

SENATE BILL REPORT

SB 6317

As Reported by Senate Committee On:
Commerce & Labor, February 5, 2014

Title: An act relating to improving the accuracy of the prevailing rate of wage.

Brief Description: Improving the accuracy of the prevailing rate of wage.

Sponsors: Senators Angel, Becker, Braun and Sheldon.

Brief History:

Committee Activity: Commerce & Labor: 1/27/14, 1/31/14, 2/05/14 [DPS, DNP].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: That Substitute Senate Bill No. 6317 be substituted therefor, and the substitute bill do pass.

Signed by Senators Holmquist Newbry, Chair; Braun, Vice Chair; Hewitt and King.

Minority Report: Do not pass.

Signed by Senators Conway, Ranking Member; Hasegawa and Kohl-Welles.

Staff: Mac Nicholson (786-7445)

Background: Employers on public works projects must pay prevailing wages. The prevailing wage is the hourly wage, usual benefits, and overtime paid to the majority of workers in the same trade or occupation in the largest city of the county where the work is being performed. Prevailing wage rates are established by the industrial statistician at the Department of Labor and Industries (L&I) for each trade and occupation employed in the performance of public work. To determine the prevailing wages, L&I conducts wage surveys where employers, contractors, and labor unions are asked to submit wage and hour data. L&I develops the wage survey mailing list using industrial insurance, intent and affidavit filing, and licensing data.

If the majority of workers in a trade or occupation in the largest city of the county are paid the same wage, that wage becomes the prevailing wage. If no single wage rate is paid to a majority of workers, an average wage is calculated and becomes the prevailing wage.

Summary of Bill: The bill as referred to committee not considered.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill (Recommended Substitute): L&I must use a stratified random sampling methodology when establishing the prevailing wage rate.

The process to conduct a stratified random sampling is as follows:

- identify the contractors, employers, and unions eligible to receive wage surveys in specific trades or occupations; and
- send wage surveys to 30 percent of the eligible recipients in each trade or occupation as selected by a random method.

The prevailing wage for a specific trade or occupation may be established when L&I receives responses from 25 percent of the recipients in the trade or occupation.

A recipient of a wage survey must respond within 90 days. Failure to respond in 90 days results in a phone call from L&I, which triggers an additional 30-day response period. If the recipient still does not respond, L&I calls again and notifies the recipient that it must respond to the survey.

Data collected by L&I in establishing the prevailing wage is exempt from public disclosure.

Language regarding L&I's current appropriation and fee-setting authority for intents and affidavits is changed to cover the collection of data to establish the prevailing wage.

EFFECT OF CHANGES MADE BY COMMERCE & LABOR COMMITTEE (Recommended Substitute as Passed Committee): The substitute that passed out of committee removes the authority of L&I to issue a civil penalty of \$500 for failure to respond to a wage survey within 14 days of L&I's second phone call.

Appropriation: None.

Fiscal Note: Requested on January 24, 2014.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Proposed Substitute as Heard in Committee:

PRO: The credibility of the prevailing wage system depends on the credibility of the data used. The current method used to determine prevailing wage is not accurate and it discourages participation. The concerns about the proposed substitute include defining contractor eligibility and clarifying procedural requirements of contacting non-respondent contractors. The system proposed in the bill is used routinely in other economic sectors.

CON: Under the bill, the survey is exempt from public disclosure so the data cannot be verified. The method proposed in the bill is incompatible with the prevailing wage system. There is inequity in the number of hours certain sized employers can provide to filling out the survey. The bill recognizes unions as survey participants and holds them accountable for failure to submit data when the real responsibility is with the employer.

Persons Testifying: PRO: Van Collins, Associated General Contractors; Cliff Webster, Associated Builders & Contractors.

CON: Neil Hartman, WA State Building & Construction Trades Council; Josh Swanson, International Union of Operating Engineers & National Construction Alliance; Kathleen Collins, Sheet Metal and Air Conditioning Contractors.