COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0341-01
Bill No.: HB 61
Subject: Elementary and Secondary Education: Prevailing Hourly Wage, Buildings
Type: Original
Date: January 17, 2007

Bill Summary: Exempts work done on a school in a noncharter county from the prevailing hourly wage requirement if approved by the school board.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	**0**	**0**	**0**

☐ Estimated Total Net Effect on All funds expected to exceed $100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed $100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	**Could exceed $100,000**	**Could exceed $100,000**	**Could exceed $100,000**

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 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.

Oversight sent fiscal note response requests to a number of school districts; however, they have not responded. In response to identical legislation of last session, (fiscal note 4966-01, HB 1811), the following local school districts responded as follows:

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.

ASSUMPTION (continued)

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 assumes savings could exceed $100,000 in any given year statewide.

FISCAL IMPACT - State Government	FY 2008 (10 Mo.)	FY 2009	FY 2010
	$0	**$0**	**$0**

FISCAL IMPACT - Local Government	FY 2008 (10 Mo.)	FY 2009	FY 2010
SCHOOL DISTRICTS			
Savings - Construction costs	Could exceed $100,000	Could exceed $100,000	Could exceed $100,00
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	**Could exceed $100,000**	**Could exceed $100,000**	**Could exceed $100,000**

FISCAL IMPACT - Small Business

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

FISCAL 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.

DESCRIPTION (continued)

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- Division of Labor Standards
Poplar Bluff Public School District
Joplin Public School District

NOT RESPONDING

Columbia Public Schools
Mexico Public Schools
Nixa Public Schools
Sedalia Public Schools
City of St. Louis Public Schools

Mickey Wilson

Mickey Wilson, CPA
Director
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