

**PRELIMINARY STAFF MEASURE SUMMARY****CARRIER:**

House Committee on Consumer Protection and Government Effectiveness

**REVENUE: May have revenue impact, statement not yet issued****FISCAL: May have fiscal impact, statement not yet issued****SUBSEQUENT REFERRAL TO: Joint Ways and Means****Action:****Vote:****Yeas:****Nays:****Exc.:****Prepared By:** Wendy Simons, Administrator**Meeting Dates:**

**WHAT THE MEASURE DOES:** Requires qualified nonprofit agency for individuals with disabilities (known as qualified rehabilitation facility or QRF) to pay prevailing wage as determined by Commissioner of Bureau of Labor and Industries (BOLI) and to comply with applicable state labor standards. Provides BOLI may enforce wage rates and labor standards. Requires Department of Administrative Services to remove non-complying QRF from procurement list. Requires public agency terminating contract with QRF to require in new contract for same work that contractor must offer employment to employees of terminated QRF. Requires public agency contracting with QRF to pay fee to BOLI. Permits public agency to procure from source other than QRF under specified circumstances, and to grant preferences to QRF that offers better than average wages and benefits. Declares emergency, effective upon passage. Becomes operative for contracts for services by QRFs January 1, 2016. Becomes operative for products produced by QRFs January 1, 2018,

**ISSUES DISCUSSED:****EFFECT OF COMMITTEE AMENDMENT:**

**BACKGROUND:** The QRF program, established by the Legislative Assembly in 1977, is intended to encourage and assist individuals with disabilities to achieve maximum personal independence through useful and productive gainful employment by assuring an expanded and constant market for sheltered workshop and activity center products and services. Public agencies must procure products and services goods from a QRF, at the prices established by the Department of Administrative Services, provided that the products and services are of the appropriate specifications and are available within the time period needed. In 2014, there were 35 QRFs employing 4,332 persons with disabilities. State and local governments procured goods and services totaling approximately \$45 million. Janitorial services, temporary staffing and unarmed security account for the vast majority of contracts.

House Bill 3248 requires QRFs to pay prevailing wage, as determined by BOLI, to employees providing services beginning January 1, 2016, and to employees producing products beginning January 1, 2018. The bill gives BOLI the authority to enforce wage rates and labor standards for QRFs, with agencies which contract with QRFs paying into a fund to cover the cost of BOLI inspections and investigations. Under House Bill 3248, public agencies terminating a contract with a QRF and entering into a new contract with a second QRF must require under the new contract that the second QRF offer employment to individuals with disabilities who were employed by the first QRF.