

**THE EFFECT OF PREVAILING WAGE
LEGISLATION ON FIVE SCHOOL
CONSTRUCTION PROJECTS**

AUGUST 1997 - PERFORMANCE AUDIT



**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS**

The Auditor of Public Accounts is an elected constitutional officer of the Commonwealth of Kentucky. The duties of the office are prescribed in Chapter 43 of the Kentucky Revised Statutes. The office conducts independent financial, compliance, and performance audits, as well as special investigations, of state and local government agencies and public enterprises. More information and contact numbers for our office can be found on the last page of this report.



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

August 14, 1997

To the People of Kentucky

The Honorable Paul E. Patton, Governor
Joe Norsworthy, Secretary of the Labor Cabinet
Senator Glenn Freeman, Co-Chair, Interim Joint Committee on Labor and Industry
Representative J.R. Gray, Co-Chair, Interim Joint Committee on Labor and Industry

Re: Performance Audit on the Effect of Prevailing Wage Legislation on Five School Construction Projects

Ladies and Gentlemen:

We present our report on the effect of prevailing wage legislation on five school construction projects in Daviess, Fayette, and Meade Counties. We determined that of the five projects, prevailing wage legislation had no impact on one project, limited indirect impact on three others, and a direct impact on the fifth. Only this fifth project was bid after the effective date of the legislation, July 1, 1996, while the other four which had no or indirect impact were bid in May and June of 1996.

The indirect impact was primarily the result of the "bid climate" during May and June of 1996, just prior to the date on which the prevailing wage legislation was to take effect. Several construction projects were already underway, and according to public and industry officials, the increase in the number of projects inflated labor and material costs. The direct impact of the prevailing wage legislation on the one project, Fayette County's Veteran's Park Elementary, elevated the bid on that project by approximately 8.4%. We based this conclusion on contractor and architect statements and our review of data submitted by the contractor and architect. Our analysis concluded that there was no evidence to support a speculation contained in media coverage that the prevailing wage legislation had resulted in a project cost increase of 25%.

Our review of the prevailing wage legislation caused us to conclude that we should conduct additional work at the Labor Cabinet's Department of Workplace Standards in order to evaluate the effectiveness of the rate determination process. Our work has triggered several concerns regarding this process. As a result, we have made a number of recommendations including one that the Cabinet undertake a review of best practices in other states and develop a strategic plan for improving the rate determination process. The Secretary of the Labor Cabinet has concurred with our recommendations. The recommendations will be considered closed once the Cabinet has advised us that the recommendations have been implemented. We will be happy to discuss with you at any time this audit or the services offered by our office.

Respectfully submitted,

Edward B. Hatchett, Jr.

c: Wilmer S. Cody, Commissioner of the Department of Education
Stuart Silberman, Daviess County Superintendent of Public Schools
Dr. Peter Flynn, Fayette County Superintendent of Public Schools
David Wilson, Meade County Superintendent of Public Schools

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Executive Summary

At the request of the Interim Joint Committee on Labor and Industry, our office reviewed five school construction projects in Daviess, Fayette, and Meade Counties. We were asked to determine whether the adoption of prevailing wage rates for school construction caused a measurable cost increase for these five projects. Our review found that four of the five school construction projects (those in Daviess and Meade Counties) were not required to pay prevailing wage rates because they were initiated before the July 15, 1996 effective date of KRS 337.010. The prevailing wage legislation had no effect on one of these projects. A number of school construction projects across the state attempted to get under way prior to the date when the statute took effect. We found that this increased construction demand may have increased labor and materials costs during the period just prior to the effective date of the statute. Some indirect effect may have occurred on three of the projects we reviewed during this time period.

The fifth project we examined, the Veteran's Park Elementary School in Fayette County, was initiated after the July 15, 1996 prevailing wage deadline. Media reports speculated that significant cost growth on this project was attributable to the payment of prevailing wage rates, with reports of as much as a 25 % increase in project cost. Our audit did not find evidence to support an increase of that magnitude in the cost of construction for the Fayette County project. Based upon our fieldwork, including statements from the general contractor for the project, however, we found a construction cost increase of approximately 8.4% attributable to the prevailing wage legislation.

We also evaluated the process the Labor Cabinet employs to determine prevailing wage rates. We found that the Labor Cabinet lacks procedures necessary to assure that accurate and sufficient information is provided to the Cabinet by its prevailing wage determination hearings. We make recommendations in this report which we feel will strengthen the Labor Cabinet's process for determining prevailing wage rates and promote greater public confidence in the accuracy of the determination. These recommendations include:

- Examine practices in other states which have adopted prevailing wage legislation and adapt the best practices for Kentucky.
- Undertake a strategic planning process to include:
 - Duties of staff
 - Use of technology
 - Determination of Districts
 - Controls for fraud
 - Consistency and sufficiency of information received
 - Prevailing wage calculation methodology
 - Stakeholder involvement
 - Performance measurement
- Provide notice to all who submit information to the prevailing wage determination process that KRS 523.100 makes it illegal to make a material false written statement with the intent to mislead a public official in the performance of his or her duty.

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Introduction

Background

Prevailing wage laws are common throughout the United States. The first prevailing wage law was passed in Kansas in 1891, and a federal version, known as the Davis-Bacon Act, was passed in 1931. When these laws were passed it was feared that the requirement to award publicly funded contracts to the lowest bidder would force construction wages down. Additionally, these laws were generally intended to protect local jobs threatened by out-of-state contractors who hired itinerant laborers at low wages and won federal contracts by bidding lower than local companies could afford. Effective July 15, 1996, Kentucky's prevailing wage law, KRS 337.010, was revised to include school district and local government construction projects among those public works requiring the payment of prevailing wage rates. Newspaper articles reported that this change in the prevailing wage legislation had led to significant increases in the construction costs of new school buildings. In response to this public concern over higher school construction costs, the Interim Joint Committee on Labor and Industry requested that the Auditor of Public Accounts examine five new school construction projects in Daviess, Fayette, and Meade Counties and determine the effect of prevailing wage rates on the projects. Our review of the prevailing wage determination process and discussions with committee representatives led us to complete additional work resulting in recommendations designed to improve the determination process.

What Are Prevailing Wage Rates?

Prevailing wage rates are those labor rates that the Kentucky Labor Cabinet has determined to be the most prevalent wages paid in an area. The areas are determined by the Commissioner of Workplace Standards and may include an already established federal area, a county or a senatorial district. Different rates are established by area for construction and transportation projects. A single, state-wide rate is not developed. Rather, the rates vary by area. Additionally, different wage rates are established for the various types of work performed. For example, bricklayers, carpenters, electricians, and plumbers all have different prevailing wage rates for each of the prevailing wage areas of the state. The number of separate job classifications, and hence separate rates for the three counties we examined, ranged between 42 and 58. For 39 counties, the Labor Cabinet has adopted the federal wage rate as established by federal law. The remainder of the state has prevailing wage rates established by the Kentucky Labor Cabinet through its prevailing wage hearing process. Appendix III illustrates the current prevailing wage districts for construction projects.

Hearing Process

Not less than 10 days, nor more than 20 days before a hearing is to be held, an advertisement is issued in the local paper of largest circulation. The advertisement invites all interested parties to present evidence or offer testimony at the hearing. Hearings are held in a public place, often the county courthouse. Up until the time of the determination, anyone who wishes may present information about the number of employees and the wages those employees were paid on construction projects in that area. Information collected in response to the hearing is then reviewed to determine prevailing wage rates for the area.

The prevailing wage is not a simple average; rather, it is the most prevalent wage paid in an area. Thus, rather than averaging all wages paid, the hearing officer will examine the evidence to determine if a majority of workers within a category are

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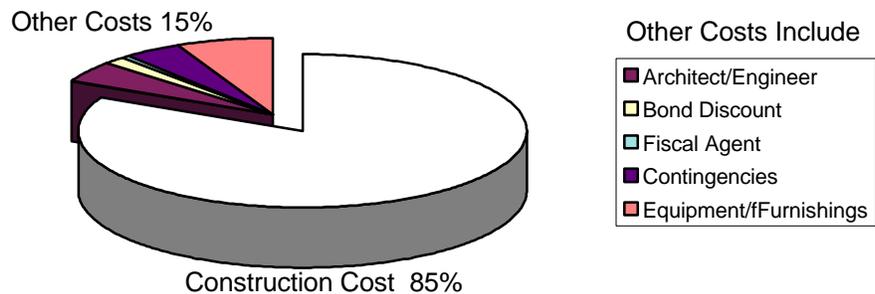
paid the same rate. If a majority of workers are paid the same rate, the rate is selected as the prevailing wage for that type of work in that area. Where there is no clear majority of workers earning a single wage, a weighted average is developed based upon the percentage of workers paid each wage rate in consideration. If no data is provided on wages paid in an area, information from adjoining counties may be used to determine the prevailing wage. If no information is available from adjoining counties as well, then the previous rates are carried over to the new determination.

According to KRS 337.520, once the prevailing wage rates are selected and published, they become the minimum hourly wage rates required for the construction of public works projects. These rates are updated periodically, but there is no predetermined schedule stating when all wages are to be updated. Instead, hearings are scheduled based on requests from the public in the order received, unless the Commissioner of Workplace Standards designates otherwise. For example, on February 7, 1996, a prevailing wage determination was made for Fayette County which established the minimum wages to be paid on the Veteran's Park school construction project. The last wage determination prior to this was on April 4, 1985, a span of almost 11 years. However, in July, 1997, only 17 months later, another wage determination for Fayette County was completed. The prevailing wage rates for a sample of job classifications in effect for the school construction projects we reviewed in Daviess, Fayette, and Meade Counties are presented in Appendix II.

Construction Costs

In assessing the effect of wages on total project cost, a determination must be made of the relative contribution of wages to the total cost of the project. In simplest terms, a project can be broken down into: 1) construction cost, which is the cost to prepare the site and actually construct the building; and 2) other costs, such as the architect's fee, bond discount, and contingency fees, etc. The cost of construction may influence some of these other costs. For example, the contingency fee on a school construction project is an amount set aside to fund change orders and other unexpected expenses during the course of the project. As the cost of construction increases, the cost of these fees would also increase. According to officials with the Kentucky Department of Education's (KDOE) Division of Facilities Management, construction costs historically comprise roughly 85% of total project costs; the other, or "soft costs," constitute the remaining 15% of total project costs as illustrated below.

