



## Fiscal Estimate Narratives

DWD 5/1/2017

LRB Number	<b>17-2889/1</b>	Introduction Number	<b>SB-216</b>	Estimate Type	<b>Original</b>
<b>Description</b> 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 current prevailing wage laws, laborers, workers, mechanics and truck drivers on the site of certain public works projects must be paid the prevailing wage rate, as determined by the U.S. Department of Labor under the federal Davis-Bacon Act; and may not be required or permitted to work a greater number of hours per day and per week than the prevailing hours of labor unless they are paid overtime (equal to 1.5 times their base pay rate) for all hours worked in excess. Currently, the prevailing hours of labor are no more than 10 hours per day and 40 hours a week. Current prevailing wage laws also contain two separate laws governing state and highway prevailing wages. Finally, under current law, no local government may enact or administer prevailing wage law ordinances.

This bill eliminates the state and highway project prevailing wage laws. The bill also maintains the prohibition against local governments enacting or administering their own prevailing wage laws or ordinances.

Individuals not paid prevailing wages on projects (or projects that have had wage determinations prior to the law change) can file complaints within an established 2-year statute of limitations after the work is performed. Consequently, DWD would not see an immediate reduction in complaint investigations for at least 2 years after the bills effective date. Moreover, large prevailing wage projects take years to complete and ongoing investigative work by the Equal Rights Division on some complaints may last for up to 5 years after the initial filing.

DWD is unable to definitively determine the fiscal impact of the bill on local and state governments beyond staff specific efficiencies.

### Long-Range Fiscal Implications

Upon passage of the bill, within the five years DWD would not need certain computer applications that determined prevailing wage rates, and be relieved from conducting Equal Rights investigations relating to prevailing wage laws. Eventually the Equal Rights Division is projected to be able to reduce a total 4.0 FTE, 2 Equal Rights Officers, 1 Program Manager, and 1 Operations Program Associate, with a projected savings of approximately \$358,000 annually in salary, fringe, supplies and services costs. However as noted above, the timeline for these reductions is indeterminate.