

HOUSE BILL REPORT

HB 1231

As Reported by House Committee On: Labor

Title: An act relating to establishing the prevailing rate of wage based on collective bargaining agreements or other methods if collective bargaining agreements are not available.

Brief Description: Establishing the prevailing rate of wage based on collective bargaining agreements or other methods if collective bargaining agreements are not available.

Sponsors: Representatives Ormsby, Sells, Morris, Goodman, Ortiz-Self, Wylie, Gregerson, Stanford, Riccelli, Moeller, Sawyer, Fitzgibbon, Takko, Reykdal, Bergquist, Moscoso, Kirby, Pollet, Walkinshaw and Hudgins.

Brief History:

Committee Activity:

Labor: 1/20/15, 1/29/15 [DP].

Brief Summary of Bill

- Requires the Department of Labor and Industries to establish the prevailing rate of wage using collective bargaining agreements.

HOUSE COMMITTEE ON LABOR

Majority Report: Do pass. Signed by 4 members: Representatives Sells, Chair; Gregerson, Vice Chair; Moeller and Ormsby.

Minority Report: Do not pass. Signed by 3 members: Representatives Manweller, Ranking Minority Member; G. Hunt, Assistant Ranking Minority Member; McCabe.

Staff: Trudes Tango (786-7384).

Background:

State law requires that prevailing wages be paid to laborers, workers, and mechanics employed upon all public works and under all public building service maintenance contracts.

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.

"Public work" means all work, construction, alteration, repair, or improvement other than ordinary maintenance that is executed at the cost of the state or any municipality.

The prevailing wage is the hourly wage, usual benefits, and overtime paid in the largest city in each county, to the majority of workers, laborers, or mechanics in the same trade or occupation. If there is not a majority in the same trade or occupation paid at the same rate, then an average wage is calculated and established as the prevailing wage.

To establish the prevailing wage for the various trades and occupations, the industrial statistician of the Department of Labor and Industries (Department) conducts wage surveys.

Surveys are sent to businesses that employ workers within the trade or occupation being surveyed and labor unions representing workers in those trades and occupations. Interested parties may also submit survey forms.

When the rate calculated in the survey process matches the rate of a collective bargaining agreement during the survey period, the prevailing wage rate will be derived from the collective bargaining agreement. A prevailing wage based on a collective bargaining agreement may be adjusted based on changes to the collective bargaining agreement.

Alternative methods of establishing the rate maybe used under limited circumstances, such as when a survey is not immediately feasible in a new trade or occupation.

Summary of Bill:

The prevailing rate of wage must be established by adopting the hourly wage, usual benefits, and overtime pay established in collective bargaining agreements for those trades and occupations that have collective bargaining agreements. For those that do not have collective bargaining agreements, the prevailing rate of wage must be established by wage and hour surveys.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Contracts reflect the agreements made between employers and employees about their duties and responsibilities regarding conditions of employment. Contracts are the best way to determine what is the actual value of what is being exchanged. Using contracts to set the wage rate means looking to the private sector model. Using collective bargaining

agreements is a policy idea that was identified in the report to the Joint Transportation Committee as a possible cost saving measure. Using the rates in collective bargaining agreements will reflect the true cost to the industry. Having an industry negotiated wage rate sets a standard that will result in having a more effective bidding process. Much of the work that is done is in the private sector and with an industry negotiated wage rate, the public sector industry is getting the same negotiated deal that the private sector is getting. The industry decides what is appropriate. Some studies recognize that there is no evidence that prevailing wages increase contract costs. Using collective bargaining agreements will save time for the Department of Labor and Industries.

(Opposed) Port districts want to see an improvement in the process of setting prevailing wage rates. The rates should be set either using stratified random sampling or by looking at both methods and comparing to see which method is best.

Persons Testifying: (In support) Representative Ormsby, prime sponsor; Lee Newgent, Washington Building and Construction Trades Council; Nicole Grant, Certified Electrical Workers of Washington; Josh Swanson, Operating Engineers 302; Terry Tilton, Northwest Regional Council of Carpenters; and Larry Stevens, Mechanical Association of Western Washington.

(Opposed) Ginger Eagle, Washington Public Ports Association; and Marc Thornsbury, Port of Klickitat.

Persons Signed In To Testify But Not Testifying: None.