

BDR 28-781

AB 406

EXECUTIVE AGENCY FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 8, 2017

Agency Submitting: Business and Industry, Office of Labor Commission

Items of Revenue or Expense, or Both	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Effect on Future Biennia
Payroll (Expense)		\$46,294	\$62,916	\$125,832
Travel (Expense)		\$1,304	\$1,304	\$2,608
Operating (Expense)		\$7,024	\$8,322	\$16,644
Furniture (Expense)		\$4,962		
Computer, IT and EITS (Expense)		\$8,070	\$6,417	\$12,834
Total	0	\$67,654	\$78,959	\$157,918

Explanation

(Use Additional Sheets of Attachments, if required)

Assembly Bill (AB) 406 as proposed does the following relating to Public Works Projects (PWP's) and the Prevailing Wage in addition to other changes relating to PWP's:

Lowers the Public Works Project amount from \$250,000 to \$25,000; Changes the way the Prevailing Wage Rate is calculated; Eliminates the school construction 90% Prevailing Wage Rate; Includes Charter Schools as Public Works Projects; and

Makes various changes relating to Construction Manager At Risk (CMAR) Projects.

In Fiscal Year 2016, the Office of the Labor Commissioner issued 528 Public Works Project (PWP) numbers. If AB 406 passes, it is likely this number will jump into the thousands because every state and local government project over \$25,000 will require a PWP number from our office. This will also result in increased enforcement and oversight over all of these new PWP Projects. While the Public/Awarding Bodies are the main level of enforcement for Certified Payroll Reports (CPR's) on Public Works Projects, our office would still have to review their reporting, findings, and determinations that a Contractor failed to submit CPR's timely, or failed to pay the required Prevailing Wage based on a Claim/Complaint.

The recalculation of the Prevailing Wage will also require additional staff time and resources.

A Program Officer II position would be needed to manage the Public Works Project (PWP) and Prevailing Wage programs as a whole, and for providing training to Public/Awarding Bodies and Contractors on the new requirements of AB 406. The Program Officer II would also be responsible for ensuring that the increase in the issuance of PWP numbers is done timely and efficiently and that the Prevailing Wage is calculated pursuant to AB 406 based on the Prevailing Wage Survey process. The Program Officer II would also manage staff and oversee technology needs/improvements relating to the PWP and Prevailing Wage programs.

Name Shannon M. Chambers

Title Labor Commissioner

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Wednesday, March 29, 2017

The agency's response appears reasonable.

Name Susan Brown

Title Executive Budget Officer

Date: 3/27/17 2:29 PM
 Budget Period: 2017-2019 Biennium (FY18-19)
 Budget Account: 3900 B&I - LABOR COMMISSIONER
 Version: W04 BDR 28-781
 Department: 74 DEPARTMENT OF BUSINESS AND INDUSTRY
 Division: 752 B&I - LABOR COMMISSION
 Function: 025 COMMERCE & INDUSTRY
 Sub-Function: 035 DEPT OF BUSINESS & INDUSTRY
 Fund: 101 GENERAL FUND

DU	Grp	Catg	GL	Description	Year 1	Year 2	Schedule
E231	000	01	5100	SALARIES	32,426	44,513	PAYROLL
E231	000	01	5200	WORKERS COMPENSATION	769	870	PAYROLL
E231	000	01	5300	RETIREMENT	4,702	6,454	PAYROLL
E231	000	01	5400	PERSONNEL ASSESSMENT	251	260	PAYROLL
E231	000	01	5500	GROUP INSURANCE	6,687	8,891	PAYROLL
E231	000	01	5700	PAYROLL ASSESSMENT	85	83	PAYROLL
E231	000	01	5750	RETIRED EMPLOYEES GROUP INSURANCE	863	1,135	PAYROLL
E231	000	01	5800	UNEMPLOYMENT COMPENSATION	41	64	PAYROLL
E231	000	01	5840	MEDICARE	470	646	PAYROLL
		01 Total			46,294	62,916	
E231	000	03	6200	PER DIEM IN-STATE	920	920	- None -
E231	000	03	6210	FS DAILY RENTAL IN-STATE	272	272	- None -
E231	000	03	6240	PERSONAL VEHICLE IN-STATE	112	112	- None -
		03 Total			1304	1304	
E231	000	04	7020	OPERATING SUPPLIES	200	200	- None -
E231	000	04	7050	EMPLOYEE BOND INSURANCE	2	2	PAYROLL
E231	000	04	7054	AG TORT CLAIM ASSESSMENT	99	97	PAYROLL
E231	000	04	705A	NON B&G - PROP. & CONT. INSURANCE	4	5	BUILDING RENT NON-BUILDINGS AND GROUNDS
E231	000	04	7110	NON-STATE OWNED OFFICE RENT	6,426	7,711	BUILDING RENT NON-BUILDINGS AND GROUNDS
E231	000	04	7255	B & G LEASE ASSESSMENT	74	103	BUILDING RENT NON-BUILDINGS AND GROUNDS
E231	000	04	7292	EITS 18-19 ELIM (OLD EITS VOICEMAIL)	43	43	EITS
E231	000	04	7295	EITS 18-19 ELIM (OLD EITS STATE PHONE LINE)	161	161	EITS
E231	000	04	8241	NEW FURNISHINGS <\$5,000 - A	15	0	EQUIPMENT
		04 Total			7024	8322	
E231	000	05	8241	NEW FURNISHINGS <\$5,000 - A	4,962	0	EQUIPMENT
		05 Total			4,962	0	
E231	000	26	7533	EITS EMAIL SERVICE	175	175	EITS
E231	000	26	7546	EITS DATABASE HOSTING	153	153	EITS
E231	000	26	7554	EITS INFRASTRUCTURE ASSESSMENT	196	212	PAYROLL
E231	000	26	7556	EITS SECURITY ASSESSMENT	94	129	PAYROLL
E231	000	26	7558	EITS 18-19 ELIM (OLD EITS VIRTUAL SERVER)	5,743	5,748	EITS
E231	000	26	7771	COMPUTER SOFTWARE <\$5,000 - A	330	0	EQUIPMENT
E231	000	26	8371	COMPUTER HARDWARE <\$5,000 - A	1,379	0	EQUIPMENT
		26 Total			8070	6417	
		Grand Total			67,654	78,959	