

HOUSE BILL REPORT

HB 3073

As Reported By House Committee On:

Commerce & Labor

Title: An act relating to requiring the use of a stratified random sampling survey methodology for determination of prevailing wages.

Brief Description: Requiring the use of stratified random sampling survey methodology for determination of prevailing wages.

Sponsors: Representatives Koster, Boldt and Sherstad.

Brief History:

Committee Activity:

Commerce & Labor: 2/2/98, 2/5/98 [DPS].

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives McMorris, Chairman; Honeyford, Vice Chairman; Conway, Ranking Minority Member; Wood, Assistant Ranking Minority Member; Boldt; Clements; Cole; Hatfield and Lisk.

Staff: Selwyn Walters (786-7117).

Background: The prevailing wage law requires that employees on public works construction projects be paid the prevailing wage. The Department of Labor and Industries administers the prevailing wage law. The prevailing wage is the rate of hourly wage, usual benefits, and overtime paid in a locality to a majority of workers, laborers, or mechanics, in the same trade or occupation. All determinations of the prevailing wage are made by the industrial statistician of the Department of Labor and Industries.

Summary of Substitute Bill: The prevailing wage is determined by January 1, 1999, by the industrial statistician using a stratified random sampling method. An 11 member Prevailing Wage Advisory Committee is established comprising representatives from employee and employer organizations, the counties, and the Department of Labor and Industries. The committee advises the industrial statistician on reliable statistical methods to determine the prevailing if the industrial statistician determines the population size or other factors do not allow the effective use of a stratified random sampling method.

Substitute Bill Compared to Original Bill: The substitute bill adds that the industrial statistician must determine the prevailing wage by January 1, 1999, and must consult with the Prevailing Wage Advisory Committee in determining the use of appropriate statistical methods for determining the prevailing wage.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The current system is not accurate, particularly in smaller counties where the rate of wage may be determined based on only one response. A simple random sample is more accurate, and stratification allows a random sample within specific subgroups such as union contractors or public works projects so that those groups would not be under represented.

Testimony Against: Contractors are not aware of a large problem in enforcing compliance with the prevailing wage law. The current survey methods work well, and any change may result in a diminution of the prevailing wage. The proposed methodology is not ideal for small populations and is not universally applicable across the state. The prevailing wage advisory committee has been reviewing determinations of the prevailing wage and has made recommendations to ensure accurate wage information. The system is not broken, and there may not be enough staff to administer the new methodology.

Testified: (Pro) Rick Wickman and Clif Finch, Association of Washington Business; Gary Smith, Independent Business Association. (Con) Robert Dilger, Washington State Building & Construction Trades Council; Dan Sexton, Washington State Association of Plumbers & Pipefitters; Alan Darr, International Union of Operating Engineers; Otto Herman, Rebound; and Larry Stevens, National Electrical Contractors Association. (With concerns) Rick Slunaker, Associated General Contractors of Washington; and Greg Mowat, Department of Labor and Industries.