Figure 1.1: Components of Total Project Cost



**Policy Implications
Of Prevailing Wage**

We were asked to examine five school construction projects to determine if changes to the prevailing wage law caused a measurable increase in the costs of construction. Proponents for prevailing wage laws argue that workers receiving prevailing wages are better motivated and better trained, resulting in higher quality construction projects. The higher wages also bring a better standard of living for the workers, increase spending that generates more jobs, and produce greater tax receipts. The higher wages are also said to attract more highly trained workers, and studies we reviewed indicated a highly trained worker will complete jobs faster with higher quality results and less on-the-job accidents. Additionally, construction industry representatives and contractors throughout the state have told us there exists a shortage of craftsmen in the skilled trades, such as carpentry and masonry. One long-term benefit from prevailing wage legislation may be that, as wages rise, more young people are enticed to enter the construction field, which may, in the long run, alleviate the current shortage of skilled workers.

Opponents of prevailing wage rates state that construction costs are increased by the adoption of prevailing wages and conflict is created between prevailing wage rate and non-prevailing wage rate construction crews. This conflict can be heightened when a single contractor has projects underway on both public projects, paying prevailing wages, and private projects, with wage rates below the level established as the prevailing wage. Some taxpayers resent the additional expenditure of tax dollars on public projects.

**Performance Audit
Objectives**

The Office of the Auditor of Public Accounts examined five school construction projects in Daviess, Fayette, and Meade Counties at the request of the Interim Joint Committee on Labor and Industry. Our examination included oversight of school construction as provided by KDOE and the establishment of prevailing wage determinations by the Labor Cabinet. Our work was designed to answer the following questions:

- Did prevailing wage legislation have an impact on five school construction projects in Daviess, Fayette, and Meade Counties?
- Does the determination process used by the Labor Cabinet ensure proper due diligence in the setting of prevailing wage rates?

Appendix I contains a complete discussion of the scope and methodology of this audit. We conducted our audit in accordance with generally accepted government auditing standards.

Did Prevailing Wage Legislation Have an Impact On Five School Construction Projects in Daviess, Fayette, and Meade Counties?

Summary

We found both a direct and indirect impact by the prevailing wage legislation on the five school construction projects we examined in Daviess, Fayette, and Meade Counties. We received information that many school districts attempted to get projects underway before the July 15, 1996, effective date of the legislation which extended prevailing wage rates to school construction projects. School district officials in Daviess County told us this heightened demand increased not only the cost of labor, but also the cost of material involved in construction projects during the time period leading up to July 15, 1996. Officials with local school districts and the KDOE told us the heightened demand was a factor in the cost of school projects which were bid near the new legislation's effective date. Four of the five school construction projects we examined – the Central, East, and West Elementary Schools in Daviess County, and the Brandenburg Elementary School in Meade County – were bid before the effective date of the prevailing wage legislation. These four, while not required by law to pay prevailing wages, may have experienced an indirect effect because of the demand-driven price increases. One of these four schools, the Central Elementary in Daviess County, appears to have experienced a significant indirect impact on the cost of construction due to heightened demand for school construction attributable to the statutory change.

While four of the five projects we examined were bid before the effective date of the prevailing wage legislation, one project, the Veteran's Park Elementary School in Fayette County, was bid after the July 1996 date when school construction projects were added to the statute. Our audit determined a resulting direct impact occurred. Because wages paid on Veteran's Park had to conform to rates established by the prevailing wage legislation, the evidence suggests that the cost of construction on the project increased by approximately 8.4%. There is not adequate evidence to support a 25% increase as speculated in some newspaper articles.

Analysis of Prevailing Wage Impact

In order to compare the five projects and assess the potential impact of prevailing wage legislation, we employed a cost measurement of dollars per square foot reduced by the cost of land, the architect's fee, legal fees, contingency fees, and other so-called "soft costs." We also questioned the general contractors and architects for all five projects to determine if they factored prevailing wage rates into their respective estimates and bids. This allowed us to compare the architect's estimate for construction cost, which did not include labor cost increases for prevailing wages, with the lowest bid amount for each project, which could be expected to include prevailing wage labor costs, if they were required.

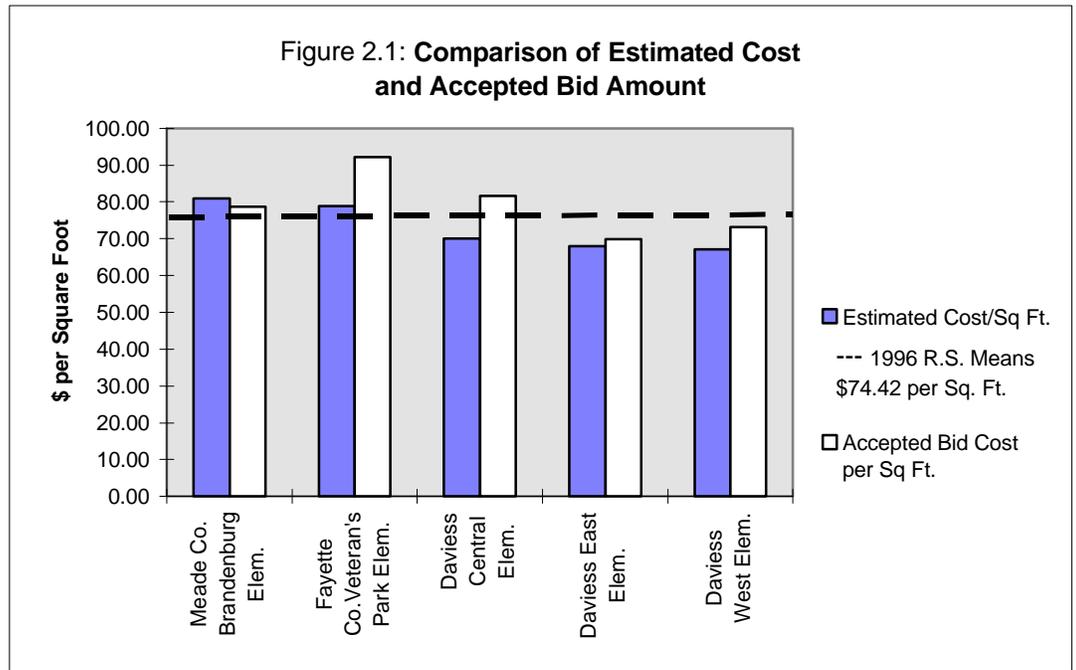
Additionally, we compared the estimated cost, and the accepted contractor's bid for these five projects to the "R. S. Means $\frac{3}{4}$ estimate" (Means). This is a national construction cost estimate, recommended by KDOE's Kentucky School Facilities Planning Manual as the measurement school districts should use to develop their estimate of project costs. To arrive at a construction cost comparative measure, we reduced the Means cost estimate by 15 percent, again as recommended by KDOE, to remove the "soft costs" associated with the project. Accordingly, in 1996

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elementary school construction rates in Kentucky could be expected to average around \$74.42 per square foot. We recognize, however, that there are discrete factors driving the costs of each project. We have therefore attempted to identify these factors in our review, and to remove their effect from our evaluation.

Figure 2.1 illustrates the change between the architect’s estimate of probable construction costs and the accepted bid on each project. A \$74.42 per square foot value is also graphed to provide a benchmark based on the 1996 R.S. Means value for elementary school construction cost.



Source: Kentucky Department of Education

We also detected an indirect effect on four of the five projects. We grouped the five projects into distinct groups as follows:

- Projects With an Indirect Impact
 - Projects With No Significant Impact
 - Project With a Significant Change In Estimated Cost and Indirect Impact
- Project With a Direct Impact

Meade County Brandenburg	Fayette County Veteran’s Park	Daviess County Central	Daviess County East	Daviess County West
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Projects With an Indirect Impact

Bids for four of the five projects in question – Meade County’s Brandenburg Elementary School, and Daviess County’s East, West, and Central Elementary schools – were all submitted in May or June of 1996. Since these bids were

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Therefore, these four school construction projects were not directly effected by the prevailing wage legislation.

submitted prior to the July 15, 1996 effective date for the expanded prevailing wage requirements, the prevailing wage rates were not required to be paid to workers. Therefore, these four school construction projects were not directly effected by the prevailing wage legislation. A number of sources, however, told our auditors that the extension of prevailing wage to school construction projects had an indirect impact on some of these school construction projects by increasing the costs to some degree.

After examining the four projects which were bid before the effective date of the extension of prevailing wage to school construction, we found that the amount bid on three of the four projects was not significantly greater than the estimated amount to construct those projects. One project, the Central Elementary School in Daviess County, although bid before the effective date of the extension of prevailing wage to school construction, reflected an accepted bid significantly higher than the architect's estimate. We explain our examination of these projects below.

Meade County Brandenburg	Fayette County Veteran's Park	Daviess County Central	Daviess County East	Daviess County West
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Projects With No Significant Impact

In three of the four school construction projects which received bids prior to July 15, 1996, the accepted bids were not significantly above the architect's estimate. In each of these projects the architect stated that he did not factor the prevailing wage rates into the estimate of school construction costs. The Brandenburg Elementary School project in Meade County had an accepted bid less than the architect's estimate.

The Brandenburg Elementary School project in Meade County had an accepted bid less than the architect's estimate.

The new Brandenburg Elementary School project, at \$80.96 per square foot, had the greatest construction cost estimate of the five schools we examined. We discussed the cost estimate with the architect responsible for its development. He told us the high estimate was based solely on the enhanced design and features included in the school. The architect told us he developed his estimate in the preceding Fall, and prevailing wage did not have an effect.

Among the features which contributed to the Brandenburg cost estimate are:

- a lift station designed to provide water to the school and the surrounding area, for which a portion of the costs will be repaid by the community over time;
- a sloped, metal roof;
- an upgraded facade; and
- a greater than usual number of restroom fixtures, allowing the elementary school teachers to take the children to the restroom an entire class at a time.

The East Elementary and West Elementary School Projects in Daviess County each had an accepted bid greater than the architect's estimate: three percent and nine percent, respectively. Despite this increase, each project was bid below the Means

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benchmark of \$74.42 per square foot. We could not detect a significant indirect impact, therefore, on school construction costs in the Daviess County East Elementary and West Elementary School projects due to the prevailing wage legislation.

Meade County Brandenburg	Fayette County Veteran's Park	Daviess County Central	Daviess County East	Daviess County West
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Project With a Significant Change In Estimated Cost and Indirect Impact

The Central Elementary School in Daviess County was bid approximately two weeks after the other two projects in Daviess County. The architect for the Central Elementary School project and school district officials in Daviess County told us a large number of school construction projects were under way in the area during this same time period. Officials attributed this surge in school construction to school districts trying to have their projects under contract before prevailing wage was extended to school construction. Officials told us this “crowding effect” led to an uncharacteristic bid climate in the time period just before the changes in prevailing wage took effect. As a result, demand for school construction projects increased dramatically. As might be expected, when demand increased, costs also increased.

