

Study: Repealing prevailing wage would have been bad idea

By Cody Neff REGISTER-HERALD REPORTER | Posted: Sunday, February 15, 2015 3:00 am

Repealing West Virginia's prevailing wage law wouldn't have just been bad, according to a recent study from the University of Missouri; it would have been a tragedy.

Legislators and other officials are currently in talks to change the prevailing wage law in West Virginia, which is a set hourly wage and benefits paid to workers who are working on a government contract job.

According to the University of Missouri study, "attempts to repeal the prevailing wage law in West Virginia are based on the claim that repeal will save money on total construction costs and will bolster state and local budgets."

In other words, legislators think taking prevailing wage away, or changing it, will save the state money in the long run.

Although the original bill called for a flat out repeal of the wage, legislators reached a compromise Thursday and passed an amended bill through the Senate that would instead change the way it is calculated. Under the revised bill, WorkForce West Virginia, the West Virginia University Bureau of Business and Economic Research and the Center for Business and Economic Research at Marshall University would be responsible for the calculations now performed by the Department of Labor.

Prevailing wage would be calculated annually and reviewed every three years, under the new bill.

The University of Missouri study concludes that taking away prevailing wage wouldn't save any money, and it would have a negative impact on families, taxpayers and the local economy.

"This study shows that consequences of a repeal in West Virginia would include no cost savings in the non-residential sector and no cost savings in construction costs of schools," the study says.

Other impacts would be lower wages for construction workers in West Virginia and reduced tax dollars for the state.

The deeper findings of the study say it's actually cheaper to build a school in West Virginia than it is to build a school in a state without prevailing wage.

"The average cost of building an elementary school in West Virginia is \$6.10 cheaper per square foot," the study says. "Building a secondary school is \$22.37 cheaper per square foot. Building a university in West Virginia is \$58.52 cheaper per square foot."

The main, and maybe the most important, points of the study say taking prevailing wage away would have a huge impact on construction workers and their families.

“The repeal of the prevailing wage law would cost the residents of West Virginia and their families between \$51 million and \$77 million per year in lost income,” the study says.

The state would also see less income if prevailing wage is repealed, the study says.

“The repeal of the prevailing wage law would cost the state of West Virginia between \$4.51 million and \$6.79 million in lost tax revenue each year.”

The study’s reasoning for the lost tax dollars is that, if people are making less money, less money is taken out in income tax. If people make less money, they also are buying less, which means they’re spending less in sales tax.

The loss of prevailing wage means less health and pension benefits, too, since those are included in the terms of a prevailing wage.

One local construction representative says he can’t believe legislators are under the illusion that this will lower the cost of public projects.

“To me, prevailing wage is a win-win situation,” Wayne Rebich of Affiliated Construction Trades said. “We can build schools cheaper than states without prevailing wage. The state wins because they’re getting stuff done cheaper.

“The employees win because they can make a living wage that allows them to have a retirement plan and health care. Unfortunately, everyone doesn’t see it that way.”

Rebich says companies just make more money if prevailing wage gets repealed. It doesn’t mean a single dime for the working man.

“I urge people to contact their local politicians, delegates and representatives,” he said. “We have to let them know how much we oppose this ‘compromise.’”

— E-mail: cneff@register-herald.com; follow on Twitter [@RHCodyNeff](https://twitter.com/RHCodyNeff)