

Fiscal Estimate Narratives
WTCS 2/19/2015

LRB Number 15-0698/3	Introduction Number AB-0032	Estimate Type Original
Description Elimination of the requirement that laborers, workers, mechanics, and truck drivers employed on the site of a project of public works be paid the prevailing wage		

Assumptions Used in Arriving at Fiscal Estimate

Generally, under the current prevailing wage laws, laborers, workers, mechanics, and truck drivers employed on the site of certain projects of public works 1) must be paid at the rate paid for a majority of the hours worked in the person's trade or occupation in the area in which the project is located, as determined by the Department of Workforce Development; and 2) may not be required or permitted to work a greater number of hours per day and per week than the prevailing hours of labor, which is no more than 10 hours per day and 40 hours per week, unless they are paid 1.5 times their basic rate of pay (commonly referred to as overtime pay) for all hours worked in excess of the prevailing hours of labor. The prevailing wage laws include three separate laws: one that applies to certain projects of public works to which the state or any state agency is a party (state prevailing wage law), one that applies to certain projects of public works undertaken by local governments (local prevailing wage law), and one that applies to projects under a contract based on bids to which the state is a party for the construction or improvement of highways (highway prevailing wage law). Projects to which the prevailing wage laws do not apply include: 1) single-trade projects of public works for which the estimated project cost of completion is less than \$48,000; 2) multiple-trade projects of public works for which the estimated project cost of completion is less than \$100,000; and 3) with respect to the local prevailing wage law, multiple-trade projects of public works erected, constructed, repaired, remodeled, or demolished by a private contractor for a city or village having a population of less than 2,500 or for a town for which the estimated project cost of completion is less than \$234,000. Also under current law, no local government may enact or administer a prevailing wage law ordinance or any similar ordinance.

This bill eliminates the state prevailing wage law, the local prevailing wage law, and the highway prevailing wage law but retains the prohibition against local governments enacting or administering their own prevailing wage laws or similar ordinances.

State Fiscal Impact:

There is no fiscal impact on the System Office.

Local Fiscal Impact:

To the extent that technical college district boards choose to pursue projects at less than the prevailing wage, they may see savings. However the amount of savings will vary by project based on scope, geographic region in which the project takes place, and other factors.

For 2014, the System Board approved \$47 million in new construction and remodeling projects for the 16 technical colleges. It is not known how many colleges would have projects at less than the prevailing wage, or to what extent savings would accrue on such projects. Therefore the overall fiscal impact is indeterminate.

Long-Range Fiscal Implications