

Fiscal Estimate - 2015 Session

Original
 Updated
 Corrected
 Supplemental

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| LRB Number 15-1561/2 | Introduction Number SB-049 |
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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

Fiscal Effect

State:

| | | |
|---|---|--|
| <input type="checkbox"/> No State Fiscal Effect | <input type="checkbox"/> Increase Existing Revenues | <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget |
| <input type="checkbox"/> Indeterminate | <input type="checkbox"/> Decrease Existing Revenues | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/> Increase Existing Appropriations | | <input checked="" type="checkbox"/> Decrease Costs |
| <input type="checkbox"/> Decrease Existing Appropriations | | |
| <input type="checkbox"/> Create New Appropriations | | |

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 | 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 |
| <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 | |

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|---|---------------------------------------|
| Fund Sources Affected | Affected Ch. 20 Appropriations |
| <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.445 (1)(a) | |

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| Agency/Prepared By | Authorized Signature | Date |
| DWD/ Joe Dvorak (608) 267-6969 | David Anderson (608) 266-2284 | 3/12/2015 |

Fiscal Estimate Narratives

DWD 3/12/2015

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|---|------------------|---------------------|---------------|---------------|-----------------|
| LRB Number | 15-1561/2 | Introduction Number | SB-049 | 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

Current prevailing wage laws require local and state governmental units to pay prevailing wages to workers, laborers, mechanics, and truck drivers employed to work on, or at the site of, certain public works projects. These laws also place limitations of the number of hours per day, and week, an employee may work without receiving overtime on these projects. The prevailing wage for a municipality or government unit is calculated by the Department of Workforce Development's Equal Rights Division using a statutorily defined process that collects wage data through an employer survey. The prevailing wage rate for a county is then determined by a computer application that uses the collected data and considers the number of reported hours in a job classification, county, and project type; hourly basic rate wage and fringe benefit rate packages within wage tiers; and the presence of a collective bargaining agreement. This bill eliminates state, local, and highway prevailing wage laws. The prohibition against local governments enacting or administering their own prevailing wage laws or ordinances is maintained.

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 SB 49 on local and state governments beyond staff specific efficiencies.

Long-Range Fiscal Implications

DWD would not need to administer its annual survey or computer applications that determined prevailing wage rates if the bill is passed. This would enable the Equal Rights Division to reduce total FTE by 4.0, including 2 Equal Rights Officers, 1 Program Manager, and 1 Operations Program Associate. Eliminating these positions would save DWD \$358,000 annually in salary, fringe, supplies and services costs.