The estimate of costs per square foot (\$70.13) for the Central Elementary School in Daviess County was the highest of the three Daviess County schools. The architect for the Daviess Central Elementary School, however, told us he did not increase his estimate of project costs due to prevailing wage, since prevailing wage did not yet include school construction. The general contractor for the Daviess County Central Elementary School also did not factor prevailing wage rates in his bid amount. Therefore, we concluded that the prevailing wage legislation had no direct effect on the Daviess County Central Elementary School. Not all of the cost growth at Daviess Central Elementary School, however, can be attributed to the indirect effect of prevailing wage either. Extensive work was required for site development, including the removal of a small hill. Department of Education officials told us these costs may not have been adequately reflected in the architect’s estimate of probable costs. Therefore the cost increase can be attributed to the indirect impact of the change in legislation and additional site development work.

Meade County Brandenburg	Fayette County Veteran's Park	Daviess County Central	Daviess County East	Daviess County West
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Project With A Direct Impact

The Veteran’s Park Elementary School project, in Fayette County is the only project we examined which was bid after July 15, 1996. Numerous press reports linked an escalation in the cost estimate of the Veteran’s Park project directly to prevailing wage. We found that the Veteran’s Park project was bid at the highest cost per square foot of the five projects we examined. The eventual low bid for the Veteran’s Park project came in at \$92.26 per square foot.

The architect for the Fayette County project on July 1, 1996, had estimated the construction cost per square foot at \$78.95. According to the architect, the estimate

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was based on past construction experience, and did not include a factor for paying prevailing wage rates. When the first round of bids came in on the project, on August 13, 1996, the lowest bid was \$98.28. Fayette County school officials withdrew the project, reduced the size of the school by over 2,300 square feet, and released the revised project for a new round of bidding. On September 3, 1996, the board accepted a construction bid of \$6,563,000, or \$92.26 per square foot for the Veteran’s Park project,¹ a 17 percent increase over the architect’s estimate. See table 2.1 below.

Table 2.1: Veteran’s Park Elementary School Cost Estimate and Bid Amounts

	Date	Construction Est.	Square Feet	Cost/Sq. Ft.
Architect’s Estimate	7/1/96	\$5,800,000	73,467	\$78.95
Low Bid First Round	8/13/96	\$7,220,000	73,467	\$98.28
Low Bid Second Round	9/3/96	\$6,563,000	71,136	\$92.26

Source: Fayette County Schools

We asked the contractor for the Veteran’s Park project if the prevailing wage legislation affected the way he developed his bid. A representative of the contractor’s firm told us they increased the estimate of labor costs by 35% in order to pay prevailing wage rates. Based upon requests for payment submitted by the general contractor, it appears that labor represents about 30 percent of the construction cost on the Veteran’s Park Elementary school. If labor represents 30 percent of the construction cost, the dollar value for labor cost in the bid would be approximately \$1,968,900. If paying prevailing wage rates caused a 35 percent increase in labor costs, labor would have been roughly \$1,458,444 before prevailing wage rates were factored into the bid. The difference of \$510,456 can be attributed to the impact of the contractor paying prevailing wage rates for labor on the project. Subtracting this amount from the actual bid, we estimated that a bid without prevailing wage rates would have been \$6,052,544. The actual bid represents an 8.4 percent increase over this amount.

There are certain additional costs associated with a school construction project which are customarily calculated as a percentage of construction cost and therefore rise with an increase in labor costs. For example, the architect’s fee, the bond discount, and the project’s contingency fee, are all calculated as a percentage of the construction cost. Increasing the cost of construction by 8.4% would in turn increase these costs by a corresponding amount. Based upon the contractor’s calculation of the impact of prevailing wage rates on this project and including the increases in additional fees, we estimate that total costs for the Veteran’s Park Elementary School project increased by at least \$584,000 due to the extension of prevailing wage to school construction.

¹ In January 1997 a change order was issued enclosing an additional 2,524 Sq. Ft. of partially finished space suitable for storage, leading to an as-built unit cost of \$90.78 per square foot. This did not effect our analysis.

Based upon the contractor’s calculation of the effect of prevailing wage rates on this project and including the increases in associated fees, we estimate that total costs for the Veteran’s Park Elementary School project increased by at least \$584,000 due to the inclusion of school construction under prevailing wage

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legislation.

Table 2.2: Veteran’s Park Cost Increase Resulting From Prevailing Wage Rates

Labor Costs With Prevailing Wage	\$1,968,900
Less Labor Costs Without Prevailing Wage	- \$1,458,444
Increase In Labor Costs Attributable to Prevailing Wage	\$510,456
Plus Increase in Fees Due to Prevailing Wage	\$73,893
Total Increases	\$584,349

Source: APA Estimate Based on Contractor Provided Data

The remainder of the cost difference between the architect’s estimate and the winning bid may be attributable to a number of other factors. Estimates being just that, there was approximately \$100,000 difference between the amount the architect estimated for the cost of the geothermal HVAC system and the contractor’s estimate. Additionally, the architect’s cost estimate was developed before geological reports were available. These geological reports, however, came in before the bid and indicated a layer of rock only a few feet below the surface. This factor led to an approximately \$80,000 difference between the architect’s estimate and the contractor’s estimate for site development.

Response To Agency Comments

We sent draft copies of this report to the Daviess, Fayette, and Meade County School Superintendents as well as the Division of Facilities Management in the Department of Education. They indicated that they had no formal comments with regard to the draft report. The Director of the Division of Facilities Management reiterated a concern that the report note that the effect of prevailing wage with regard to these five projects cannot be projected to other projects. We have noted in our scope and methodology that we reviewed only these five projects and that the findings regarding the impact of prevailing wage apply only to those projects.

Does the Determination Process Used By the Labor Cabinet Ensure Proper Due Diligence in the Setting of Prevailing Wage Rates?

Summary

Under KRS 337.520, the Kentucky Labor Cabinet's Department of Workplace Standards has the responsibility for setting and enforcing the prevailing wage rates throughout the Commonwealth. To exercise proper due diligence the Labor Cabinet has a duty to exercise diligence and constant attentiveness to ensure that the information submitted during the prevailing wage determination hearings is truthful and accurate, that the frequency of the hearings is reasonable and predictable, and that the wage determination localities are established in a logical, prudent manner. We found that the Labor Cabinet's current process, while satisfying the requirements of the statute, lacks the necessary procedures to determine the accuracy of the information submitted. We noted that the frequency of determination hearings has been unpredictable. Also, given the limited amount of information submitted in some hearings, rates fluctuate tremendously from one determination to the next. Spokespersons for construction industry associations have indicated that their members do not feel the current process encourages or justifies their involvement. We believe the Kentucky Labor Cabinet should take steps to improve their procedures as a safeguard against the possibility of fraudulent or erroneous data.

The Labor Cabinet has undertaken several steps to improve its process for making prevailing wage determinations. Based on our contacts with other states, we believe that the Cabinet can benefit from the best practices and experiences of these states by reviewing its own process in detail. We have recommended that the Cabinet develop a strategic plan for carrying out its duties with regard to the establishment of prevailing wages. The implementation of such new practices may require both statutory and regulatory changes.

Frequency of Hearings Is Improving

The Labor Cabinet has made an increased effort to hold hearings and establish prevailing wage rates across the state. When we examined the rates established for the Veteran's Park project in Fayette County, we found an 11 year gap between the rates in effect on the project and the previous determination for Fayette County.

Examining the dates of prevailing wage determinations in other counties throughout the state, we found two counties for which no prevailing wage determination hearing had been held since 1983. Additionally, four counties have not had a determination hearing since 1984 and five counties have not had a hearing since 1985. We are concerned that the current process does not keep pace with changes in wage rates that might be expected from inflation or other economic factors.

Labor Cabinet officials told us they are attempting to hold more hearings based on multi-county senatorial districts, and do fewer single county prevailing wage determinations. This could conceivably decrease the number of districts for which they make determinations from 52 to 20. Appendix III illustrates the current prevailing wage determination districts. These officials also told us if they can complete 3 hearings a month for the rest of 1997, focusing on senatorial districts rather than counties, they will have updated the prevailing wage rates for the entire state. Officials also said they hope to perform two hearings a month in the future.

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They said if they can maintain a two hearing per month frequency, they would be able to update the non-federally determined senatorial districts annually.

We believe these are positive steps, and the practice of focusing on senatorial districts, rather than individual counties, should be extended as far as practical in order to alleviate the current backlog of prevailing wage determinations. However, the Cabinet has only one full-time and one part-time prevailing wage hearing officer to review the 81 counties for which federal prevailing wage rates have not been established as well as the prevailing wages for transportation projects. The part-time employee also serves as the information technology specialist in the office and has only been conducting hearings since March of 1997. Instead of adding additional staff or simply increasing the number of hearings, the Cabinet may wish to explore whether other methods and processes for making determinations would be more efficient.

Sufficiency of Information Supporting Wage Rates Needs Improvement

As we noted earlier in this report, individual rates are established for each of the labor classifications in the different geographical areas throughout the state. For example, separate rates are established for bricklayers, carpenters, electricians, cement masons, and laborers, for each senatorial district or county. In 39 counties the Labor Cabinet has exercised its statutory discretion to use the rates established by the federal government under the Davis-Bacon Act. In other localities, the Labor Cabinet determines the prevailing wage rates based upon hearings.

The number of individuals who attend the prevailing wage determination hearings and present information varies widely. As a result, the prevailing wage rate is predominately based on who shows up at a hearing and provides information. For instance, in 1997, during the most recent Fayette County prevailing wage determination hearing, information was submitted on the wages of only three bricklayers. Similarly, wages of only four cement masons were reported in 1997. The determination process resulted in a 10.8 percent increase in the wages and benefits paid to bricklayers, but a 26.8 percent reduction in the hourly wages and benefits paid to cement masons. Iron workers saw a 54 percent reduction from 1996 to 1997 based on evidence submitted on only 12 workers.

When we examined the last determination hearing for Meade County, we found categories for which no one submitted information. Although the information from the previous hearing was over 14 years old, those rates for which no new information was submitted were carried forward. Rates established for bricklayers, iron workers, and laborers in 1981 were identical to those established for 1996.

In reviewing the last prevailing wage determination for Daviess County, we found Daviess County had more information submitted during its most recent hearing than either of the most recent hearings in Fayette and Meade County for carpenters, electricians, cement masons, and iron workers. However, despite the comparatively large amount of information submitted, we found the results of the Daviess County hearing to be somewhat inconsistent when compared to the rates the Labor Cabinet had established in Daviess County four years earlier. The Labor Cabinet determined

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that, from 1993 to 1997, wages and benefits for carpenters and electricians increased 11 percent and 13 percent, respectively. The wages and benefits for cement masons and iron workers, however, dropped by 36 percent and 31 percent respectively over the same four year period. Appendix IV details our observations on six labor classifications in Daviess, Fayette, and Meade Counties.

Wage Rates Vary Unpredictably

Without a more rigorous measurement of wage rates in the area, we cannot find any assurance that the current process actually produces a reliable measurement of the prevailing wage rates in the state.

