

MAJOR REGULATIONS STANDARDIZED REGULATORY IMPACT ASSESSMENT SUMMARY

DF-131 (NEW 11/13)

STANDARDIZED REGULATORY IMPACT ASSESSMENT SUMMARY

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1. Statement of the need for the proposed major regulation.

The Occupational Safety and Health Standards Board (Standards Board) of the Department of Industrial Relations is proposing to amend fall protection rules for residential construction activities. The proposed changes would lower the height at which fall protection is required for residential framing from 15 feet to 6 feet and for residential roofing from 15 or 20 feet to 6 feet to conform with Federal OSHA's 6 foot trigger height for residential construction. California Labor Code Section 142.3(a)(2) requires the Standards Board to adopt regulations at least as effective as federal standards. The updated rule would be published in Title 8, California Code of Regulations, and would be enforced by the Division of Occupational Safety and Health (DOSH or Cal/OSHA).

2. The categories of individuals and business enterprises who will be impacted by the proposed major regulation and the amount of the economic impact on each such category.

The proposed regulation is expected to primarily affect firms and employees in two industries: residential framing and residential roofing. Residential-type framing includes "installation of floor joists, floor sheathing, layout and installation of walls, hanging and nailing of shear panels, setting and bracing roof trusses and rafters, installation of starter board, roof sheathing, and fascia board; installation of windows, siding and exterior trim." Roofing activities would include "roofing and re-roofing work including roof removal performed on single-family homes, townhouses, duplexes, and other structures," as well as "loading and installation of roofing materials, including related insulation, sheet metal that is integral to the roofing system, and vapor barrier work, but not including the construction of the roof deck."

Residential framing and roofing firms would be affected primarily by incurring increased compliance costs. Total incremental economic costs for these firms are expected to range from \$54-\$106 million per year. Workers in the residential framing and roofing industry would be affected primarily through the reduction in fall-related fatalities and non-fatal injuries. Total monetized benefits to worker safety are estimated to be approximately \$64 million per year.

3. Description of all costs and all benefits due to the proposed regulatory change (calculated on an annual basis from estimated date of filing with the Secretary of State through 12 months after the estimated date the proposed major regulation will be fully implemented as estimated by the agency).

Direct compliance costs for firms in residential framing and roofing are estimated to range from \$54-\$106 million per year on average. Compliance costs for residential framers are expected to range from \$31.7-\$76.6 million per year. Compliance costs for residential roofers are expected to range from \$21.9-\$29.1 million per year. Costs vary primarily due to differences in assumed growth rates of the residential construction sector.

Direct benefits for workers in residential framing and roofing are estimated to total approximately \$64 million per year once the new regulations are fully implemented. Avoided mortality is expected to account for 39% of these benefits (\$24.7 million) and avoided injuries account for 61% of the benefits (\$38.9 million).

4. Description of the 12-month period in which the agency estimates the economic impact of the proposed major regulation will exceed \$50 million.

The 12-month period used to estimate the economic impact of the revised fall safety standard begins in 2020, 6 months after the proposed regulation would go into effect. There is no phase-in of the proposed standards so both costs and benefits would occur within that 12-month period. Both the direct costs and the direct benefits exceed \$50 million during this 12-month period. Economic impacts would stay above \$50 million per year for the duration of the analysis period of the SRIA (2019-2030).

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5. Description of the agency's baseline:

Both the direct costs and benefits, as well as the macroeconomic impacts of the proposed regulations, are evaluated relative to a baseline scenario. It is assumed that the baseline scenario reflects no changes to the Title 8 Fall Safety standards. Residential construction growth rates, an important parameter in the economic analysis, is assumed to follow the California Department of Finance projections for single-family and multi-family residential units. As a sensitivity analysis, the economic impact analysis considers a lower baseline growth rate for residential construction.

For the macroeconomic assessment, the baseline is assumed to follow the California Department of Finance's conforming forecast for the California economy. All macroeconomic results are presented relative to the model baseline that was calibrated to this forecast.

6. For each alternative that the agency considered (including those provided by the public or another governmental agency), please describe:

- a. All costs and all benefits of the alternative
- b. The reason for rejecting alternative

Alternative 1: A more stringent regulatory alternative considers an alternate approach to mandating the trigger height requirement. Instead of allowing framing and roofing contractors the option to utilize either scaffolding or personal fall protection equipment, the stricter approach would mandate scaffolding for all work that would be covered under the new regulations. Direct costs are expected to be \$90-106 million higher than the proposed regulation. It is unclear whether such an approach would improve safety outcomes since no data is available to evaluate the benefits of this alternative scenario.

Alternative 2: A less stringent regulatory alternative, where current Title 8 Fall Protection standards are maintained, is considered. Such an approach would impose no new compliance costs on the roofing and framing industry, and worker safety benefits from improved fall protections would also not be realized.

Both regulatory alternatives are less attractive from an economic perspective than the proposed regulation. The less stringent alternative does not deliver any worker safety benefits to framing and roofing sector workers. The more stringent alternative is estimated to be more expensive and would not clearly improve worker safety beyond the proposed regulation. Based on this analysis, the proposed regulation appears to be the most cost-effective approach to delivering the intended worker safety benefits.

7. A description of the methods by which the agency sought public input. (Please include documentation of that public outreach).

The Standards Board convened stakeholder advisory committee meetings in an effort to develop a consensus rulemaking proposal to lower the fall protection trigger height to 6 feet in residential construction and roofing. On January 21, 2016, at the Standards Board's monthly meeting, representatives from Federal OSHA warned that California must conform to the 6-foot trigger height or face the possibility of concurrent jurisdiction.

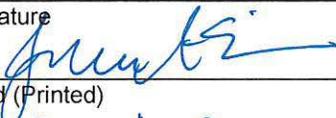
8. A description of the economic impact method and approach (including the underlying assumptions the agency used and the rationale and basis for those assumptions).

Compliance costs for framing and roofing contractors are estimated by multiplying the expected incremental compliance cost of the new standards by the projected number of new housing units or re-roofing projects in California from mid-2019 (the beginning of the proposed regulation) to 2030. Incremental, per-unit compliance costs were developed based on consultation with industry sources and publicly available information. Assumptions for new residential construction growth rates were taken from the Department of Finance and from consultation with industry sources.

Benefits to employee safety were calculated by estimating the number of avoided injuries and fatalities and then multiplying by the estimated economic damage of each avoided outcome. Avoided injuries and fatality estimates were based on a review by DIR staff of incidence reports. Avoided fatalities were monetized using the U.S. Environmental Protection Agency's Value of a Statistical Life. Avoided fatalities were estimated based on avoided payments derived from the DIR Workers' Compensation Information System.

Economy-wide impacts of the proposed regulation were estimate using the BEAR computable general equilibrium model of the California economy.

Agency Signature



Date

5-23-19

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