

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-0747/1	Introduction Number AB-0296	
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		
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		
Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

UWS 5/22/2017

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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

This bill seeks to eliminate the state prevailing wage law and the highway prevailing wage law while retaining the prohibition against local governments enacting or administering their own prevailing wage laws or similar ordinances.

The current prevailing wage statutes (s.16.856 and 84.062) require "contractors," "subcontractors," and the "agents" of contractors and subcontractors who perform work on "any project of public works" undertaken by a state agency to pay a prevailing wage as defined in the statute. These statutes do not apply to University of Wisconsin (UW) employees, who are paid according to the UW policies and rules and the employees' respective appointment letters.

State construction contracts for UW and other institutions are managed by the Department of Administration (DOA) and therefore DOA has more control over the cost of these projects. However, wages are about 30% to 40% of the cost of most construction projects. Any action to reduce wages may reduce contractor costs in the short run if labor productivity and quality is unaffected. Those savings may be passed along to state projects and the UW if contractors bid lower based on the lower wages they pay.

Long-Range Fiscal Implications

The longer term impact is less clear. If a reduction in wages occurs, there may be fewer people attracted to construction over time, which could put upward pressure on wages.

Lower wage rates may also result in or equate to lower quality labor expertise, lessened labor experience, and consequently lower quality end product (facilities).

The fiscal estimate was indeterminate because the state construction contracts for UW are managed by DOA and several conflicting factors could affect the overall cost of these projects.