Our review of the process the Labor Cabinet follows to develop the prevailing wage rates throughout the state also found that there is little or no assurance that the same results would occur if the process were repeated. Data submitted only represents the wages of those who decided to participate in the hearing process at that particular time. If the same process were followed a few months later, very different results could occur based upon who decided to submit information and the amount of information that is available. Additionally, there is no attempt made to determine if the submitted information is representative of the workers within the entire area. Without a more rigorous measurement of wage rates in the area, we cannot find any assurance that the current process actually produces a reliable measurement of the prevailing wage rates in the state.

In reviewing the process for determining prevailing wage rates in Daviess, Fayette, an Meade Counties, we noted that the amount of evidence submitted in support of the prevailing wage determinations varied widely. As noted above, we found instances of prevailing wage determinations being based upon a relatively small amount of data. Labor Cabinet officials told us they would base a determination on only one or two people, if only one or two people submit data for a labor classification at a hearing. Accordingly, wages for all public construction projects for that district would be based on those two individuals salaries. As we noted earlier, wages in some categories changed markedly, based on information submitted on only a few individuals.

We are concerned that the current process does not gather sufficient evidence to allow the Labor Cabinet to accurately estimate the area's prevailing wage. We selected additional areas across the state in order to confirm our observations of the process followed by the Labor Cabinet in Daviess, Fayette, and Meade Counties. In doing so, we again noted extreme variations in wage rates based upon evidence submitted on very few individuals. In particular, one senatorial district we examined, senatorial district number 29, which includes Breathitt, Floyd, Johnson, and Knott Counties, showed evidence of severe swings in wage rates within the span of a nine- month period.

The Labor Cabinet established a prevailing wage determination for Johnson County on March 8, 1996. In December 5, 1996 a prevailing wage determination was established for senatorial district number 29, which includes Johnson County as well as Floyd, Knott, and Breathitt Counties. Essentially, Johnson County had two prevailing wage rates established in less than one year. We noted the amount of variation on some of the common building classifications and the amount of evidence supporting by the establishment of the most recent wage rates, as follows.

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Table 3.1: **Prevailing Wage Rate Changes in Senatorial District 29**

Classification and Number of Salaries Considered	Prevailing Wage Rate: Base Salary plus Fringe Benefits per Hour		Percent Change
	March 8, 1996	December 5, 1996	
Bricklayer (2)	\$26.18	\$12.00	-54.16%
Carpenter (2)	\$26.70	\$10.72	-59.85%
Cement Mason (2)	\$26.65	\$12.00	-54.97%
Electrician (9)	\$12.96	\$9.88	-23.76%
Iron Worker (2)	\$31.35	\$10.00	-68.10%
Laborer (6)	\$22.74	\$9.06	-60.16%

Source: Kentucky Labor Cabinet

We are concerned by such wide variations in wages in a span of only nine months. As noted in table 3.1 above, these extreme changes in rates were based on the salaries of only a few individuals in the four-county district.

Verification of Submitted Information Is Lacking

The number of individuals paid a given wage on a project, the key data which determines the prevailing wage rate, is not verified.

We asked officials within the Labor Cabinet if they routinely evaluated and verified the information submitted by contractors, union officials, and other individuals during the hearing process. Labor Cabinet officials told us they do not have the staff or resources to verify the data and acknowledged that they could not really be certain the information provided to them was accurate. As possible, the Cabinet does review industry construction reports to determine whether information on submitted projects is applicable to the determination process. Furthermore, the Cabinet has negotiated labor rates on file from which it can compare wage rates submitted during hearings. The number of individuals paid a given wage on a project, the key data which determines the prevailing wage rate, is not verified.

Additionally, officials within the Labor Cabinet told us they are prohibited from compelling sworn affidavits from those submitting information, although individuals submitting information at the prevailing wage determination hearings are placed under oath. KRS 337.520 section 1 states, "...The commissioner (of the Department of Workplace Standards) may promulgate administrative regulations to carry out the provisions and purposes of KRS 337.505 to 337.550 and to prevent their circumvention or evasion. The administrative regulations shall not include a provision that each contractor and subcontractor furnish a sworn affidavit with respect to the wages paid each employee."

Officials within the Labor Cabinet told us that, should an objection arise about the established prevailing wage rates, an appeal can be made through an established prevailing wage appeals process. Officials assured us this process has been in place for a number of years and is well known throughout the industry. When we asked about the number of appeals, however, Labor Cabinet officials told us there had been only two and both of those had been several years ago.

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Other Experiences With Inaccurate Information at the State and Federal Level

Other states, most notably Oklahoma, have encountered problems with inaccurate, or fraudulent data being submitted in the prevailing wage determination process. In the case of Oklahoma, which relied on federally determined prevailing wage rates, data were submitted for projects which never existed. Wages for workers on these nonexistent projects were fabricated with the intent of influencing the outcome of the prevailing wage determination process. As in Kentucky, the prevailing wage determination process relied on voluntarily submitted data, without thorough testing or verification of the data. While the Kentucky process does attempt to verify the existence of the projects, Labor Cabinet officials told us they do not attempt to verify the number of people employed or the wage rates reported.

Also at the federal level, problems have surfaced regarding inaccurate data and the U.S. Department of Labor's lack of control over the determination of prevailing wage rates. The federal Department of Labor uses a survey method, rather than the hearing process that the state of Kentucky employs. The U. S. Department of Labor's Inspector General investigated allegations of problems with the federal Davis-Bacon prevailing wage survey process, and found that when subjected to onsite payroll reviews, two-thirds of the wage survey forms contained significant errors. In their evaluation of the Department of Labor's process, the General Accounting Office found that process changes could raise confidence that wage rates are based on accurate data².

Our audit confirmed that the Kentucky Labor Cabinet's current prevailing wage determination process does not include a routine verification of salary information submitted in the hearing process. We are concerned that this creates an opportunity for wage determinations based upon fraudulent, inaccurate, or incomplete data, a problem already encountered by other government agencies establishing prevailing wage rates. Although we did not determine the extent to which the Labor Cabinet is using inaccurate data in its wage calculations, nor the cost of those inaccuracies of wages paid or lost, we believe the vulnerabilities within the Labor Cabinet's process must be addressed.

Per KRS 523.100, it is a Class B misdemeanor for a person to make a material false written statement in an application for any benefit with the intent to mislead a public servant in the performance of his duty. At a minimum, the hearing process, requests for submissions, and data forms should note that the individual who knowingly submits false information may be subject to criminal penalties.

Data Submitted May Not Be Comparable

The process the Labor Cabinet follows in determining prevailing wage rates also does not consider the number of hours worked by individuals reporting information about wages. Data on a person working 1,000 hours during the course of the year would be given the same weight as data on a person working 10 hours during the course of the year. To accurately determine the prevailing wage in an area, we believe hours worked should be documented and disclosed in the determination process.

² General Accounting Office Testimony T-HEHS-96-166 dated 6/20/96, and Report "Davis-Bacon Act Process Changes Could Raise Confidence That Wage Rates Are Based On Accurate Data" HEHS-96-130, May 1996.

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The form the Labor Cabinet uses for submitting data to the prevailing wage determination process requires information to be provided on the largest number of persons employed in each labor classification and the hourly wages paid, for a given pay period. It does not require a differentiation between full-time and part-time, nor the number of hours worked at the hourly rate. Without the number of hours worked, the Labor Cabinet cannot evaluate the comparability of submitted information.

Our discussions with other states revealed that some states make their prevailing wage determination by using the number of hours worked by employees. The states of New Mexico, Wisconsin, and Wyoming have developed surveys which measure prevailing wage rates by hours worked in each classification, rather than a simple headcount. We are concerned that Kentucky bases its calculation solely on number of workers, with no attempt to ensure that the workers counted actually represent equivalent amounts of work.

We have compared two different prevailing wage determination processes, each using the same number of people, at the same wage, but one taking into account the number of hours worked. Figure 3.1 portrays the differing results.

Figure 3.1: Comparison of Methods for Calculating Prevailing Wage

<u>Prevailing Wage Based on Average Wage per Worker</u>				
	Workers	\$ / Hour		
	4	\$ 10.00		
	4	\$ 15.00		
	2	\$ 20.00		
Total	10			
Calculated Prevailing Wage		\$ 14.00		
(4 workers x \$10.00) + (4 workers x \$15.00) + (2 workers x \$20.00) = \$140.00 [per 10 workers]				
\$140.00 / 10 workers = \$14.00 per worker				
<u>Prevailing Wage Based on Average Wage per Hour Worked</u>				
	Workers	\$ / Hour	Hours Each	Total Hours
	4	\$ 10.00	5	20
	4	\$ 15.00	10	40
	2	\$ 20.00	20	40
	10			100
Calculated Prevailing Wage				\$ 16.00
(4 x 5 hours x \$10.00) + (4 x 10 hours x \$15.00) + (2x20 hours x \$20.00) = \$1600.00 [per 100 hours]				
\$1600.00 / 100 hours = \$16.00 per hour				

Source: Auditor of Public Accounts

Evaluation of Prevailing Wage Determination Process Is Needed

The Labor Cabinet's Annual Report for fiscal year 1995-1996 notes that the Cabinet is considering several options for establishing prevailing wage determination districts. This include considering whether to use federal or state determinations. Given the areas of concern noted by our report, we believe the Cabinet should undertake an evaluation of the entire prevailing wage determination process, including the methodology, staffing, interaction with outside stakeholders, and the establishment of objective measures of success regarding the accuracy and sufficiency of information used in the wage determinations. We contacted several states to inquire about their practices regarding prevailing wage determinations and found information from other states which could be considered during the Cabinet's next annual reporting process, or incorporated into a Cabinet strategic plan. Appendix VII provides an overview of the information we obtained by contacting other states to determine how their prevailing wage determinations are made.

Areas to Consider When Developing a Strategic Plan for Prevailing Wage Determination

We recommend that the Cabinet develop a strategic plan for conducting determinations. That plan should consider the areas discussed below.

Staffing and Duties - During the completion of the strategic plan, the Cabinet may be able to identify ways to more effectively use its staff. The Cabinet has only one full and one part-time employee conducting hearings. It remains to be seen if the current process continues, whether existing hearing staff can hold two to three hearings per month. Furthermore, the Cabinet's investigative staff, approximately 20 full time equivalents, does not routinely assist in conducting hearings or in verifying submitted information. These employees spent their effort following up on complaints and other enforcement matters on a variety of issues. Other states, like Wisconsin, have five to six staff devoted solely to the prevailing wage issue including the performing of wage determinations and verifying the use of prevailing wage rates, duties divided between the hearing officers and investigators in Kentucky. With regard to staff efficiency, the Labor Cabinet may wish to follow-up on its current success in closing complaints via telephone mediation as opposed to time consuming on-site visits. By identifying other changes to processes within the Cabinet, including the prevailing wage determination process, the Cabinet may identify more efficient use of its staff resources.

