

Fiscal Estimate - 2015 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 15-0698/3	Introduction Number AB-0032
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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:

No State Fiscal Effect
 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 checked="" type="checkbox"/> Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input checked="" 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 checked="" type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By DOT/ Mae Knowles (608) 266-8370	Authorized Signature Nate Yahn (608) 266-1114	Date 3/10/2015
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Fiscal Estimate Narratives

DOT 3/10/2015

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

This bill would eliminate the state prevailing wage law, the local prevailing wage law, and the highway prevailing wage law. The highway prevailing wage law applies to projects under a contract based on bids to which the state Department of Transportation (DOT) is a party for the construction or improvement of highways.

The bill would not impact any DOT projects funded in whole or in part from federal funds; except in instances where the applicable state prevailing wage is higher than the applicable federal prevailing wage, in which, currently, the higher of the two wages is the wage that is paid. Federally funded projects are subject to the federal Davis-Bacon Act and require prevailing wages to be paid on public works projects that are federally funded or assisted.

Construction projects that are advertised for bid, or "let", are generally subject to prevailing wages. Project lets with some level of federal participation would not be impacted by this bill, nor would be any spending related to in-house staff, consultants, real estate, design, highway maintenance, or non-highway construction projects.

2013 Wisconsin Act 20 (2013-15 biennial budget) provided funding to the state highway program in the amount of \$1.54 billion per year (all funding sources, including state SEG and bond funds, Fed and local). The state highway program is comprised of the following sub-programs: State Highway Rehabilitation (SHR), Major Highway Development (Majors), SE Mega Projects, High Cost State Bridge, and Major Interstate Bridge. The total average annual spending (federal, state and local) for SFY 2012-14 on highway construction let projects is \$1.12 billion. The estimated average annual state spending for SFY 2012-14 on highway construction projects with no federal participation is \$196.42 million. State-only spending on construction lets with no federal participation represents approximately 17.5% of total average annual spending on highway construction let projects. On average, labor costs typically represent 20 to 25 percent of total construction costs.

For a project to experience any cost savings as a result of this bill, any potential decrease to labor costs generated from contractors not paying prevailing wages on the project would need to be passed on to the agency through lower bids being submitted by contractors for the particular contract.

Due to a variety of factors involving entities in the private sector and which are outside the control of the department, the exact impact of this bill on DOT projects is unknown at this time.

ADMINISTRATIVE

This bill will result in fewer investigations required by staff in order to close out projects and other work performed relating to wage and compliance matters; resulting in a one-time estimated decrease in administrative costs of \$194,775.

Long-Range Fiscal Implications

Indeterminate.