

SUBJECT: Using TWC data to determine wage rates for certain public work contracts

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 7 ayes — Paddie, Harless, Hunter, P. King, Metcalf, Shaheen, Slawson

4 nays — Deshotel, Howard, Lucio, Raymond

2 absent — Hernandez, Smithee

SENATE VOTE: On final passage, April 15 — 18-12 (Alvarado, Blanco, Eckhardt, Gutierrez, Hinojosa, Johnson, Menéndez, Miles, Powell, West, Whitmire, Zaffirini)

WITNESSES: No public hearing.

BACKGROUND: Government Code sec. 2258.022 states that for a contract for a public work awarded by a political subdivision of this state, the public body shall determine the general prevailing rate of per diem wages in the locality in which the public work is to be performed for each craft or type of worker needed to execute the contract and the prevailing rate for legal holiday and overtime work by:

- conducting a survey of the wages received by classes of workers employed on project of a character similar to the contract work in the applicable locality; or
- using the prevailing wage rate as determined by the U.S. Department of Labor.

Concerns have been raised that the use of inaccurate or out-of-date prevailing wage data to set rates for certain public work contracts results in public works projects being more expensive than need be. It has been suggested that allowing certain political subdivisions to use data compiled by the Texas Workforce Commission to determine prevailing wages would save money on public works projects in the state.

DIGEST: SB 518 would allow the public body of a political subdivision that awarded a contract for public work to determine the prevailing rate of certain wages for the contract by using the most recent data, as of the time when the political subdivision submitted the public work for bids or requested proposals, compiled by the Texas Workforce Commission's (TWC) Labor Market and Career Information Department.

The bill's provisions would apply only to a county in which a public work was located that had a population of less than one million.

In determining the prevailing rate for certain wages, a political subdivision could use occupational employment statistics wage data compiled by TWC for:

- the local workforce development area or metropolitan statistical area relating to the locality in which the public work was performed; or
- the state, but only if there was no data available for the relevant local workforce development area or the metropolitan statistical for the specific occupation for which data was sought.

The bill would take effect September 1, 2021, and would apply only to a public work contract entered into or renewed on or after the effective date.

NOTES: The House companion bill, HB 633 by Morrison, was considered by the House State Affairs Committee in a public hearing on April 8, reported favorably on April 14, and placed on the General State Calendar for May 13.