

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4966-01  
Bill No.: HB 1811  
Subject: Education, Elementary and Secondary: Employees - Employers; Public Buildings  
Type: Original  
Date: March 7, 2006

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Local Government</b>	<b>Could Exceed \$100,000</b>	<b>Could Exceed \$100,000</b>	<b>Could Exceed \$100,000</b>

### **FISCAL ANALYSIS**

#### **ASSUMPTION**

Officials from the **Department of Elementary and Secondary Education (DESE)** state this proposed legislation appears to allow the governing body of any school district, with the exception of a school district in any county with a charter form of government, to exempt themselves from the requirement for prevailing wage determinations for work done of behalf of a school.

Passage of this proposed legislation would require zero increase in state cost and has the added benefit of reducing public school district facility construction costs significantly (potentially 15%-40%). A statewide survey of school district facility needs conducted in February 2000 found that the age of the facilities exceeded 30 years for 64% of the school buildings reported. 25% of the school buildings exceeded 50 years of age and 12% exceeded 70 years. This report estimated current building costs for required repairs, renovation, modernization and new construction to exceed \$4 billion.

DESE assume that if the passage of this proposal reduced the school district facility cost by even 15%, the cost savings to Missouri taxpayers could be \$600 million.

Officials from the **Department of Labor and Industrial Relations (DOLIR)** state this proposal

ASSUMPTION (continued)

will have no fiscal impact on their agency. Under this proposed legislation, the DOLIR Division of Labor Standards will be required to address and investigate complaints on all prevailing wage projects, regardless of whether a school district has voted to exempt itself out or not, as there is no provision to notify the Division if a district has voted to exempt.

Officials from the **Poplar Bluff School District** assume this proposal will have a positive fiscal impact on schools.

Officials from the **Joplin School District**, based on previous renovation costs, assume a 25% savings in construction costs could be realized with the passage of this proposed legislation.

**Oversight** assumes that not all school districts with pending construction projects may elect out of the prevailing wage requirements and not all construction and renovation projects would be undertaken, therefore, the savings would not be as high as estimated by DESE. **Oversight** does assume savings could exceed \$100,000 in any given year statewide.

A fiscal impact request was sent to the school districts of **Sikeston, Fulton, Branson and others** who did not respond to a request for fiscal impact of the proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2007	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2007	FY 2008	FY 2009
	(10 Mo.)		
<b>SCHOOL DISTRICTS</b>			
<u>Savings</u> - Construction costs	Could exceed <u>\$100,000</u>	Could exceed <u>\$100,000</u>	Could exceed <u>\$100,000</u>
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICTS</b>	<u>Could exceed</u> <u>\$100,000</u>	<u>Could exceed</u> <u>\$100,000</u>	<u>Could exceed</u> <u>\$100,000</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### DESCRIPTION

Currently, workers employed on a public works project, except for maintenance workers, are to be paid a wage of no less than the prevailing hourly rate paid for similar work in the locality in which the work is to be performed. This proposed legislation exempts, except in counties with a charter form of government, work done on a school from the prevailing hourly wage rate requirement if the school board approves the exemption.

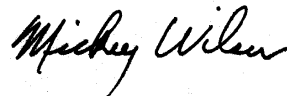
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Department of Labor and Industrial Relations  
School Districts  
    Poplar Bluff  
    Joplin

### NOT RESPONDING

**School Districts**  
    **Sikeston**  
    **Fulton**  
    **Branson**  
    **Other school districts**



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