

HOUSE BILL REPORT

HB 1684

As Reported By House Committee On:
State Government

Title: An act relating to state printing.

Brief Description: Requiring prevailing wages for state printing contracts.

Sponsors: Representatives Anderson, King, G. Cole, Pruitt, Orr, Basich, Jones and J. Kohl.

Brief History:

Reported by House Committee on:
State Government, March 2, 1993, DP.

HOUSE COMMITTEE ON STATE GOVERNMENT

Majority Report: Do pass. Signed by 6 members:
Representatives Anderson, Chair; Veloria, Vice Chair;
Campbell; Conway; King; and Pruitt.

Minority Report: Do not pass. Signed by 3 members:
Representatives Reams, Ranking Minority Member; Vance,
Assistant Ranking Minority Member; and Dyer.

Staff: Bonnie Austin (786-7135).

Background: The state printer is responsible for providing printing services to the Legislature, the courts, and state agencies. The state printer receives no direct state appropriation. Operations are self-supported by a revolving fund to which fees charged for printing services are deposited. State printer employees are exempt from the state civil service system. They belong to trade unions rather than the state employees' unions.

The state printer is authorized to contract with private vendors to provide printing services. A job is likely to be contracted out when in-house production capability is at capacity, when the job deadline cannot be met in-house, when the request is specialized, or when the job can be produced at a lower cost by a private vendor. The state printer maintains lists of private vendors who are called when jobs become available. Contracts are awarded to the lowest bidder. Under certain conditions, higher education

institutions, state agencies not in Olympia, and the courts are also authorized to contract for local printing services.

According to the state printer, approximately 53 percent of their sales were contracted out in 1992. From 1980 to 1990, this rate rose from 50 percent to 60 percent. The recent downturn is due, in part, to reduced orders from agencies responding to budget cutbacks.

Summary of Bill: Contracts or orders done by any private printing company for the state printer, higher education institutions, state agencies not in Olympia, or the courts will only be awarded to firms that pay the prevailing wage rate established by the Department of Labor and Industries (L&I). The prevailing wage rate will be based on wage rates and working hours established by collective bargaining agreements in the printing industry. At least annually, L&I will furnish to the state printer a list of printing and binding labor classifications, prevailing wage rates, and working hours.

Private vendors are required to file a sworn statement with L&I certifying that the employees who work on the state contract will be paid the prevailing wage rate established by L&I. The vendor is required to keep verification records that are open to inspection by the director of L&I, who is required to enforce these provisions.

Fiscal Note: Available.

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

Testimony For: This bill will level the playing field. Some of these contractors pay their employees less than 40 percent of the wage state printer employees make and offer little to no benefits. Approximately \$17.5 million is contracted out by the state printer. Women and minority owned businesses can't compete with the non-union shops. There have been reductions in force at the state printer. Non-union shops are undercutting the union shops and state printer employees. Expertise is lacking in non-union shops. This bill will keep the expertise in the state printer and maintain the high quality of productions.

Testimony Against: This is a myopic definition of prevailing wage. It does not take into account bonuses, flex time, benefits, or paid training. There is not a prevailing wage requirement for federal contracts. If a contractor produces poor quality work, then they should be off the bid list.

Less than 7 percent of the screen printing industry in the United States is unionized. The state printer farms out all screen printing. If this bill passes, it will force the work out-of-state. Eastern Washington printers do get work from the institutions of higher education. There are no union shops in eastern Washington.

This is an economic development issue. The printing industry is very competitive. This would reduce competition and eliminate many small businesses. Many contractors do both state and private commercial contracts and have to stay competitive on both fronts. Private contractors specialize and the state printer does not have the capacity to do specialized work.

This puts another unnecessary paperwork burden on contractors and on L&I. Under this bill, prices will go up for everyone, not just the state.

This bill hurts minority and women-owned businesses who may provide a positive work environment and other benefits that override the wage issue. Establishing wages should be part of collective bargaining policies, not the job of L&I. These employees can unionize if they want to.

Witnesses: Michael J. Lane, TABS Plus (con); David T. Blauvelt, Blauvelt West (con); John Pettit, University of Washington (con); Allen Walton, Tumwater Printing (con); Gary Smith, Industrial Business Association (con); Joyce Willms, Washington Media Services (con); Renee Buell, South Bay Press (con); Robert Kagy, ABC Printing, Inc. (con); Diana Kramer, Washington Newspaper Publishers Association (con); Rowland Thompson, Allied Daily Newspapers (con); Mark Hepburn, Graphic Comm. Union Local 767 (pro); John Bachler (pro); Randy Worrell (pro); Jim Rice (pro); Todd Silver, JC Danby Corporation (con); Stacey Ogle, Cole Screen (con); and H. Dean Pollard (con).