



# Ohio Legislative Service Commission

## Bill Analysis

John Rau

### H.B. 370

130th General Assembly  
(As Introduced)

**Reps.** Phillips, Antonio, Ashford, Barborak, Boyce, Boyd, Budish, Carney, Celebrezze, Cera, Clyde, Curtin, Driehaus, Fedor, Foley, Gerberry, Letson, Lundy, Mallory, O'Brien, Patterson, Pillich, Ramos, Reece, R. Hagan, Heard, Rogers, Sheehy, Slesnick, Strahorn, Sykes, Williams, Winburn

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## BILL SUMMARY

- Eliminates the exemption from the state Prevailing Wage Law for public improvement construction projects of school districts and educational service centers and the prohibition on paying the prevailing wage rate for such projects.

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## CONTENT AND OPERATION

### Prevailing wage rate for public improvements by schools districts and educational service centers

Current law exempts school districts and educational service centers (ESCs) from the state Prevailing Wage Law (R.C. Chapter 4115.), requiring the state and political subdivisions to pay the prevailing wage rate for public improvement construction projects. Current law also prohibits a public authority from applying the prevailing wage requirements to a public improvement undertaken by or for a school district or ESC. The bill eliminates the exemption from the Prevailing Wage Law for school districts and ESCs and the prohibition on paying the prevailing wage rate for school district and ESC construction projects.<sup>1</sup> The effect of these changes is that school districts and ESCs must comply with the prevailing wage requirements on their public improvement projects.

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<sup>1</sup> R.C. 4115.04.

## Background

Prevailing Wage Law generally requires state agencies and political subdivisions, when undertaking public improvement projects, to pay the prevailing wage rate for the locality of the project. For this purpose, a "public improvement" means all buildings, roads, streets, alleys, sewers, ditches, sewage disposal plants, water works, and other structures or works constructed by a public authority of the state, a political subdivision, or a person who contracted with the state or political subdivision to undertake such construction.<sup>2</sup> The prevailing wage rate is the sum of the basic hourly rate of pay and certain fringe benefits under collective bargaining agreements in the same trade and locality. If there is no collective bargaining agreement in the locality for a particular trade, the required prevailing wage is the wage in effect for that trade in the nearest locality where there is a collective bargaining agreement in force.<sup>3</sup>

The requirement to pay the prevailing wage applies to public improvement projects in excess of certain cost thresholds, which are biennially updated by the Director of Commerce. The current threshold for new construction is \$250,000, and the current threshold for reconstruction, renovation, or repair is \$75,000.<sup>4</sup>

Some types of projects are exempt from the general prevailing wage rate requirement regardless their cost. This currently includes the exemption for projects for school districts and ESCs eliminated by the bill. The other current exemptions, not affected by the bill, are:

- (1) Public improvement projects subject to the federal Davis-Bacon Act;
- (2) Participants in specified types of subsidized employment programs or work experience programs when a public authority uses a participant's labor to construct a public improvement;
- (3) In certain circumstances, public improvements undertaken by, or under contract for, a county or municipal hospital;

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<sup>2</sup> R.C. 4115.03(C), not in the bill.

<sup>3</sup> R.C. 4115.03(E) and 4115.05, neither in the bill.

<sup>4</sup> R.C. 4115.03(B) and 4115.034, neither in the bill. See also "Prevailing Wage Threshold Levels Important Notice" ([www.com.ohio.gov/documents/dico\\_prevailingwagethresholds.pdf](http://www.com.ohio.gov/documents/dico_prevailingwagethresholds.pdf)) available at the Department of Commerce website home page (<http://www.com.ohio.gov/>), under "Divisions" click on "Industrial Compliance" and then, in the search box for publications, select "Wage & Hour" then "Prevailing Wage" and then "PW Thresholds Quick Ref."



(4) Certain public housing projects that are exempt from the Ohio Residential Prevailing Wage Law;

(5) Public improvements undertaken by, or under contract for, a port authority;

(6) Any portion of a public improvement undertaken and completed solely with donated labor.<sup>5</sup>

Of the current exempted projects, only those for school districts and ESCs are also subject to a separate prohibition on paying the prevailing wage rate.<sup>6</sup>

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## HISTORY

| ACTION     | DATE     |
|------------|----------|
| Introduced | 12-03-13 |

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<sup>5</sup> R.C. 4115.04(B).

<sup>6</sup> R.C. 4115.04(C).

