chapter per year. OMWBE has determined that the new staff should consist of two experienced investigators to conduct audits/investigations of certified firms who receive public contracts. OMWBE assumes each investigator would conduct 3-4 audits/investigations per year and that the agency would receive between 6-7 per year based on historical data. The number of investigations would likely increase over time as the number of certifications increase, consistent with the trends that OMWBE is seeing.

Section 6 clarifies that the OMWBE account (managed by the State Treasurer) will receive the civil penalties imposed under RCW 39.19.090 and will deposit receipts to this account. This account is for expenditures for defraying all or part of the costs of the office in administering this chapter (bill).

**II. B - Cash receipts Impact**

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

The fiscal note assumption is that a portion of the costs incurred by OMWBE will be reimbursed by the collection of fines from entities in violation. OMWBE assumes fines will first be assessed in FY 22. During FY 22 and FY 23, OMWBE estimates approximately 15 violations per year and subsequent imposed fines of not more than $7,000 each for a total of $105,000 for each of the first two fiscal years. For FY 24 onward the expectation is 12 violations per year for a total of $84,000 per year. The slight reduction is anticipated from removing violating entities from contractual participation.

**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.*

OBJECT A & B
In reviewing HB 1259, the Office of Minority and Women's Business Enterprises (OMWBE) estimates it will need 4.0 additional staff to satisfy HB 1259's purpose of increasing the regulatory oversight and accountability of OMWBE. Hiring for these 4.0 positions would begin July 1, 2021, with the recruitment 90 days prior. The total costs for staff (Objects A and B) in FY 22 are estimated at $426,488, and $426,488 for the following fiscal years.

OBJECT C
HB 1259 would require OMWBE to incur IT costs to update its server security to ensure it meets the requirements to hold sensitive information such as discoverable items and subpoenas. OMWBE estimates a one-time implementation cost of $150,000 in FY 22.

OBJECT E
In FY22, OMWBE estimates that it will incur an additional $18,567 in Goods and Service costs (Object E) related to the four new FTEs, and $16,647 each year thereafter.

Additional costs include $20,000 per year in Office of Administrative Hearings (OAH), $148,000 in Attorney General (ATG) costs in FY 2022, and $146,000 in ATG costs each year thereafter. The anticipation is 6-7 hearings per year - the cost estimate is based on 6-7 hearings estimated at about $3,000 per hearing. Due to the creation of the audit and review unit, the number of hearings may increase in later fiscal years, but the potential increase in volume is unknown.

Ongoing maintenance costs related to OMWBE's updated server security are estimated at $50,000 per year, starting in FY 22. This would be needed to ensure that the agency meets security requirements associated with holding discoverable items and subpoenas.

OBJECT G
Travel costs estimated at $15,720 per year, starting in FY 22.

OBJECT J
The addition of four new FTEs will necessitate the purchase of new computer equipment and furniture. This is estimated to be a one-time cost of $22,228 in FY22.

*See attached document titled "Cost Estimate Detail 1259 HB" for additional information on costs described above.

# Part III: Expenditure Detail

**III. A - Operating Budget Expenditures**

| Account | Account Title | Type | FY 2022 | FY 2023 | 2021-23 | 2023-25 | 2025-27 |
|---|---|---|---|---|---|---|---|
| 001-1 | General Fund | State | 851,003 | 674,855 | 1,525,858 | 1,349,710 | 1,349,710 |
| | | **Total $** | 851,003 | 674,855 | 1,525,858 | 1,349,710 | 1,349,710 |

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

| | FY 2022 | FY 2023 | 2021-23 | 2023-25 | 2025-27 |
|---|---|---|---|---|---|
| FTE Staff Years | 4.0 | 4.0 | 4.0 | 4.0 | |
| A-Salaries and Wages | 312,768 | 312,768 | 625,536 | 625,536 | 625,536 |
| B-Employee Benefits | 113,720 | 113,720 | 227,440 | 227,440 | 227,440 |
| C-Professional Service Contracts | 150,000 | | 150,000 | | |
| E-Goods and Other Services | 236,567 | 232,647 | 469,214 | 465,294 | 465,294 |
| G-Travel | 15,720 | 15,720 | 31,440 | 31,440 | 31,440 |
| J-Capital Outlays | 22,228 | | 22,228 | | |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | | | | | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | | | | |
| 9- | | | | | |
| **Total $** | 851,003 | 674,855 | 1,525,858 | 1,349,710 | 1,349,710 |

**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 2022 | FY 2023 | 2021-23 | 2023-25 | 2025-27 |
|---|---|---|---|---|---|---|
| Attorney | 96,000 | 1.0 | 1.0 | 1.0 | 1.0 | |
| Contract Specialist 2 | 67,560 | 1.0 | 1.0 | 1.0 | 1.0 | |
| Investigator 3 | 74,604 | 2.0 | 2.0 | 2.0 | 2.0 | |
| **Total FTEs** | | 4.0 | 4.0 | 4.0 | 4.0 | 0.0 |

**III. D - Expenditures By Program (optional)**

NONE

# Part IV: Capital Budget Impact

**IV. A - Capital Budget Expenditures**

NONE

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

NONE

**IV. C - Capital Budget Breakout**

*Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods*

NONE

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

NONE

## 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.*

Per HB 1259, OMWBE would be required to amend WAC 326-08 to include debarment as a reason for the procedures. There would also need to be a fines/sanction schedule, and rules governing the investigation unit outlined in Section 4 of the bill.

