



A PUBLICATION OF THE AFFILIATED CONSTRUCTION TRADES

A Division of the WV State Building Trades, AFL-CIO | Bill Hutchinson, *President* | Dave Efav, *Secretary-Treasurer* | Steve White, *Director*

## Prevailing Wage Repeal, RTW Major Concerns

# Legislative Session Starts

Repeal of the state prevailing wage law is definitely on the agenda of many legislators.

Their main motivation is to save money and the belief that prevailing wage rates are too high.

However almost all research and analysis of Prevailing Wage Laws (PWLs) in the past 25 years show they do not have a noticeable effect on public works construction costs.

The few studies countering this argument share the common mistake of assuming there is zero relationship between wages paid to a construction worker and the quality of the work

performed.

Prof. Peter Philips of the University of Utah, a leading economist

in this area has pointed out such a conclusion must assume a decline in wages would have zero effect on la-

bor productivity, worker experience, skill set, and training.

Most analysis of the effect PWLs have on public construction projects focus on public school construction.

A study of almost 400 public school projects in Kentucky, Ohio and Michigan and another that included analyses of square footage costs of over 4,000 new school construction projects found PWLs do not increase costs.

These studies were rigorous and factored in firm size, type of school, location of schools, time of year of

*Continued on p. 2>>*

### Research on school construction in states with and without prevailing wage focus on cost per square foot and found:

- Square foot cost to build 391 new public schools in Ohio, Kentucky and Michigan showed no significant difference in costs between PW and Non-PW projects
- A Maryland study looked at six states including West Virginia and found the cost of school construction was not higher in PW states. West Virginia had one of the lowest costs per square foot of those states examined
- A comparison of school building costs between PW and Non-PW states in the Mountain West and Southwest found average costs per square foot were actually lower in the PW states.

## Apprenticeship Grant Funding Available

Construction Works, an arm of the West Virginia State Building Trades, has secured more than \$500,000 for apprenticeship programs through the West Virginia Community and Technical College System.

In October 2013, the state's nine community and technical colleges received a grant from the U.S. Department of Labor's Trade Adjustment Assistance Community College and Career Training (TAACCCT) program to establish the Bridging the Gap Consortium.

The focus of the Consortium is to train adults, especially veterans and displaced workers, for high-wage, high-demand jobs within the areas of construction, energy, advanced manufacturing, and information technology.

Expanding partnerships between apprenticeship programs and community colleges is one of the strategies for achieving those goals.

Through this grant, community and technical colleges and Construction Works are partnering to establish more apprenticeship opportunities for West Virginians.

This also includes improvements to the award of college credit and a new student support system.

Historically, apprentices have been eligible for 43 college credit upon completion of their apprenticeship.

In order to make this process easier and provide expanded opportunities for apprentices to earn college degrees, apprentices will now be able to receive college credit on a yearly basis, with more options for taking general education courses on-line.

Another focus of this initiative is to lower the high drop-out rates for first year apprentices.

Studies have shown that high drop-out rates for first year apprentices cost programs millions each

year.

In order to improve retention in the first and second years, programs will implement a peer coaching system.

Peer coaches will maintain open lines of communication with new apprentices to make sure they understand the program and how they fit

*Continued on p. 3>>*



Roy Smith (standing) talks to members of the Parkersburg-Marietta Building Trades about the new apprenticeship grant recently awarded to Construction Works where Smith is Executive Director.

# Associations Start Letter Campaign Contractors Concerned Prevailing Wage Changes Would Hurt Local Businesses

Dozens of area contractors have sent letters to their legislator urging caution about reported changes or repeal of the state prevailing wage law.

The effort is being led by a number of contractor associations and has included many regions of the state and bordering areas.

Many are quick to point out the value their companies bring to consumers and that claims to great savings without prevailing wage are unrealistic.

Rather than save taxpayers money, repeal of the law will cost tax payers in lost local taxes and wages wrote K.T. Carfagna, President & CEO of Wheeling based Jarvis, Downing &

Emch Inc.

"A recent study in Missouri shows that eliminating the prevailing wage law in that state would cost more than \$300 million per year," wrote Carfagna in the January 11 Wheeling paper.

Similarly in the Charleston area an interior systems contractor wrote to the papers after reading about proposed changes to the law.

"If the law is repealed many local businesses like mine will face unfair competition from companies outside of our region," wrote Glenn Jeffries in a December letter to the Charleston Daily Mail. Jeffries is President of Cornerstone Interiors in Putnam County.

Dozens of contractors are writing to their legislators with similar messages.

"We've seen letters from all sorts of contractors who are upset that local companies will lose business, jobs will be lost and our economy hurt because legislators don't understand the construction industry," said Tom Cerra, Executive Director of the Ohio Valley Construction Employers Council.

Cerra is joined by other association leaders in an effort to better educate legislators about the prevailing law and its value.

In writing to senate leaders Clint Suggs, Executive Director of the Parkersburg-Marietta Contractors

Association emphasized the value contractors bring when they use local highly skilled workers who are safety and drug tested.

