
State Government Committee

HB 2047

Brief Description: Requiring living wages on public contracts.

Sponsors: Representatives Miloscia, Moeller, Kenney, Chase, Romero, Schual-Berke, Dickerson, O'Brien, Dunshee, Conway, Santos, Cody, Veloria and Pettigrew.

Brief Summary of Bill

- Requires all contractors and subcontractors of state contracts to pay employees a living wage of no less than \$10 per hour if health benefits are provided, and \$11.50 per hour if health benefits are not provided.

Hearing Date: 3/4/03

Staff: Marsha Reilly (786-7135).

Background:

Washington has both a prevailing wage law and a minimum wage law.

The "prevailing wage law" is a Worker Protection Act enacted in 1945 to protect employees of contractors performing public works construction from substandard earnings, and to preserve local wage standards. It requires that workers be paid prevailing wages when employed on public works projects, and on public building service maintenance contracts. The law regulates wages paid to workers, laborers and mechanics performing public work. It does not apply to work that is clerical, executive, administrative or professional in nature.

In 1998 the passage of Initiative 688 established Washington's minimum wage. Each year, the minimum wage rate is increased by the rate of inflation. Washington is one of 11 states to set a minimum wage rate higher than the federal minimum wage. The 2003 minimum wage rate for Washington is \$7.01 per hour.

The 2003 poverty guidelines established by the United States Department of Health and Human Services indicate that the poverty threshold for a family of four is \$18,400, or approximately \$8.81 per hour for full time employment.

Summary of Bill:

All contractors and subcontractors who hold contracts with the state are required to pay their employees a living wage of \$10 per hour if health benefits are paid in substantial part, or \$11.50 per hour if health benefits are not provided. Beginning in September 2003 and each September thereafter, the Department of Labor and Industries (L&I) will adjust the living wage rate according to the consumer price index for urban wage earners and clerical workers. The adjusted living wage rate takes effect on the following January 1st.

"Contracts" include any public works contracts, personal services contracts, and purchasing contracts for goods and services. A "contractor" is any person, firm, or corporation that undertakes a contract with the state. A "subcontractor" is any person, firm, or corporation that undertakes a contract with another person, firm, or corporation who holds a contract with the state.

Upon award of a contract, the contractor must certify that he or she will comply and will require all subcontractors to comply. If a violation occurs, a contractor or subcontractor has 30 days to come into compliance, including payment of any back wages. If compliance has not occurred after 30 days, the state may terminate the contract and pursue remedies for breach of contract. The contractor or subcontractor may make an appeal pursuant to the administrative procedure act.

For contracts subject to the prevailing wage law, contractors and subcontractors will pay the prescribed prevailing wage rate or the minimum living wage, whichever is higher.

The Office of Financial Management may grant an exemption if: 1) compliance will cause economic hardship to the state or its citizens; or 2) the exemption is in the best interests of the state due to unforeseen or special circumstances, such as a declared natural disaster.

Employees not covered by the living wage provisions include, but are not limited to, those who are under the age of 18, are in a trainee or apprenticeship position, are in a work study or internship position, are hand harvest laborers employed on a piece rate basis; newspaper vendors or carriers, inmates or patients of rehabilitative institutions, those who hold a public elective or appointive office, and any employee of the state legislature.

Employees reporting violations to the Department of Labor and Industries (L&I), participating in a legal proceeding related to a violation, seeking civil remedies to enforce compliance, or otherwise asserting his or her rights are protected from retaliation or discrimination. The L&I has the same administration and enforcement powers identified under the Minimum Wage Act.

The living wage provisions apply to all contracts and related subcontracts entered into, renewed, or extended on or after July 1, 2003. It does not apply to contracts entered into before July 1, 2003.

Appropriation: None.

Fiscal Note: Requested on February 26, 2003.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.