

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1290-01
Bill No.: HB 414
Subject: Education, Elementary and Secondary; Employees-Employers; Labor and Management; Salaries; Workers Compensation
Type: Original
Date: February 27, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government *	Unknown	Unknown	Unknown

* expected to exceed \$100,000 per year.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Division of Purchasing**, and **Division of Design and Construction**; the **Department of Labor and Industrial Relations**, and the **Department of Higher Education** assume this proposal would result in no fiscal impact to their organizations.

In response to a similar proposal, officials from **Truman State University** assume this proposal could result in unknown savings to their organization.

In response to a similar proposal, officials from the **University of Missouri** stated they were unable to determine the extent to which this proposal might apply to their organization.

ASSUMPTION (continued)

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this proposal would eliminate the requirement for prevailing wage determinations in the maintenance, renovation or construction of public school facilities by non-school district workmen (laborers, workmen and mechanics).

DESE assumes passage of this bill would require zero increase in state cost and have 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. DESE found that 25% of the school buildings exceeded 50 years of age and 12% exceeded 70 years. The survey report estimated current building costs for required repairs, renovation, modernization and new construction to exceed \$4 billion. If the passage of this bill reduced the school district facility cost by even 15%, the cost savings to Missouri taxpayers could be \$600 million.

Oversight assumes this proposal would eliminate the prevailing wage requirement for maintenance, renovation or construction of school facilities by non-school district workmen. Eliminating the prevailing wage requirement could result in significant but unknown savings to schools and allow small businesses to participate in these projects which do not currently pay their workers at a prevailing wage rate.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
POLITICAL SUBDIVISIONS			
<u>Schools</u>			
Construction cost savings *	Unknown	Unknown	Unknown
NET EFFECT ON POLITICAL SUBDIVISIONS *	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

* expected to exceed \$100,000.

FISCAL IMPACT - Small Business

Small businesses in the construction industry could be affected by this proposal.

DESCRIPTION

This proposal would eliminate the requirements of the Prevailing Wage Laws for work done on behalf of schools.

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 Labor and Industrial Relations
Office of Administration
Department of Elementary and Secondary Education
Department of Higher Education



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Director
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