Establishing Controls That Reduce the Likelihood for Inaccurate Information - As noted earlier, fraudulent information has been submitted in prevailing wage determinations in other states. Any strategic planning process undertaken by the Labor Cabinet must include an assessment of methods of verifying data submitted to control for the possibility of fraudulent or erroneous data. This process need not involve manually verifying all data, but could include statistical sampling and computer assisted methodologies.

Use of Technology - The Cabinet should explore greater use of technology to routinely review evidence submitted for duplicate entries, ensure information submitted is comparable, mathematical calculations are standardized, and widely divergent data are highlighted for follow-up verification. Additionally, use of the internet might allow a more efficient dissemination of the wage determinations and provide an information resource for interested individuals and organizations

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throughout the state. The Cabinet had already begun this process before the recent prevailing legislation was passed. Additional application of technology may decrease the workload associated with the determination process.

Currently KRS 337.510 requires public officials to register their construction projects with the Cabinet and request the Cabinet to provide them with the specific prevailing wage rates for their projects. The Cabinet may wish to request the General Assembly to eliminate this registration requirement and instead allow the Cabinet to provide information to the all interested parties via the internet or a fax back service. The responsibility for compliance would reside with the public entity while Cabinet staff resources could be allocated to conducting hearing, more verification of submitted information, and additional investigations.

Determination of Districts - The Labor Cabinet has begun expanding the geographical application of a prevailing wage designation beyond county lines to the boundaries of senatorial districts. As requests for hearings are received and acted upon, the Commissioner of Workplace Standards makes a determination whether the rate will be set using a federal rate, state established rate in a county, or state established rate in a senatorial district. The Cabinet may wish to evaluate whether other types of geographical designations, such as Statistical Metropolitan Survey Areas, may provide a more rational basis for setting prevailing wages for areas with similar economic characteristics.

A representative of an association representing general contractors told us his constituents would not be opposed to a mandatory survey because that would ensure that their input was taken into consideration.

Many private contractors currently do not submit information, according to the official, because they do not feel their submissions will have any impact on the determination.

Consistent and Sufficient Information - We noted that prevailing wage determinations are sometimes based on very little data. A survey methodology was used in the past, in conjunction with the local hearings, but Labor officials told us it was too time consuming to be employed for each determination. A strategic planning effort should consider alternative methods of supplementing the data collection process, including an annual, state-wide survey. A representative of an association representing general contractors told us his constituents would not be opposed to a mandatory survey because that would ensure that their input was taken into consideration. Many private contractors currently do not submit information, according to the official, because they do not feel their submissions will have any impact on the determination. Additionally, the Cabinet should ascertain what other agencies of state government may also compile information useful in the determination process. For instance, the Department of Unemployment Insurance within the Workforce Development Cabinet collects information on employees for insurance purposes.

Methodology for Calculating the Prevailing Wage - Our research and discussions with other states revealed a variety of methodologies for determining prevailing wage rates. Some states focus on hours worked rather than a simple count of workers. The chief of Wisconsin's Labor Standards Bureau indicated to us that in his opinion a methodology based on persons is not accurate or appropriate. We believe Kentucky's process could benefit from lessons learned by other states in developing their prevailing wage determination methodologies.

Stakeholder Involvement - An evaluation of the Department for Workplace

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Standards should culminate in a strategic plan which includes goals, objectives, and performance measures. The Cabinet should strive to involve all stakeholders in this strategic planning process, including representatives of public entities, labor, general contractors, and subcontractors.

Performance Measures - Performance measures should be compiled and reviewed annually in conjunction with an update of the overall strategic plan. Analysis of trends over several months and years will allow Cabinet staff to continually monitor for problems and implement necessary changes to the process. The performance measures should be measurable and verifiable. They may include, for instance, the number of hearings per month, percentage of districts with a determination over one year old, number of submissions per determination, percentage of submissions received based on reports of construction activity, and percentage of submissions verified.

Recommendations

In order to strengthen the prevailing wage determination process we recommend the Labor Cabinet, Department of Workplace Standards

1. Examine practices in other states which have adopted prevailing wage legislation and adapt the best practices for Kentucky.
2. Develop a strategic plan, which may include recommendations for statutory or regulatory changes, for the determination of prevailing wage rates which would address:
 - Duties of the Cabinet's staff
 - Use of technology
 - Determination of districts
 - Controlling for fraud
 - Consistency and sufficiency of information
 - Prevailing wage calculation methodology
 - Stakeholder involvement
 - Performance measurement
3. Provide notice to all who submit information to the prevailing wage determination process that KRS 523.100 makes it is illegal to make a material false written statement with the intent to mislead a public official in the performance of his or her duty.

Response to Agency Comments

We provided a copy of the draft report to the Labor Cabinet for review. We also discussed the findings of our report with both labor and construction representatives. The Labor Cabinet has agreed with all of the recommendations in this report. We have incorporated comments from the Cabinet throughout the body of the report as appropriate. The Cabinet noted that they are bound by statutory and regulatory requirements with regard to the current prevailing wage determination process. Our report notes that the Cabinet may need to recommend statutory or regulatory changes after its has identified best practices in other states and developed a strategic plan for conducting prevailing wage determinations. The Labor Cabinet's comments in their entirety are included in appendix IX.

Scope

The Office of the Auditor of Public Accounts (APA) reviewed five school construction projects initiated in 1996 in Daviess, Fayette, and Meade Counties at the request of the Joint Interim Labor and Industry Committee (Committee). The APA was asked to determine whether the inclusion of prevailing wage rates for school construction projects caused a measurable increase in school construction costs, as claimed by district officials and various newspaper articles. Our evaluation of the effect of prevailing wage was limited exclusively to the five school construction projects indicated and should not be generalized to include other projects. In the course of reviewing the prevailing wage rates for the different districts, and gaining an understanding of how the rates were established, we uncovered weaknesses within the prevailing wage determination process. In consultation with Committee representatives, we conducted additional work at the Labor Cabinet. We reported our concerns in this report and have included recommendations to address the problems we encountered. Our audit was conducted in accordance with generally accepted government auditing standards.

Methodology

We based our analysis of cost impact on a comparison of the architect's estimate of probable costs for the construction aspect of the project, and the general contractor's bid. As a general rule, the architects on the projects we examined did not include a factor for prevailing wage costs on their estimates. If we found a marked difference between the estimate done without prevailing wage and the accepted bid on the project we reviewed the factors leading to the cost growth with the architect, the general contractor and the local school district officials.

All information submitted by the Districts to KDOE concerning the school construction projects was reviewed to determine the initial cost estimates, any changes to those initial estimates, and the reasons for the changes. The changes and the associated reasons were analyzed to determine if the change in the prevailing wage rate statute impacted the increases. Each District Superintendent or official responsible for school construction projects was interviewed to gain an understanding of why the project costs increased and if they had personal knowledge of any effect prevailing wage rates had on the cost increase. We also surveyed general contractors for each of the five projects, walked through of the 5 projects and spoke with workers on site about the prevailing wage issue.

To provide an understanding of how other state and federal agencies conduct prevailing wage determinations, we searched out articles on other states and reports on the federal process. We contacted other states by phone and interviewed officials involved with the prevailing wage process in other states and looked for areas of comparison with the Kentucky process. Additionally we discussed the prevailing wage issue with construction industry officials, union representatives, and academicians. We also reviewed academic and trade literature relevant to the issue. Our work at the Labor Cabinet consisted of reviews of wage determination hearing files including hearing transcripts, submitted data, and wage rate calculations. We interviewed staff of the Labor Cabinet with regard to the process for determining prevailing wage rates. We also reviewed applicable Kentucky Revised Statutes and Kentucky Administrative Regulations.

Projects demonstrating limited or no indirect effect from prevailing wage.

	Daviss County West Elementary		Daviss County East Elementary		Meade County Brandenburg Elementary	
	Cost	Cost Per Square Foot	Cost	Cost Per Square Foot	Cost	Cost Per Square Foot
Site Development	315,000	5.30	365,000	5.62	85,000	1.20
General Construction	2,275,940	38.27	2,671,785	41.11	3,920,000	55.29
HVAC	540,000	9.08	585,000	9.00	585,000	8.25
Plumbing	330,000	5.55	332,500	5.12	470,000	6.63
Electrical	420,000	7.06	455,000	7.00	620,000	8.74
Sewage	110,000	1.85	10,000	.15	60,000	0.85
Total Construction Cost	3,990,940	67.10	4,419,285	68.00	5,740,000	80.96

Contractor's Bid						
Total Construction Cost	4,356,091	73.24	4,543,909	69.92	5,577,000	78.66
Difference: Bid to Estimate	365,151	9%	124,624	3%	-163,000	-3%

Project demonstrating indirect effect from prevailing wage.

School: Central Elementary
Architect's Estimate

Date: 3/15/96

	Cost	Cost Per Square Foot
Site Development	370,000	6.54
General Construction	2,396,920	42.37
HVAC	672,000	11.88
Plumbing	218,000	3.85
Electrical	310,000	5.48
Sewage	-	-
Total Construction Cost	3,966,920	70.13

Contractor's Bid		
Total Construction Cost	4,622,300	81.71
Difference: Bid to Estimate	655,380	17%

Project demonstrating direct effect from prevailing wage.

