
Commerce & Labor Committee

HB 1716

Brief Description: Providing living wages on public contracts.

Sponsors: Representatives Miloscia, Appleton, Morrell, Moeller and Conway.

Brief Summary of Bill

- Requires state contractors and subcontractors to pay employees performing work under contracts a living wage rate.
- Specifies that the living wage rate is \$9.70 per hour if health benefits are provided, or \$11.55 per hour if health benefits are not provided.
- Requires that the living wage rate be adjusted annually for inflation.
- Makes the living wage rate requirement applicable only to contracts entered into by either the Department of Community, Trade and Economic Development or the Department of Ecology on or after January 1, 2010.

Hearing Date: 2/13/09

Staff: Jill Reinmuth (786-7134)

Background:

State laws require that certain employers pay their employees minimum wages, and that certain government contractors pay their employees prevailing wages. There is not a living wage requirement applicable to state contracts.

Minimum Wage Requirement.

The state Minimum Wage Act requires employers to pay their employees no less than the state minimum wage rate. Pursuant to Initiative 688, the Department of Labor and Industries adjusts the state minimum wage rate for inflation each year. The state minimum wage rate is \$8.55 per hour in 2009.

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.

Prevailing Wage Requirement.

The state Public Works Act requires government contractors to pay their employees prevailing wages on public work and public building service maintenance contracts. The prevailing wage is the hourly wage, including usual benefits and overtime, paid in the largest city in each county, to the majority of workers in a particular trade or occupation. The prevailing wage requirement applies to state and local governments, including counties, cities, towns, and most districts.

Living Wage Requirement.

One jurisdiction in the state, the City of Bellingham (City), requires certain contractors to pay their employees a living wage rate, and adjusts the rate for inflation each year. The contracts subject to the City's living wage requirement are service contracts for more than \$10,000 performed by contractors with four or more employees and in business for more than one year. In 2009 the City's living wage rates were \$11.27 if health benefits were included, or \$12.96 if health benefits were not included. The City adjusts the living wage rates for inflation each year by an amount corresponding to the previous year's change in the implicit price deflator.

Summary of Bill:

State contractors and subcontractors are required to pay employees performing work under contracts a living wage rate. This rate varies depending on whether the contractors and subcontractors pay for health benefits, and is adjusted annually for inflation. This requirement applies only to contracts entered into by specified agencies.

Living Wage Requirement.

State contractors and subcontractors must pay employees performing work under contracts \$9.70 per hour if health benefits are paid in whole or in substantial part, or \$11.55 per hour if health benefits are not provided. The Department of Labor and Industries must adjust the living wage rate for inflation each year as follows:

- If per capita personal income for Washington is equal to or greater than per capita personal income for the United States, the adjusted living wage rate is calculated using the increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers, CPI-W, plus 3 percent.
- If per capita personal income for Washington is less than per capita personal income for the United States, the living wage rate is adjusted in the same manner as the state minimum wage rate.

The contracts subject to this requirement are state contracts for public works, personal services, purchased services, and goods that are entered into, renewed, or extended by either the Department of Community, Trade, and Economic Development or the Department of Ecology on or after January 1, 2010. The employees subject to this requirement do not include employees who are not covered under the state Minimum Wage Act. They also do not include trainees, apprentices, interns, work study students, and employees who are 17 years old or younger.

Other Provisions.

If a contractor violates the living wage rate requirement, the relevant agency may withhold payment, or suspend or terminate the contract. If the contractor willfully violates the requirement more than once in two years, the agency may disqualify the contractor from further contracts for up to two years.

Contractors and subcontractors may not retaliate or discriminate against employees for asserting their rights under this requirement.

In circumstances requiring payment of prevailing wage rates, contractors and subcontractors must pay either the prevailing wage rate or the living wage rate, whichever is higher. Contractors and subcontractors must also pay either the minimum wage rate or the living wage rate, whichever is higher.

Rules Authority: The bill does not address the rule-making powers of an agency.

Appropriation: None.

Fiscal Note: Available.

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