

Fiscal Estimate Narratives

DWD 11/21/2017

LRB Number	17-3884/1	Introduction Number	AB-0456	Estimate Type	Original
Description alternative highway project delivery methods; prevailing wage for public works projects; municipal approval of highway roundabouts; local referendum imposing a wheel tax; funding for and audit of the Department of Transportation; granting rule-making authority; and making appropriations					

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 public works 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, which is no more than 10 hours per day for all hours worked in excess of the prevailing hours of labor. Existing prevailing wage laws include two separate laws: one that applies to certain projects of public workers to which the state of any state agency is a party (state 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). Finally, 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 and the highway prevailing wage law but retains the prohibition against local governments enacting and/or administering a prevailing wage law ordinance.

Individuals not paid prevailing wages on projects (or projects that have had wage determinations prior to the law change) can file complaints with the Equal Rights Division at the Department of Workforce Development (DWD) 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. Consequently, there would be no staff related efficiencies gained in the immediate term. The changes to existing law with respect to apprentice employment on state public works projects would also have no fiscal impact.

Finally, there would also be a one-time cost of \$5,000 upon the enactment of the law to revise, republish, and reprint existing documentation relating to Wisconsin's prevailing wage laws.

Long-Range Fiscal Implications

DWD would not need to investigate and rule on prevailing wage complaints if the bill is passed. This would enable the Equal Rights Division to reduce total GPR FTE by 3.0, including 2 Equal Rights Officers and 1 Program Manager. Eliminating these positions would save DWD \$290,000 annually in salary, fringe, and supplies and services costs.