Statehouse Beat: More on prevailing wage gap

Beginning Wednesday, the state's prevailing wage law will go into hiatus as the old law expires at midnight, and a new method for calculating wages for construction workers on state-funded projects of $500,000 or more is not expected to be completed by WorkForce West Virginia researchers until September.

Gov. Earl Ray Tomblin will not intervene, according to spokesman Chris Stadelman, who was openly critical of the Legislature for allowing the law to lapse:

"Effective July 1, there will not be a prevailing wage in West Virginia because the Joint Committee on Government and Finance refused to extend the deadline to allow WorkForce West Virginia to take the necessary steps to set a wage as the statute requires. It's unfortunate that the Legislature's actions will create uncertainty for businesses and local governments in West Virginia, and we urge legislators to reconsider that action. Surveys were sent to more than 5,000 businesses earlier this month, and WorkForce West Virginia will continue its process to comply with the statute," he stated.

Commissioned under the new law (SB361) to accurately determine wage rates being paid to construction workers in the state, WorkForce West Virginia took what most would see as the rational approach of surveying some 5,200 contractors and subcontractors in the state to ascertain wages that are being paid in the marketplace.

That, of course, didn't sit well with legislative leaders who thought they had passed a bill to unilaterally cut wages for workers on public works projects, and who threw a hissy at June interims, aghast by the notion administration economists intend to do actual research.

They followed up with a harsh letter from Senate President Bill Cole, R-Mercer, and House Speaker Tim Armstead, R-Kanawha, to WorkForce acting executive director Russell Fry, blasting the agency's "rather lackadaisical and cavalier approach" to determining the wage rates.

Essentially, the letter states that while the law says to use "all appropriate economic data" to determine actual wage rates being paid to construction workers in the state, the leadership demands that Workforce actually rely on federal Bureau of Labor Statistics rates — "Otherwise, the Joint Committee on Government and Finance will have no choice but to proceed with its evaluation of all options available to the Legislature to ensure that the statutory requirements of SB361 are followed."

In other words, either adopt the artificially low BLS rates (which include lower-paid residential construction projects), or face the wrath of the Republican leadership.

What happens during the hiatus is anybody's guess. Will shady out-of-state contractors underbid state contracts using underpaid, under-skilled workers, as Labor has warned? Will the status quo prevail, with contractors paying the same wage rates as before July 1?

On the positive side, the state doesn't appear to have any major building contracts set to go out to bid during the hiatus. Bid opening on the E-ticket project of the year, renovation of Capitol complex Building 3, was May 27. (Those bids are still being evaluated.)

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Finally, kudos to Delegate Gary Howell, R-Mineral, for uncovering evidence of possible wasteful spending by the Division of Highways regarding road sign replacement. Now, all Howell has to do is find 500 to 1,000 similar instances of waste each year, every year, and the state Road Fund's $600 million to $1 billion annual shortfall of needed funding will be resolved without having to raise taxes, increase DMV fees, or keep tolls on the Turnpike indefinitely.

Of course, that would mean discovering that almost all of the division's budget is wasted, which is statistically improbable.

However, it fits the narrative of the new legislative leadership that the poor conditions of the state's highways are the result of waste or mismanagement by the Division of Highways, not because the Legislature has failed woefully to come up with adequate state funding for those roadways.

This is from a Legislature whose most concrete (pun intended) contribution to closing the $1 billion a year highways funding gap was passage of a law making it a misdemeanor to have open containers of alcohol in motor vehicles. That frees up $9.4 million a year of federal highways funding that the state previously was required to commit to anti-drunk driving media campaigns.

(As a positive, maybe that means we won't have to suffer through another heavy rotation of those TV and radio spots where Jimmy has to get his mother to drive him to work or on dates because he got a DUI.)

To put the $1.6 million in perspective, the American Road and Transportation Association estimates the average cost to mill and resurface one mile of four-lane road is $1.25 million, while new construction of a mile of two-lane road in a rural (and flat) area will run $2 million to $3 million.

Division of Highways spokeswoman Carrie Bly says the DOH uses the ballpark figure of $1 million a mile to resurface four-lane highways.

In other words, you couldn't pave much roadway by not replacing signs.

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