

Fiscal Note

State of Alaska
2024 Legislative Session

Bill Version: HB 173
Fiscal Note Number:
() Publish Date:

Identifier: HB173-DOLWD-WH-03-14-24
Title: PUBLIC CONSTRUCTION CONTRACTS WAGE RATES
Sponsor: MCCABE
Requester: (H) STA

Department: Department of Labor and Workforce Development
Appropriation: Labor Standards and Safety
Allocation: Wage and Hour Administration
OMB Component Number: 345

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2025 Appropriation Requested	Included in Governor's FY2025 Request	Out-Year Cost Estimates				
			FY 2025	FY 2025	FY 2026	FY 2027	FY 2028
OPERATING EXPENDITURES	FY 2025		FY 2025	FY 2025	FY 2026	FY 2027	FY 2028
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0		0.0		0.0		0.0

Fund Source (Operating Only)

1004 Gen Fund (UGF)	635.5		635.5	635.5	635.5	635.5	635.5
1005 GF/Prgm (DGF)	(635.5)		(635.5)	(635.5)	(635.5)	(635.5)	(635.5)
Total	0.0		0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1005 GF/Prgm (DGF)	(635.5)		(635.5)	(635.5)	(635.5)	(635.5)	(635.5)
Total	(635.5)		0.0	(635.5)	(635.5)	(635.5)	(635.5)

Estimated SUPPLEMENTAL (FY2024) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2025) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No

(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No

If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

This fiscal note provides updated analysis and changes the amount of revenue that would not be collected as a result of this legislation from \$943.0 to \$635.5.

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Date: 03/14/24

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2024 LEGISLATIVE SESSION

BILL NO. HB 173

Analysis

This legislation would change the proposed threshold for projects that qualified as Public Construction under Title 36 from \$25,000 to \$150,000.

In FY2021, the Wage and Hour component of the Division of Labor Standards and Safety began transitioning from general funds to the revenue collected from Public Construction to support operations. Wage and Hour now relies almost solely on the collected revenue.

It is estimated that in FY2022 and FY2023, 46 percent of the Public Construction projects would fall under the \$150,000 threshold proposed in this legislation. This will account for 31 percent of revenue collected, creating an estimated \$635,500 shortfall in revenue for the operations of Wage and Hour.

In addition to enforcing public construction laws, Wage and Hour also administers the Wage and Hour Act, enforces minimum wage and overtime laws, facilitates the "right to return" transportation, looks into wage claims made by employees to recoup unpaid wages from employers, authorizes flexible work hour plans, administers child labor laws and investigates child labor violations, issues youth work permits, enforces construction contractor licensing, Mandatory Overtime Limitations for Nurses (MOLN), and the Alaska Family Leave Act.

The loss in program funding as a result of this legislation would need to be replaced with general funds to assure operational viability. Without the addition of general fund revenue, Wage and Hour could not fulfill its mission to "enforce and administer Alaska labor laws to ensure workers are justly compensated for their labors and safeguarded from unfair or unscrupulous practices." Wage and Hour would be forced to drastically reduce enforcement and services, as staffing would be reduced by 33 percent, the equivalent of six full-time positions (one Wage and Hour Technician and five Investigators). The one Wage and Hour Technician makes up 25 percent of the job class, and the five Investigators make up 42 percent of the job class within Wage and Hour. Current staffing levels are critical for the Wage and Hour office to ensure program integrity and continued services to the public.