

Assembly Bill 91

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Assembly Bill 91 – raising the threshold of the Prevailing Wage Law on public work projects including highway, road, street, bridge, sanitary sewer, or water main projects for towns.

Current legislation sets the threshold for firms to pay prevailing wage to laborers on public works projects at projected completion cost (known as the statutory threshold) of \$25,000 or more. In other words, any governmental public works project that is valued over \$25,000 must pay certain employees (i.e. laborers, workers, mechanics, and truck drivers) the prevailing wage, which may be higher than the Federal or State minimum wage, for the geographic area in which the project is being completed.

The proposed legislation would increase the project cost from \$25,000 to \$125,000 – an increase of 500% - before a contractor has to pay certain employees the prevailing wage for highway, road, street, bridge, sanitary sewer, or water main projects. The bill would also require the Department of Workforce Development to potentially adjust the statutory thresholds annually to reflect changes in construction costs.

What does this all mean? On the surface, it seems as though Assembly Bill 91 would apply only to 'towns' and to certain public works projects. For contractors and workers alike, it would significantly increase the bottom threshold where a prevailing wage is required to be paid. That would potentially open the door to more public works projects paying blue collar workers at minimum wage subsequently slowing economic growth for them. It could also result in more out-of-state companies bidding on projects and using out-of-state workers, especially if the prevailing wage in their home state is high. On the other hand, it may allow smaller contracting firms to bid on larger projects and not be stifled by higher than minimum wage requirements, thus allowing a larger proportion of the local workforce to be employed.

For more information, visit <http://legis.wisconsin.gov/2011/data/AB-91.pdf> to view Assembly Bill 91 and to see which Representatives and Senators have sponsored the bill.