"We as employers are able to offer taxpayers the best there is in modern construction which is safety, quality, productivity and professional skill," wrote Suggs.

Dozens of contractors from the heavy and highway sector have also been active according to Mary Prim, Executive Director of the Constructors' Labor Council.

"Our members are reaching out to legislators to find ways we can work together and fund more infrastructure, cutting prevailing wage only hurts our budgets" said Prim. ■

## Dr. Stephen J. Kopp of Marshall Will Be Missed

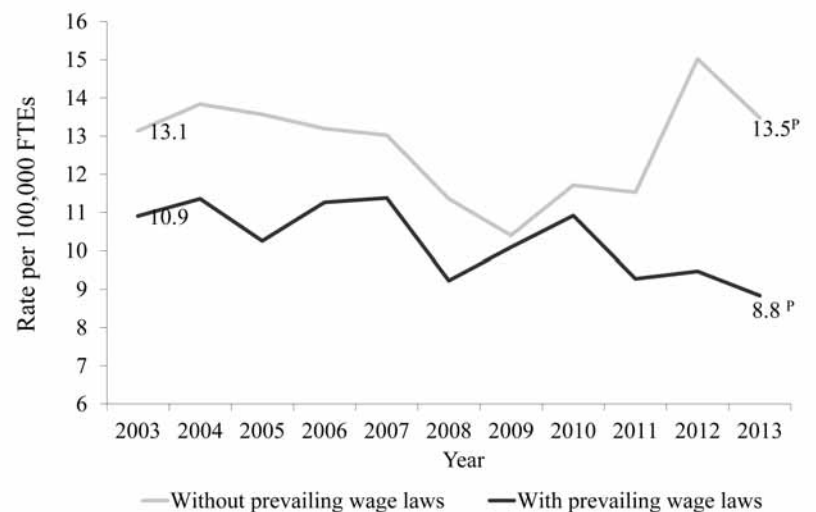


Dr. Stephen J. Kopp speaks at the Tri-State Building and Construction Trades Council's annual Christmas Breakfast in Ashland, Kentucky on December 12, just a few days before he died unexpectedly.

Kopp had been President of Marshall University since 2005 and overseen more than \$300 million in new buildings and renovations, all of which used local union construction labor.

"Dr. Kopp was a great friend to labor and a visionary for our community," said Mark Johnson, Business Manager of the Council. "He will be greatly missed."

Fatal injury rates in construction, non-prevailing wage states vs prevailing wage states, 2003-2013



P=Preliminary. District of Columbia was excluded from estimations.  
Source: U.S. Bureau of Labor Statistics, 2003-2013 Census of Fatal Occupational Injuries and Current Population Survey.  
Calculations by CPWR Data Center.

## Legislative Session

**Continued from Page 1**

construction, regional effects and business cycles.

Prevailing Wage opponents predict great savings but fail to document any.

Other studies show the devastating impact repeal of PWLs can have on a state's economy. In Missouri a

2004 economic impact analysis of a proposed state PWL repeal found it would result in a loss to the state of more than \$317 million each year, made up of \$294 million in lost wages, over \$6 million in lost sales tax collections and at least \$18 million in lost income tax revenue. ■

# So-Called Right-to-Work on Agenda

With a new majority in the state legislature it is certain legislation called 'Right-to-Work' will be debated and perhaps passed.

The law would prevent unions from collecting dues while still requiring them to provide services to all workers covered by an agreement.

Proponents claim passage of the law will increase jobs because companies looking to locate will be more interested. Opponents say no companies have promised to come if the law changes.

They also say it is unfair to allow individuals to get the benefits of a union without paying for it.

While the controversy is sure to be a topic of much debate it is unclear how hard a battle will be waged.

"We are preparing for the worst," said State AFL-CIO President Kenny

Perdue.

"With the many real problems we have in our state we hope we can convince enough legislators that the so-called Right-to-Work direction is not worth the effort."

Perdue points to numerous studies that show states without RTW laws have a better paid workforce, a safer workplace, and an overall higher standard of living.

Indiana and Michigan both have had the law passed in recent years. The success of these efforts is being linked by some to a right-wing think tank called ALEC.

"The biggest businesses are clearly out to eliminate unions because they represent the only voice for workers," said Perdue. "We are mobilizing our members as we always have, this will be a very tough fight."

# History of Prevailing Wage Laws

In the 1920s, many States passed laws requiring contractors on public projects to pay workers the prevailing wage in that State as a way of reducing the prospect that contractors with underpaid workers, often out-of-State contractors importing low-wage workers from the South, would secure contracts.

Congressman Robert L. Bacon, a Republican who represented Long Island introduced a bill in the U.S. House of Representatives in 1927 to require payment of prevailing wages on Federal projects.

He did so in reaction to a contract won to build a new Veterans' hospital in New York by an Alabama contractor, aided by importation of low wage workers from the South.

He said of the workers on the hospital project, "They were herded onto this job, they were housed in shacks, they were paid a very low wage, and . . . it seems to me that the federal government should not engage in construction work in any state and undermine the labor conditions and the labor wages paid in that state."

