



VERMONT LEGISLATIVE  
**Joint Fiscal Office**

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**Fiscal Note**

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**H.679 An act relating to fiscal year 2022  
budget adjustments –  
Proposal of amendment on State Prevailing  
Wage offered by Senators Pearson, et al.**

<https://legislature.vermont.gov/Documents/2022/WorkGroups/Senate%20Appropriations/Bills/H.679/H.679~Senator%20Chris%20Pearson~Proposed%20amendment%20~2-4-2022.pdf>

**Bill Summary**

The proposal of amendment would require that all construction employees working on maintenance, construction, or improvement projects that receive \$200,000 or more funded by the American Rescue Plan Act (ARPA) be paid the mean State Prevailing Wage plus an additional fringe benefit of 42 and one-half percent of the wage. The State Prevailing wage requirement would not apply to a project that has been invited or advertised for bid, is under contract, or already has obligated funds as of the effective date of the act.

As explained in the considerations for lawmakers below, JFO is unable to estimate a fiscal impact for the proposal of amendment because of data constraints and unknown ARPA funding for construction projects going forward.

**Considerations for Lawmakers**

JFO does not have the data on wages or future ARPA-funded construction projects that would be necessary to estimate the fiscal impact of the Amendment. Data on wages paid to construction workers in Vermont lag about two years at best. Given current workforce shortages, anecdotal evidence suggests that the average wage of construction workers from two years ago, the basis for the State Prevailing Wage, is no longer relevant. In addition, the amount of ARPA funding for individual construction projects going forward is largely unknown, suggesting that it's unclear whether the State Prevailing Wage requirement would apply.

Given the lag in wage reporting and the on-going nature of ARPA funds that need not be obligated until the end of 2024 or spent until the end of 2026, JFO's inability to estimate the fiscal impact of the State Prevailing Wage requirement as specified in the Amendment will not change going forward. The constraints on data and knowledge of future ARPA projects are spelled out in more detail below.

- The most recent State Prevailing Wage is based on 2020 wage data from the Occupational Employment Survey. Data from 2021 will be released in April or May of 2022. Using dated wage data makes the State Prevailing Wage low relative to market wages given the current tight labor market for construction workers. For example, the 2020 average or mean wage for all Vermont construction workers as a group was \$22.94. Average wages today in construction are likely significantly higher.
- 29 VSA 161 already requires benefits of 42.5 percent when the contract is \$200,000 or more and at least 50 percent funded through the Capital Bill or for state projects that exceed \$100,000.
- The federal Davis-Bacon Act applies to construction projects of \$10 million or more, and the Amendment would not apply to those projects or to other projects if federal law otherwise requires compliance with Davis-Bacon. If ARPA funds are used for large, aggregated projects of \$10 million or more (as seems likely), the Amendment would have no effect.
- The Amendment would apply only to projects going forward for which bids are not yet invited or advertised, the project is not yet under contract, or the funds are not yet obligated. Until those future projects are defined, it's not possible to know whether requiring the State Prevailing Wage would affect the cost.
- If the administrative burden is kept low by applying no enforcement mechanism, workers would have to come forward with claims of under-payment to benefit from the Amendment. Again, the current tight labor market conditions make it unlikely that wages are below the State Prevailing Wage based on 2020 wage data.