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**

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	.0	0	0	0	.0	0	0	0	.0	0	0	0
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**

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Administrative Office of the Courts	.0	0	0	.0	0	0	.0	0	0
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**

Estimated Capital Budget Breakout

NONE

FNPID: 61444

FNS029 Multi Agency rollup

Prepared by: Ramona Nabors, OFM	**Phone:** (360) 902-0547	**Date Published:** Preliminary 1/28/2021

Judicial Impact Fiscal Note

Bill Number: 1259 HB	**Title:** Women & minority contracting	**Agency:** 055-Administrative Office of the Courts

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.

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.

Legislative Contact	Kyle Raymond	Phone: 360-786-7190	Date: 01/19/2021
Agency Preparation:	Pam Kelly	Phone: 360-705-5318	Date: 01/26/2021
Agency Approval:	Ramsey Radwan	Phone: 360-357-2406	Date: 01/26/2021
OFM Review:	Gaius Horton	Phone: (360) 819-3112	Date: 01/28/2021

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts

Please see attached Judicial Impact Note (JIN).

II. B - Cash Receipts Impact

II. C - Expenditures

Part III: Expenditure Detail

III. A - Expenditure By Object or Purpose (State)

NONE

III. B - Expenditure By Object or Purpose (County)

NONE

III. C - Expenditure By Object or Purpose (City)

NONE

III. D - FTE Detail

NONE

III. E - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B1 - Expenditures by Object Or Purpose (State)

NONE

IV. B2 - Expenditures by Object Or Purpose (County)

NONE

IV. B3 - Expenditures by Object Or Purpose (City)

NONE

IV. C - Capital Budget Breakout

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

NONE

Part II: Narrative Explanation

This bill would expand public contracting opportunities for women and minority business owners by increasing the regulatory oversight and accountability of the Office of Minority and Women's Business Enterprises.

Part II.A – Brief Description of what the Measure does that has fiscal impact on the Courts

Section 4(4)(b) – Would allow for the director or the director's designee to administer oaths, and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any documentation the director or director designee that is determined relevant to the inquiry.

Section 4(4)(c) – Subpoenas issued under this section may be enforced under RCW 34.05.588 in the Superior Court of any county where the hearing is conducted.

Section 5(1) – Would allow the director or director designee to apply for and obtain a Superior Court order approving a subpoena in advance of its issuance. The application can be made in the county where the person resides, or the county where the subpoenaed documents, or evidence is located in or in Thurston County.

Section 5(2) – Would require the court issue an order approving the subpoena when the application under this section is made to the satisfaction for the court.

Section 5(3) – Would allow for the director or director designee to seek approval and the court may issue an order without prior notice to any, including the person to whom the subpoena is directed and the person who is the subject of the investigations.

II.B - Cash Receipt Impact

None

II.C – Expenditures

There would be a change in the Superior Court master answer. No significant impact to court operations. These impacts would be managed within existing resources.

Part III: Expenditure Detail

III.A – Expenditures by Object or Purpose

	FY 2021	FY 2022	2021-23	2023-25	2025-27
FTE – Staff Years					
A – Salaries & Wages					
B – Employee Benefits					
C – Prof. Service Contracts					
E – Goods and Services					
G – Travel					
J – Capital Outlays					
P – Debt Service					
Total:					

III.B – Detail:

Job Classification	Salary	FY 2021	FY 2022	2021-23	2023-25	2025-27
Total FTE's						

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.

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