School: Veteran's Park

Architect's Estimate

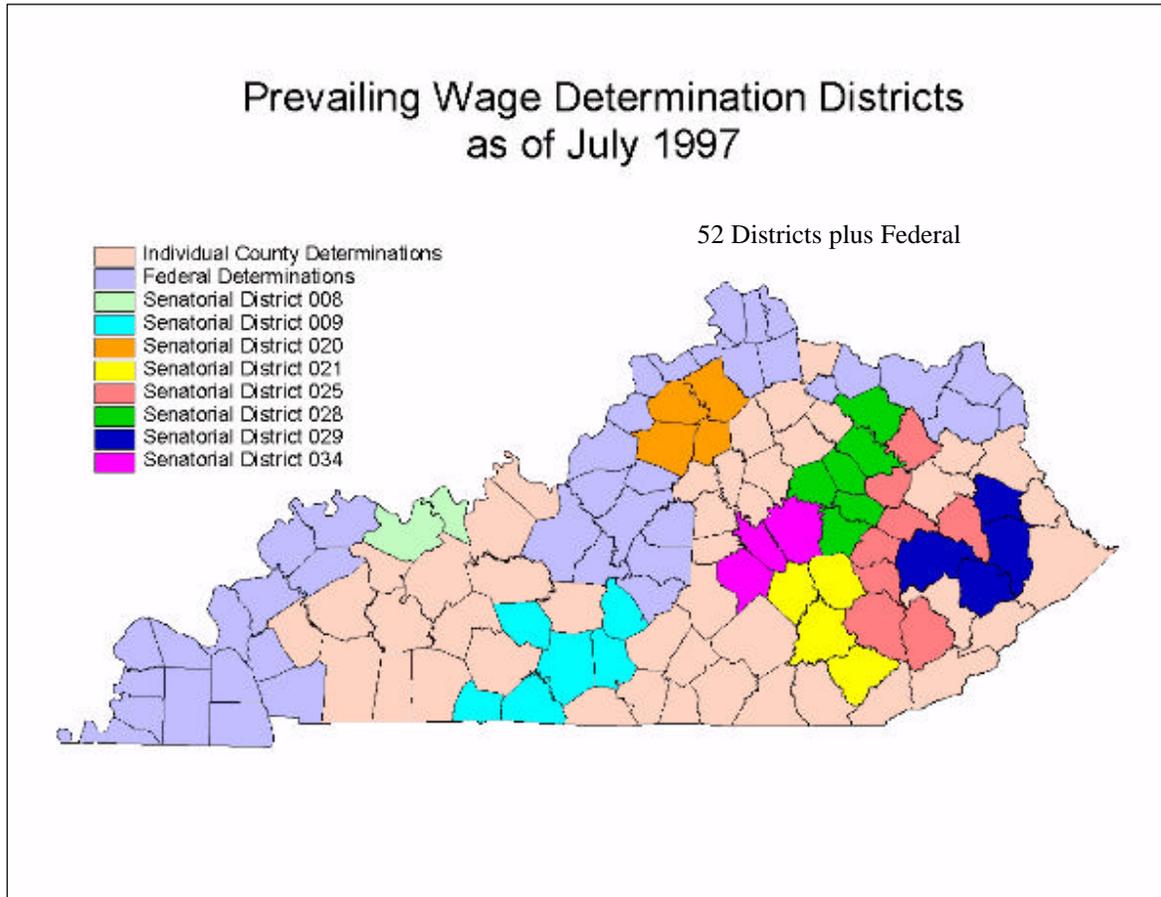
Date: 7/1/96

	Cost	Cost Per Square Foot
Site Development	803,500	10.94
General Construction	3,411,200	46.43
HVAC	858,700	11.69
Plumbing	281,100	3.83
Electrical	445,500	6.06
Sewage	-	-
Total		
Construction Cost	5,800,000	78.95

Contractor's Bid		
Total		
Construction Cost	6,563,000	92.26 ³
Difference:		
Bid to Estimate	763,000	17%

³ Calculation of cost per square foot for the bid amount reflects a reduction of 2,331 square feet in project scope from the architect's estimate to the accepted bid.

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Changes in Prevailing Wages Daviness, Fayette, and Meade Counties

DATA FOR THE MOST RECENT RATES

County	Classification	Wage	Wage	Change	Union Observations	NonUnion Observations	Total Observations	Total Projects
Meade*		11/17/81	04/23/96		Total Dodge Reports:			<u>6</u>
	Bricklayer	15.35	15.35	0.00%	Carryover***			0
	Carpenter	15.00	19.55	30.33%	10	0	10	1
	Cement Mason	11.58	13.14	13.47%	0			0
	Electrician	19.51	26.22	34.39%	2	0	2	1
	Iron Worker	17.40	17.40	0.00%	Carryover			0
	Laborer	11.55	11.55	0.00%	Carryover			0

County	Classification	Wage	Wage	Change	Union Observations	NonUnion Observations	Total Observations	Total Projects
Fayette		02/07/96	07/07/97		Total Dodge Reports:			<u>122</u>
	Bricklayer	17.69	19.60	10.80%	3	0	3	1
	Carpenter	18.38	19.31	5.06%	116	29	145	18
	Cement Mason	18.75	13.72	(26.83%)	0	4	4	2
	Electrician	24.53	18.30	(25.40%)	37	88	125	12
	Iron Worker	26.83	12.32	(54.08%)	0	12	12	3
	Laborer	15.15	9.29	(38.68%)	5	75	80	19

County	Classification	Wage	Wage	Change	Union Observations	NonUnion Observations	Total Observations	Total Projects
Daviness**		04/19/93	04/18/97		Total Dodge Reports:			<u>66</u>
	Bricklayer	20.31	19.46	(4.19%)	17	17	34	10
	Carpenter	18.86	20.94	11.03%	509	211	720	55
	Cement Mason	18.73	11.91	(36.41%)	0	1180	1180	33
	Electrician	23.19	26.25	13.21%	331	0	331	17
	Iron Worker	25.15	17.30	(31.21%)	73	93	166	31
	Laborer	15.10	18.00	19.21%	293	220	513	52

* Previous determination for Meade County dates from 1981 - No Dodge reports on file for that determination. Additionally, in 1981, Meade County was grouped into Locality #4 with eleven other counties.

** Determination CR-4-059 on April 19, 1993 included only Daviness County. The prevailing wage district was changed from Daviness to Senatorial District number 8 for the April 18, 1997 determination which included Daviness and Hancock.

***Carryover rates are those for which no information was provided within the county, and for which no surrounding county evidence was available. Rates with 0 observations with changes to the rate are those for which surrounding county data effected the determination.

Changes in Prevailing Wages Selected Counties and Prevailing Wage Districts

Appendix V

Classification	Previous Rate	Most Recent Rate	% Change	Union	NonUnion	Total Obs.	# Projects Observed
Owen County Senatorial District #020 (Frankling, Henry, Owen, Shelby)							

		June 3, 1997 CR-0-279					
Bricklayer	17.69	16.59	-6.22%	5	8	13	2
Carpenter	18.38	19.31	5.06%	65	45	110	16
Cement Mason	18.75	18.75	0.00%	0	0	0	
Electrician	21.23	27.87	31.26%	18	9	27	6
Iron Worker	26.83	28.56	6.45%	4	0	4	1
Laborer	15.15	10.79	-28.78%	13	49	62	13

Classification	Previous Rate	Most Recent Rate	% Change	Union	NonUnion	Total Obs.	# Projects Observed
Johnson County Senatorial District #029 (Breathitt, Floyd, Johnson, Knott)							
	March 8, 1996 CR-0-115	December 5, 1996 CR-0-SD029				Total Dodge Reports: 36	
Bricklayer	\$26.18	\$12.00	-54.16%		2	2	2
Carpenter	\$26.70	\$10.72	-59.85%		7	7	2
Cement Mason	\$26.65	\$12.00	-54.97%		2	2	2
Electrician	\$12.96	\$9.88	-23.76%		38	38	9
Iron Worker	\$31.35	\$10.00	-68.10%		2	2	2
Laborer	\$22.74	\$9.06	-60.16%		11	11	6

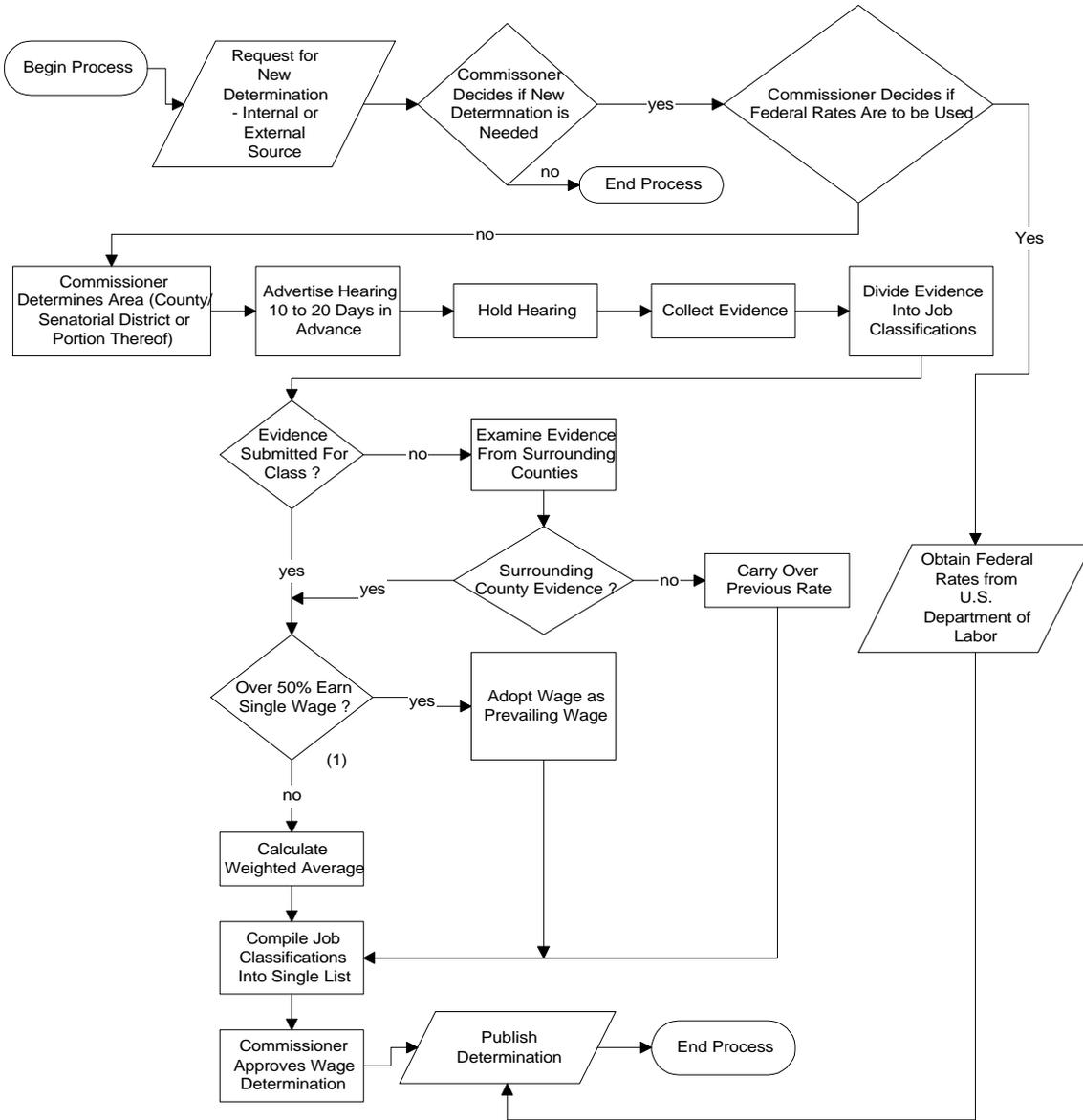
Classification	Previous Rate	Most Recent Rate	% Change	Union	NonUnion	Total Obs.	# Projects Observed
Hart County							
	May 11, 1981	May 15, 1996					
Bricklayer	10.45	13.24	26.70%	0	21	21	3
Carpenter	12.30	19.55	58.94%	9	0	9	1
Cement Mason	7.75	13.14	69.55%	1	2	3	2
Electrician	12.89	18.28	41.81%	0	40	40	11
Iron Worker	13.92	13.84	-0.57%	10	22	32	8
Laborer	9.85	11.18	13.50%	29	153	182	20

