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WISCONSIN TRANSPORTATION INFORMATION CENTER – LTAP at the University of Wisconsin–Madison



The lower \$25,000 threshold means more local road projects will need to meet Wisconsin's prevailing wage standards.

Prepare for prevailing wage rule changes

MORE LOCAL road construction projects in Wisconsin will need to meet prevailing wage standards starting in January 2010. That is when local governments must require contractors to pay the prevailing wage rate on projects with an estimated construction costs of \$25,000 or more.

The lower threshold is part of a change in the state law governing prevailing wage rules. Other changes clarify what types of projects qualify under the new rules and establish an expanded payroll reporting process for contractors. New provisions extend the prevailing wage requirements to private projects that receive \$1 million or more in public funding or where developers plan to dedicate infrastructure improvements to the local government.

Change in threshold

What is most significant for local road officials is the much lower \$25,000 threshold for projects. Previous laws required public agencies to mandate that contractors meet prevailing wage on single-trade projects budgeted at \$48,000 or more, and multi-trade projects at \$234,000 and up. One trade accounts for 85 percent or more of total labor costs in a single-trade project. In multi-trade projects, no single trade equals more than 85 percent of labor costs. The previous rule generally did not affect road projects in small communities since many qualified as multi-trade and had costs below \$234,000.

The revised law makes clear which projects fall under the wage rules, including major highway, street and bridge construction. Minor service and maintenance work, like pavement repairs with a projected life span of five years or less, are among projects that *do not* qualify.

Understanding wage rules

The state's Department of Workforce Development (DWD) administers Wisconsin's prevailing wages laws. DWD establishes wage determinations for each county based on an annual wage/benefit survey of construction and related industries. The law applies whenever state or local agencies solicit bids or negotiate contracts on construction projects that meet the threshold. Local governments that do business under ordinances or other conditions that set wages at or higher than the established wage determination rates are exempt from applying for wage determinations.

DWD's Labor Standards Bureau Director Robert Anderson says the changes alter the state's approach from a two-tiered system adjusted annually for inflation to a single \$25,000 threshold that does not adjust for inflation. This makes the Wisconsin statutes similar to the single-threshold standard of federal prevailing wage laws. The federal government uses a \$2,000 threshold that dates to the 1930s.

Anderson adds that the Wisconsin changes also match federal reporting rules. "They are more

consistent with how the U.S. Department of Labor credits payments such as fringe benefits, making it easier for contractors to follow a similar system since some projects are covered under both state and federal laws."



For projects contracted locally but funded by federal dollars, he says both state and federal prevailing wage laws apply. Where the rates vary, the project is required to pay the higher of the two rates.

Avoid liability

In 2010, the state plans to apply the new single threshold to projects with bids issued after the first of the year. For projects in negotiation, DWD will impose the revised prevailing wage rule on projects that have a signed contract or other proof of agreement made after January 1.

State and local government units are responsible for meeting the wage laws according to the steps outlined here:

- Determine if project qualifies for a wage determination

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greater workload, including the many questions from public agencies new to the rules.

DWD acknowledges the potential for a backlog given its own belt tightening. Anderson says they are taking steps to manage the workload and describes plans to have a system for electronic filing of requests in operation by mid-2010. The rule changes that require contractors to submit monthly certified payroll reports that are then posted on the DWD website will create greater transparency and better compliance.

Look for resources

Information about the changes to Wisconsin's prevailing wage laws and the process for complying is available to local governments from the DWD website, see link below. Organizations can find background there on the wage rules, instructions and forms for requesting a determination and the facts they need to know about contractor compliance.

County highway departments are a potential source of informal guidance for local road and street officials. Training opportunities with WTA or other groups also provide opportunities for learning more about incorporating prevailing wage in local projects. ■

Resource

http://dwd.wisconsin.gov/erl/prevailing_wage_rate/

Wisconsin Department of Workforce Development has links to a summary of wage law changes, the application process and other useful information.

RESOURCES

Print copies of publications listed here available free from TIC. Download or request items at **Publications** on TIC website. Video, CDs, and DVDs loaned free through county UW-Extension offices. Also see the **Video Catalog** on TIC website.

TIC website

<http://tic.engr.wisc.edu/>

Publications

Culverts: Proper Use and Installation TIC Bulletin #15, 12 pp., 2004. Available from TIC. Information on planning and permit requirements, culvert types, design issues and installation.



Meeting Minimum Sign Retroreflectivity Standards, TIC Bulletin

#23, 2010. A detailed review of the new regulations, assessment and management methods, sign inventories and sheeting materials.

Web Sources

U.S. Department of Labor link to federal wage determinations required on federally funded or assisted construction projects.

<http://www.gpo.gov/davisbacon/>

Highway engineering and safety group-sponsored site features information on applying new sign retroreflectivity standards to improving roadway safety.

<http://www.minimumreflectivity.org/index.asp>

Link to **A Field Guide to Terrestrial Invasive Plants in Wisconsin** at Wisconsin Department of Natural Resources site.

<http://dnr.wi.gov/forestry/ufi/Resources/Insider/pdf/DNRFieldGuideDraft090825.pdf>

Invasive Plants Association of Wisconsin reports news about the status of invasive species in Wisconsin. Includes contact information for regional Cooperative Weed Management Areas available to help ROW managers identify priority areas for invasive plants.

<http://www.ipaw.org/>

Midwest Invasive Plants Network site has extensive information about resources available on invasive plants.

www.mipn.org

DVD/VHS/Multimedia

Timely resources new to TIC collection or related to current newsletter topics.

Culverts: Not Just Something to Pass Over!, UW-Extension, 2002, 20 min., #19007 in DVD. Reviews culvert planning, design and installation with facts



on environmental impacts, erosion and durability. Good overview for the public and elected officials.



Sign Retroreflectivity Guidebook and Toolkit

FHWA-CFL/TD-09-005. New guidebook and CD toolkit from FHWA targets smaller agencies with information on implementing a retro-reflectivity maintenance program. Includes step-by-step approach, inspection procedures and budget estimating tool. Learn more at this link:

http://safety.fhwa.dot.gov/roadway_dept/night_visibl



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