



A rotting slab of Davis-Bacon drives prevailing-wage policy

By Jim Waters

I have an idea that would allow the commonwealth to rise from the pits in just about every economic category that matters to a No. 1 ranking.

Why not make Kentucky the first state where government requires all construction contractors to pay prevailing-wage rates? Currently, Kentucky's prevailing-wage law, which mimics the federal Davis-Bacon Act (Bacon as in "pork") – a relic of the Great Depression, requires the state to pay prevailing wages only to workers on public projects.

To be consistent, lawmakers who continue to insist on paying prevailing-wage rates, which reflect high union scales rather than rates determined by the marketplace, should also force contractors on all construction projects – public and private – pay prevailing wages.

Of course, politicians know that supporting such a law would equate to political suicide. A basic understanding of economics – which escapes most politicians – shows that this would devastate the state's construction industry and create a bureaucracy large enough to be the eighth wonder of the world. Such a practice would evaporate what little economic vitality remains.

OK, a better idea: dump the prevailing-wage law altogether.

"Whoa!" to that idea, shout the labor-union bosses driving the gravy train. They insist on the necessity of a prevailing-wage law – one that forces taxpayers to offer higher wages to workers on public roads, jails, schools and bunkers for bureaucrats.

They also say it ensures quality work. But that claim triggers my logic alarm and raises many questions:

- If quality is better on prevailing-wage projects, why don't politicians force all contractors to pay such wages? Should the state accept poorly built apartment buildings, hospitals or grocery stores?
- If Frankfort's "laborcrats" won't require such a policy for the private sector, then why do they think it's economically sound policy for public projects paid for by overtaxed Kentuckians?
- Are Kentucky's labor leaders prepared to acknowledge that the 18 states without prevailing-wage laws – including nearby Virginia – don't provide safe roads and schools? Nobody would believe them if they did.

Meanwhile, Kentucky taxpayers won't believe how much prevailing-wage coercion costs them.

Take, for example, the new Joseph Warren Middle and High School in Warren County, which drew a \$61-million bid last week.

The job calls for a prevailing wage of \$41.35 for plumbers and pipe fitters. And it doesn't matter if a plumber hikes up his pants for the first time or the 30th year on the job, he still gets paid \$41.35 an hour.

I checked with an experienced contractor in the region, who said these workers would receive a rate of about \$18 an hour on a similar job in the private sector.

On Page 4 of the state Labor Cabinet's prevailing-wage categories for Warren County, it states that "water boys" get \$18.07 an hour and \$8.79 in benefits. So "water boys" working on the Warren schools get paid more than the usual rate earned by experienced, professional plumbers working on homes, office buildings and churches.

Even Kentucky Department of Education officials, which aren't exactly known for endorsing fiscally sound policies, recognize – and despise – the state's prevailing-wage policy. The department claims prevailing-wage requirements adds 11 percent to the cost of building schools – \$6.7 million on the Warren County schools project alone.

Neither university presidents nor local school administrators like it.

The Greater Lexington Chamber of Commerce, loath to criticize government interference in the marketplace, made elimination of prevailing-wage policy on school construction part of its 2008 public-policy positions. "Mandatory prevailing wage adds 15 percent to 25 percent to . . . construction budgets of educational institutions," stated the chamber's glossy release.

Yet while we all hold our breath waiting for lawmakers to come up with a defense for this bogus policy, they seem frozen with fear of incurring the wrath of labor bosses presiding over a shrinking union membership.

A better response would be to eliminate Kentucky's prevailing-wage law during the 2008 General Assembly and allow the great American tradition of competition to thrive in the construction marketplace.

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