Changes in Prevailing Wages Selected Counties and Prevailing Wage Districts

Classification	Previous Rate	Most Recent Rate	% Change	Union	NonUnion	Total Obs.	# Projects Observed
Mercer County							
	December 16, 1983	June 29, 1994					
Bricklayer	14.40	16.55	14.93%	3	0	3	1
Carpenter	8.00	12.00	50.00%	0	25	25	4
Cement Mason	14.00	14.00	0.00%	0	1	1	1
Electrician	19.63	23.83	21.39%	10	5	15	3
Iron Worker	17.40	13.15	-24.42%	0	5	5	1
Laborer	7.41	7.87	6.21%	0	16	16	4

Classification	Previous Rate	Most Recent Rate	% Change	Union	NonUnion	Total Obs.	# Projects Observed
Muhlenberg County							
	May 21, 1990	June 14, 1993					
Bricklayer	11.34	20.31	79.10%	9	0	9	1
Carpenter	17.42	19.54	12.17%	36	34	70	9
Cement Mason	16.46	18.73	13.79%	13	0	13	1
Electrician	21.53	24.37	13.19%	80	85	165	1
Iron Worker	23.56	25.15	6.75%	109	12	121	20
Laborer	14.80	14.80	0.00%	4	50	54	1

Classification	Previous Rate	Most Recent Rate	% Change	Union	NonUnion	Total Obs.	# Projects Observed
Harlan County							
	October 21, 1981	November 12, 1984					
Bricklayer	12.50	9.78	-21.76%	0	9	9	1
Carpenter	15.25	6.15	-59.67%	0	17	17	3
Cement Mason	14.72	9.00	-38.86%	0	3	3	1
Electrician	17.13	17.13	0.00%	Carryover			
Iron Worker	8.65	8.65	0.00%	Carryover			
Laborer	10.05	5.08	-49.45%	0	22	22	3



(1) Single Wage or the exact same wage is earned by over 50% of the employees for whom evidence is submitted.

Source: Labor Cabinet, Department of Employment Standards, Apprenticeship, and Training

Prevailing Wage Determination In Other States

Source: Telephone Survey of Other States With Prevailing Wage Laws

	Maine	New Mexico	Tennessee	West Virginia	Wisconsin	Wyoming
Survey Methods?	Annual survey covering 2 nd and 3 rd weeks of Sept. (peak construction employment period). Every construction firm employing 5 + trades people is sent a survey. Not weighted by hours worked. Only highest wage in that period used.	Annual survey. Month of June. Certified payroll report by contractors on public works projects. Voluntary on private work.	Mail survey 9/30 (every 2 nd year for building) for preceding quarter. Average hourly wage, no fringes or overtime. If fewer than 5 responses, commission may reject and adjust current rate +/- 6%.	Survey of all licensed contractors annually. Usually not enough contractors' information so they use collective bargaining agreements only.	Annual survey of 18,000 contractors on scan forms. Most contractors have software to make the submission easier.	Each of the two major state agencies (highways and administration) must ascertain prevailing wage prior to any contract, so they conduct their own surveys annually.
Exclusions?	No exclusions.	All information verified, must have statement of compliance.	Private residential, repair, and maintenance.	Where they have enough data, prevailing wage projects are excluded.	No public projects because they already pay prevailing wage. It would bias the survey results.	Only applies to state projects. No local government projects.
Survey Notes?	Employee could work 70 hours as a carpenter's helper and 10 hours as a carpenter and be entered only at the higher rate.		Results must be mailed by Dec. 1. Forms also mailed to associations, unions, etc. to get them to prompt companies to respond.		Do not use federal information because headcount & peak periods misrepresent what is paid to most people most of the time.	Considering change to use unemployment and workers comp reports filed by all employers. No other input would be needed. Would be simple and accurate.
Number of People Involved in Prevailing Wage Survey Process?	1 person full-time September through December, with clerical support. 2 hours per week for determinations during the rest of the year. Regular wage and hour inspectors handle enforcement along with their other duties (4 full-time and 1 half-time).		1 person full-time for 90 days with some clerical support.	4-6 part-time from August through December.	5 employees in prevailing wage division do everything.	Hearing process involves labor standards office. Otherwise, departments do their own prevailing wage determinations.

Prevailing Wage Determination In Other States

Appendix VII

Source: Telephone Survey of Other States With Prevailing Wage Laws

	Maine	New Mexico	Tennessee	West Virginia	Wisconsin	Wyoming
Number of People in Prevailing Wage Function?			8 inspectors who do determinations and enforcement. Office staff of 4 plus director.	23 investigators, but most are involved in doing contractor licensing.	5, including the director.	
If Survey Process Adopted in Last 5 Years, How Did It Affect Staffing?					Did not affect. Recommends investment in hardware, training and staff promotion. Uses disks rather than paper.	Long-standing. Little effort. Information Technology Group developed a program.
Basis of Survey & Computation: Hours, Workers, Etc.?	Mixed.	Hours.	Hours.		Hours: if no wage 50%, weighted average.	Hours.
Response Rate?	85% + response rate.		10.5% (359 companies out of 3,418 surveys mailed out).	Very low.	20% response rate from contractors—total 3,600.	Very low—less than 100 responses.
How Representative is Your Sample?	Mailing list is a compilation of this year's and last year's unemployment insurance and workers compensation files in SIC codes 15, 16, and 17.		Borderline, but believed to be acceptable.	Low contractor response results in most wage rates being set based on collective bargaining agreements.	No separate process for interest groups, unions, or associations.	Mostly union participation.
Other Comments?			Company officers attest to the information, but with no penalty. Commission can discard rates if staff persuades them rates are suspect and can adjust rates up or down by 6%.		25,000,000 man-hour base, 30% of total hours worked. Many workshops. Unions very helpful. Process may not come out as some interest groups like or want, but it is fair.	Each public body ascertains prevailing wage on its own, Labor Statistics only certifies calculation from their surveys.

INSTRUCTIONS FOR COMPLETING ANNUAL PREVAILING WAGE RATE SURVEY

- **Background:** Wisconsin's prevailing wage rate laws require the Department of Workforce Development (DWD) to conduct an annual survey of all employers in the construction industry or in a related industry (such as on-site landscaping or the trucking of sand, gravel, stone, spoil or excavated material) to determine prevailing wage rates for public works projects. The purpose of the survey is to give the department an accurate picture of the wage rates being paid in the private sector and will be used to determine prevailing wage rates for calendar year 1998.
- **Survey Period:** ONLY report work performed from June 1, 1996 through May 31, 1997.
- **Survey Deadline:** August 1, 1997. Survey forms received or postmarked after this date will not be used in determining prevailing wage rates for calendar year 1998.
- **Who should complete the survey?** It is mandatory for any employer that performed construction or related work in the State of Wisconsin during the survey period to complete and return the survey form. If you believe this survey does not apply to you, return it to the address indicated and list one of the following reasons on the front of the survey:
 - (1) not in construction or a related industry,
 - (2) no employees during the survey period,
 - (3) no construction or related work in Wisconsin during the survey period,
 - (4) self-employed, or,
 - (5) other (provide explanation).
- **Which projects should be reported?** Private projects are used almost exclusively to determine prevailing wage rates. Public works projects can be reported but are normally only used to calculate prevailing wage rates when private project data is unavailable.
- **Will branch offices receive separate survey forms?** Most likely. Multi-location employers should discuss this matter with each of their branch offices to ensure that project data is only reported once.
- **What number do I call if I need help in completing the survey form?** Call (608) 267-9331.
- **Can you file the survey electronically?** Yes. Follow the instructions provided on the next page.

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ANNUAL PREVAILING WAGE RATE SURVEY

Labor Standards Bureau, P.O. Box 7887, Madison, WI 53707-7887

Control # 43210 Form # 199714

Employer Name and Address:

SAMPLE EMPLOYER CO INC
999 DOWNTOWN AVENUE
YOUR WORK CITY WI 54321-9876

Make Any Change
To Your Name or
Address

REMEMBER!! ONLY report work performed and wages paid from June 1, 1996 thru May 31, 1997. DO NOT report ANY information regarding trainees, subjourneypersons, apprentices, foremen, general foremen or superintendents. Keep a copy of the completed report for your records.

The completion of this form is required by ss. 66.293, 103.49 and 103.50, Stats. Completed forms MUST be received or postmarked no later than AUGUST 1, 1997. PLEASE READ THE ENCLOSED INSTRUCTIONS BEFORE COMPLETING THIS FORM. Type or print using BLACK INK ONLY. If more space is needed, use the back of this form, or make additional copies of the front of this form.

A. Name or Description of Project	B. Pro- ject Type	C. Public Project		D. Location of Project (Include city, village or township)	E. County Code	F. County Name	G. Class Code	H. Leave Blank	I. Employee Classification	J. Hourly Basic Rate	K. Hourly Fringe Benefits	L. Union		M. Total Hours Worked
		Yes	No									Yes	No	
Sparta City Hall	A	✓		City of Sparta	081	Monroe	105		Carpenter	\$18.70	\$ 5.30	✓		280
↓	A	✓		↓	081	↓	126		Piledriver	\$19.20	\$ 5.30	✓		400
Fuller's Grocery Freezer Addition	A	✓		Village of Helmert	063	La Crosse	105		Carpenter	\$18.70	\$ 5.30	✓		320
↓	A	✓		↓	063	↓	107		Cement Mason	\$15.00	\$ 0	✓		40
↓	A	✓		↓	063	↓	301		General Laborer	\$10.00	\$ 0	✓		200
Mini Mall	A	✓		City of La Crosse	063	La Crosse	103		Bricklayer	\$19.08	\$ 5.90	✓		300
↓	A	✓		↓	063	↓	301		General Laborer	\$10.00	\$ 0	✓		120
Water Main	B	✓		City of Richland Brbr	103	Richland	522		Boothoe	\$22.02	\$ 8.15	✓		201
↓	B	✓		↓	103	↓	523		Bulldozer	\$20.99	\$ 8.15	✓		150
↓	B	✓		↓	103	↓	524		Diler	\$16.70	\$ 8.15	✓		40
↓	B	✓		↓	103	↓	523		Grader	\$20.99	\$ 8.15	✓		59

THE BACK OF THIS FORM MUST BE SIGNED AND DATED

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PAUL E. PATTON
GOVERNOR



JOE NORSWORTHY
SECRETARY

COMMONWEALTH OF KENTUCKY
LABOR CABINET
1047 U.S. HIGHWAY 127 SOUTH, SUITE 4
FRANKFORT, KENTUCKY 40601



August 14, 1997

Mr. James Rose
Director of Performance Audit
Office of the Auditor of Public Accounts
144 Capitol Annex
Frankfort, Kentucky 40601-3448

**RE: Draft Report on Prevailing Wage Legislation
in School Construction**

Dear Mr. Rose:

Thank you for your courtesy in forwarding a draft copy of your report on the effect of prevailing wage legislation on school construction. The Cabinet appreciates the opportunity to respond to the information contained in this report and to the recommendations made as a result of this process. The Cabinet believes that many of the suggested changes in procedure would require legislative authority. I will address this issue hereinbelow.