## Cost Estimate Detail 1259 HB

| Salaries: (A) | Range/ Step | Salary Per Month | Number Needed | FY 2022 | Number Needed | FY 2023 |
|---|---|---|---|---|---|---|
| Investigator 3 | L | $6,217.00 | 2 | $149,208 | 2 | $149,208 |
| Contract Specialist 2 | L | $5,630.00 | 1 | 67,560 | 1 | 67,560 |
| Attorney | N/A | $8,000.00 | 1 | 96,000 | 1 | 96,000 |
| **Total Salary** | | | **4** | **$312,768** | **4** | **$312,768** |

| Benefits: (B) | Percentage of salary/rate | Number Needed | FY 2022 | Number Needed | FY 2023 |
|---|---|---|---|---|---|
| OASI | 0.062 | | 19,392 | | 19,392 |
| Retirement (PERS employer rate) | 0.1297 | | 40,566 | | 40,566 |
| Medicare | 0.0145 | | 4,535 | | 4,535 |
| Health Insurance ($916/mo) | 976 | 4 | 46,848 | 4 | 46,848 |
| Industrial Insurance | | | | | |
| Class 4902 - Office Workers | 480 | 4 | 1,920 | 4 | 1,920 |
| Paid Family Leave Insurance (Gross x .4% x .3667) | 0.0015 | 4 | 459 | 4 | 459 |
| | | | | | |
| **Total Benefits** | | | **$113,720** | | **$113,720** |

| Goods & Services: | Amount per Employee | Number Needed | FY 2022 | Number Needed | FY 2023 |
|---|---|---|---|---|---|
| Supplies (EA) | $600 | 4 | $2,400 | 4 | $2,400 |
| Communications (EB) | | | | | |
| Phone Line (Olympia area) | 540 | 4 | 2,160 | 4 | 2,160 |
| Switched Long Distance Service | 125 | 4 | 500 | 4 | 500 |
| Centurylink Voice Mail | 42 | 4 | 168 | 4 | 168 |
| Internet - VPN - One time set up fee | 180 | 4 | 720 | 0 | 0 |
| Internet - VPN Soft/Cert | 108 | 4 | 432 | 4 | 432 |
| Email,Vault license & Filtering | 59 | 4 | 235 | 4 | 235 |
| Vault Storage - 2GB per person | 30 | 4 | 122 | 4 | 122 |
| Other (cell phone, pager, etc.) | 1,080 | 4 | 4,320 | 4 | 4,320 |
| Printing (Business Cards) (EF) | 25 | 4 | 100 | 4 | 100 |
| Training (EG) | 1,000 | 4 | 4,000 | 4 | 4,000 |
| Software Licenses (EY) | 500 | 4 | 2,000 | 4 | 2,000 |
| Parking (EK) (Avg. Campus rate) | 52.50 | 4 | 210 | 4 | 210 |
| One-time Costs: | | | | | |
| Phone Line/Data Cable Installation | 300 | 4 | 1,200 | 0 | 0 |
| **Total Goods & Services** | | | **$18,567** | | **$16,647** |

| Travel: (G) | Amount per Employee | Number Needed | FY 2022 | Number Needed | FY 2023 |
|---|---|---|---|---|---|
| 15 days per year, $151 per day (low cost area rate) | 2,265 | 4 | 9,060 | 4 | 9,060 |
| Private Car Mileage | | | | | |
| 1500 miles @ $.56 per mile | 840 | 4 | 3,360 | 4 | 3,360 |
| Misc travel (parking) | 375 | 4 | 1,500 | 4 | 1,500 |
| Airfare (1 flight per year to Spokane) | 250 | 4 | 1,000 | 4 | 1,000 |
| Other Estimated Misc Costs | 200 | 4 | 800 | 4 | 800 |
| **Total Travel** | | | **$15,720** | | **$15,720** |

| Equipment: (J) | Amount per Item | Number Needed | FY 2022 | Number Needed | FY 2023 |
|---|---|---|---|---|---|
| Desk System | 1,887 | 4 | 7,548 | 0 | 0 |
| Desk Chair | 500 | 4 | 2,000 | 0 | 0 |
| Side Chair | 235 | 4 | 940 | 0 | 0 |
| File Cabinet | 360 | 4 | 1,440 | 0 | 0 |
| Bookcase | 300 | 4 | 1,200 | 0 | 0 |
| Laptop w/ LCD, Dock, Cable, Mouse, Keyboard | 2,000 | 4 | 8,000 | 0 | 0 |
| Ergonomic Keyboard | 50 | 4 | 200 | 0 | 0 |
| Security Lock | 30 | 4 | 120 | 0 | 0 |
| Phone | 195 | 4 | 780 | 0 | 0 |
| **Total Equipment** | | | **$22,228** | | **$0** |

| Other costs: | Amount per Item | Number Needed | FY 2022 | Number Needed | FY 2023 |
|---|---|---|---|---|---|
| Professional Service Contracts: (C) | | | | | |
| IT Updated Server Security Implementation | 150,000 | one-time cost | 150,000 | 0 | |
| Goods and Services: (E) | | | | | |
| Hearings - Office of Administrative Hearings | $3,000 per hearing | 6-7 hearings | 20,000 | 6-7 hearings | 20,000 |
| Attorney General Expenses | | ATG estimate | 148,000 | ATG estimate | 146,000 |
| IT Updated Server Security Maintenance | 50,000 | annual cost | 50,000 | annual cost | 50,000 |
| **Total Other Costs** | | | **$368,000** | | **$216,000** |

| Total Request | $ 851,003 | $ 674,855 |
|---|---|---|