Bacon considered his proposal a matter of fairness.

He wanted to give local contractors and labor a "fair break" in getting government contracts:

"If the local contractor is successful in obtaining the bid, it means that local labor will be employed because that local contractor is going to continue in business in that community after the work is done.

If an outside contractor gets the

contract, and there is no discrimination against the honest contractor, it means that he will have to pay the prevailing wages, just like the local contractor."

The bill did not pass, but Congressman Bacon would introduce variations of the bill in succeeding years.

Congressman Bacon partnered with Senator James J. Davis, a Republican from Pennsylvania who had served as Secretary of Labor under Presidents Harding, Coolidge, and Hoover (1921-1930).

They introduced the bill that would be known as the Davis-Bacon Act. Senator Davis explained that "the least the Federal Government can do is comply with the local standards of wages and labor prevailing in the locality where the building construction is to take place."

He and Congressman Bacon argued their bill was fair to workers because their wages would not have to be slashed so their contractors could compete against those willing to employ cheap labor.

The House and Senate passed the bill as introduced.

Republican President Hoover signed the Davis-Bacon Act on March 31, 1931 requiring payment of prevailing wages on projects awarded by the Federal Government.

State prevailing wage laws became known as little Davis-Bacon Acts. West Virginia created their law in 1933. Today 32 states have a prevailing wage law. ■

## Trades Ring Bells



Members of IBEW 466 Charleston were among many from the crafts who rang bells for the Salvation Army this holiday season. This crew was at the Charleston Town Center Mall on a Saturday (from left) Chris and Susie Samples, apprentice Tara Turley and her two daughters, and Joe and Jason Samples.

## Apprenticeship Fund

*Continued from Page 1*

into the construction industry. Peer coaches will also reach out to struggling students and offer tutoring services and information about additional support.

"The recent downturn in the economy has hurt many apprenticeship programs and we hope these funds will help them offer more opportuni-

ties," said Construction Works Director Sheryl Johnson.

Participation in this program is voluntary. Construction Works will assist with reporting and documentation requirements.

Programs interested in participating should contact Sheryl Johnson at 304-346-7745, extension 117. ■

# Repeal of state prevailing wage law - a BAD idea!

Repeal or significant change to our state prevailing wage law will bring no gains for taxpayers but many problems. Here are some key points to consider.

Repeal will:

- Hurt local contractors - The Federal version of the law was enacted by two Republicans, Davis and Bacon, to protect local contractors who were being underbid on federal contracts by low wage contractors from outside the location of the project – states like WV followed.
- Hurt related businesses and workers - Not only will contractors who play by the rules suffer their subcontractors, suppliers, vendors and related workers will also be hurt because states without PW see more contracts go to companies from outside the area who in turn use businesses from outside the area. Local workers get displaced by imported workers.
- Bring NO savings to taxpayers - Numerous studies on school construction show the same cost per square foot to build schools in Non-PW as PW states. Same goes for highways! Saying we can build five schools for the price of three is impossible. Wages make up less than 1/3 of a job!
- Cost our state Millions in lost revenue - A Missouri study estimated more than \$317 million per year in lost wages and taxes if PW repealed – losses not savings. What will the loss be for WV?
- Lead to More fatalities - NonPW states had 53% more construction fatalities in 2013.
- Result in Poor quality - Local contractors and workers not only care about their work they train new workers. See Ohio Frontier School example, after PW repealed in Ohio quality problems ended up costing millions.

Contractors can compete – they do it every day in the private sector. But on public work their track record, reputation, experience, local use of subcontractors, suppliers, and workers don't count!

What else to consider:

Most construction workers do not get paid holidays, vacation days, sick days, paid for weather shut downs, paid while waiting for the next job, etc. Full time employees in the US work an average of 1,700 hours each year while getting paid for 2080. Construction workers are only paid for hours worked. Do the math.

*When talking to legislators here are some key points to consider on prevailing wage. For more information Like us on Facebook – WWSBT*

## Stay In Touch - Fast

A new effort led by Operating Engineers Local 132 to send up-to-the-minute information on prevailing wage, 'so called' right-to-work and any other worker related issues has been established.

To find out more just go to [www.iuoe132.org](http://www.iuoe132.org) and click on the REACT button.

This is a free service and members of all crafts, friends and family are welcome to participate.

## Let Legislators Know

It is more important than ever that your voice is heard with legislators this session!

Please reach out to your representatives in the WV House and Senate by sending them an email or making a call. Let them know repeal of prevailing wage will hurt local contractors, hardworking West Virginians and their families.

To find email and phone numbers go to <http://www.legis.state.wv.us>

There is a link for both Senate and

House.

By clicking on the email address you can send a message right from the legislative contact page or pick up the phone and make your voice heard!

Or call Toll Free 1-877-565-3447 and leave a message.

Reaching out to Senate President Bill Cole and House Speaker Tim Armstead is also a good idea.

Follow the State Building Trades Twitter account @wvsbt.

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