Before commenting on the specific information contained in this draft, I would like to address on the scope of your review. It was the understanding of the Cabinet at the initiation of this process that your office was asked by the Legislative Research Commission to answer the question of whether prevailing wage legislation has had an effect on school construction costs in Meade, Fayette and Daviess Counties. Any information which you can provide regarding the expansion of the scope of the audit would be very much appreciated.

There are a number of areas in the audit where additional information would be appropriate. This information is provided hereinbelow.



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The Labor Cabinet, in addition to determining the prevailing wage rates for the entire state of Kentucky, establishes the prevailing wage rate for the Department of Transportation pursuant to the provisions of KRS 337.010(3)(c)(2).

With regard to Chapter 1 of the audit wherein you address the original issue of whether prevailing wage legislation has had an effect on school construction projects in Meade, Fayette and Daviess Counties, the Cabinet has no reason to disagree with the information contained therein.

With regard to Chapter 2 of the audit regarding whether the Labor Cabinet has sufficient controls in place to ensure that it receives accurate and sufficient information to properly establish the local prevailing wage rates, the Cabinet has several comments. I would note that the audit reflects the Cabinet's staff regarding prevailing wage hearings as one full-time hearing officer and one part-time hearing officer. The audit reflects that the part-time hearing officer has only been in that position since March, 1997. The appointment of this individual as a part-time hearing officer for prevailing wage is only one facet of the effort being made to improve the process of making prevailing wage determinations.

The Cabinet is following the same procedures to calculate wage determinations and to gather information in the same methodology for many years. The only change the Cabinet has made is to stop doing surveys and rely on public hearings but still accepts all data submitted to the Cabinet through the determination date.

The Cabinet appreciates the recognition in your audit that several steps have been taken to improve this process and, in fact, the Cabinet has made significant strides toward completing the updating of the prevailing wage determinations across the state. During the years of 1994 to 1996, we conducted 88 hearings and determined wage rates for 80 counties and four highway localities twice. Including all of 1996, a total of 132 wage rate determinations were made.

The audit notes that, in some cases, the prevailing wage determination hearings are not well attended. In some cases, prevailing wage determinations are made based upon limited information. The lack of participation in the prevailing wage hearings in some areas is beyond the control of the Cabinet. Without legislative authority to require the participation of those engaged in the construction of public works, the Cabinet must rely upon the voluntary submission of information.

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Regarding the disparity in prevailing wage rates determined for Johnson County on March 8, 1996, and December 5, 1996, it is important to note that the results of any prevailing wage determination hearing can vary depending on the circumstances at the time of the determination. One factor which would influence the prevailing wage determination would include the time lapse between prevailing wage determination hearings, as there would have been fewer projects completed in a short period of time and therefore less information to consider. The number of projects completed in a given area would also influence a prevailing wage determination. Variations in the prevailing wage rates at a given time do not effect contractors' abilities to estimate their labor costs for public construction projects as those rates go out with the bid packages to prospective bidders on public construction projects. Contractors are able to accurately estimate their labor costs based on the published rates at the time of the bids.

Your report goes on to discuss the lack of verification of submitted information regarding prevailing wages. Please note that the Cabinet does make an attempt to verify some information obtained by reviewing Dodge Reports and Labor Agreements filed with the Cabinet. In addition, the Cabinet investigates allegations of false or inaccurate information or complaints submitted regarding information received in the hearing process to verify the accuracy of the information submitted. The Cabinet also routinely investigates any apparent errors in information submitted to verify its accuracy.

While the Cabinet agrees that verification of information submitted in the determination of prevailing wage rates is appropriate, it is simply not possible with the resources which the Division of Employment Standards, Apprenticeship and Training currently has to verify all of the information submitted. In the event that a public authority or any interested person believes that inaccurate information has been provided to the Labor Cabinet and that the prevailing wage rates are incorrect as based on the information, KRS 337.522(2) provides for a review hearing. In the event that there is disagreement with the determination made pursuant to that hearing, review is available by appeal to the Franklin Circuit Court pursuant to KRS 337.525.

Your report suggests that other states, specifically New Mexico, Wisconsin and Wyoming, may have developed a system of calculating prevailing wage rates superior to the method used by the Labor Cabinet. The wage rates in these states are determined not by majority of workers but rather by using the number of hours worked by employees in specific classifications. In addressing that suggestion, let me first point out that Kentucky, unlike

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Wisconsin, has no statute requiring that a mandatory survey be completed by contractors participating in construction work. In order to obtain the data to make such a determination based upon hours worked in each classification, a statutory change to require contractors to submit information regarding wages paid would have to be made. Second, I would note that the method for determining prevailing wage in Kentucky is set forth in KRS 337.505(1). That statute requires that the prevailing wage be determined based upon the basic hourly rate paid to the majority of employees employed in each classification of construction. It further states that, in the event that there is not a majority paid at the same rate, the basic hourly rate of pay will be the average basic hourly rate determined by adding the basic hourly rates paid to all workers in that classification and dividing the total number of such workers. It would appear, based upon a review of KRS 337.505, that the Labor Cabinet does not have the discretion to calculate the prevailing wage rate as your audit suggests absent a decision by the legislature to change the method mandated by KRS 337.505.

As you know, in addition to administering and enforcing the prevailing wage laws of the Commonwealth, the Division is responsible for enforcement of KRS Chapters 207, 336, 337, 339 and 343. These statutes cover wage and hour laws including minimum wage, overtime, and non-payment of wages, child labor, wage discrimination based on sex, handicap discrimination, and HIV positive discrimination.

With regard to the duties of the staff of the Division, the twenty individuals employed in the investigative staff are trained to conduct hearings and do so on an as needed basis. They also assist in verifying submitted information on prevailing wage determinations when necessary. These individuals conduct many prevailing wage inspections. In fiscal year 1996-1997, 403 prevailing wage inspections were conducted, 37 were based upon complaints and 366 were directed or routine inspections. In those inspections, 567 prevailing wage violations were cited. A total of \$410,886.53 was collected for employees in prevailing wage cases. In addition, these twenty investigators completed 2,191 wage and hour complaint-based inspections. Of this number, 271 were child labor investigations. The inspectors found 618 violations of child labor laws and collected \$77,800.00 in penalties for violations of Kentucky's child labor laws. The inspectors collected unpaid wages in the amount of \$1,868,405.56 for 4,326 employees in the Commonwealth.

You report on page 18 of your audit that many private contractors do not submit information because they do not feel their submissions will have any impact on the determination. I

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find this very surprising, as any relevant information submitted is considered in making the prevailing wage determinations. This has been the Cabinet's practice for many years and continues to be our practice. In addition, the Division regularly conducts training sessions with contractors and their various organizations regarding prevailing wage. The Cabinet encourages all contractors to submit information in the prevailing wage hearing process.

In short, the Labor Cabinet and in particular the Division of Employment Standards, Apprenticeship and Training seeks in all ways to carry out its statutory responsibilities. I appreciate your noting in your report that the Division does in fact carry out its statutory responsibilities with regard to the determination of prevailing wage rates. The goal of the Cabinet is to continue its recent efforts to update the prevailing wage rates. The Cabinet will continue to fulfill its statutory responsibility to the best of its ability given limited resources in terms of both manpower and technology. We feel that, given those limited resources, the Labor Cabinet is operating at its maximum potential in this regard.

Recommendations: Based upon the recommendations made in your audit, the Labor Cabinet, Division of Employment Standard, Apprenticeship and Training will undertake to do the following:

1. Examine other states which have adopted similar prevailing wage legislation and review their practices with the goal of incorporating any beneficial processes in their practice into the Kentucky process so far as it is possible to do so within its powers under the law. This process will be undertaken as time and resources allow.

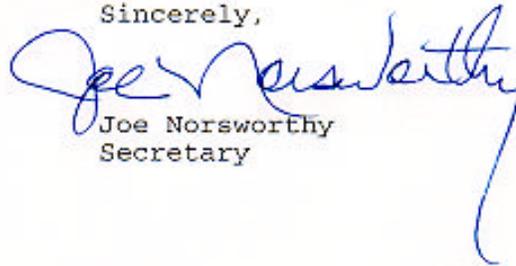
2. Develop a strategic plan for the determination of prevailing wage rates including an analysis of the best practices and plan of action specifically regarding those areas listed in your recommendations section. I would note that statutory changes are beyond our ability and must be left to the sound discretion of the legislature. I anticipate that the development of a strategic plan will require a significant expenditure of resources. This plan will be completed as soon as possible given the Division's limited resources.

3. Provide notice to all who submit information in the prevailing wage determination process that it is illegal to intentionally provide misleading written information to a public official in the performance of his or her duty, per KRS 523.100.

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Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Joe Norsworthy". The signature is stylized and cursive, with a long vertical flourish extending downwards from the end of the name.

Joe Norsworthy
Secretary

Contributors To This Report

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Copies of this report or other previously issued reports can be obtained for a nominal fee by faxing the APA office at 502-564-2912. Alternatively, you may

order by mail: Report Request
 Auditor of Public Accounts
 144 Capitol Annex
 Frankfort, Kentucky 40601

visit : 8 AM to 4:30 PM weekdays

email: Hatchett@apa1.aud.state.ky.us

browse our web site: <http://www.state.ky.us/agencies/apa>

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Audit Services - The staff of the APA office perform a host of services for governmental entities across the state. Our primary concern is the protection of taxpayer funds and furtherance of good government by elected officials and their staffs. Our services include:

Performance Audits: The Division of Performance Audit conducts performance audits, performance measurement reviews, benchmarking studies, and risk assessments of government entities and programs at the state and local level in order to identify opportunities for increased efficiency and effectiveness.

Financial Audits: The Division of Financial Audit conducts financial statement and other financial-related engagements for both state and local government entities. Annually the division releases its opinion on the Commonwealth of Kentucky's financial statements and use of federal funds.

Investigations: Our fraud hotline, 1-800-KY-ALERT (592-5378), and referrals from various agencies and citizens produce numerous cases of suspected fraud and misuse of public funds. Staff conduct investigations in order to lay the foundation for possible referral of cases to prosecutorial offices.

Training: We annually conduct training sessions for county government officials across the state. These training events are designed to assist local officials in the accounting and compliance aspects of their positions.

General Questions

General questions should be directed to Donna Dixon, Intergovernmental Liaison, or Ed Lynch, Director of Communications at (502) 564-5841 or the address above.