

# **Editorial: Repealing prevailing wage raises many questions**

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With West Virginia's current economic situation, now is not the time to be putting good-paying local jobs in jeopardy.

That is what lawmakers will be doing if they repeal the state's prevailing wage law.

The current law sets a wage rate that building contractors pay workers for large state-funded construction projects, much like the prevailing wage system that is used for federal construction projects. The law does not affect commercial or residential construction, so it is rather narrow in scope.

About 32 states have state prevailing wage systems, but some lawmakers contend they would get more bang for their state construction dollars without the prevailing wage. There are studies on both sides of that debate, but generally, removing the prevailing wage is not likely to reduce the cost of a project by much.

That is because for most big construction projects, labor is just one of the costs, along with materials, supplies, equipment rentals and other factors unrelated to the prevailing wage system. If labor costs make up 40 percent of a project, and cheaper workers cut those labor costs by 20 percent, the overall cost of the project would only go down by 8 percent.

But local contractors say the losses could easily outweigh the gains. If bids for a West Virginia school go to out-of-state contractors with cheaper labor, that hurts local workers and the local businesses that employ them. State tax dollars end up benefiting communities far away instead of right here at home.

The prevailing wage also helps support a skilled and well-trained workforce, something the state also desperately needs, as well as to ensure quality construction, contractors say.

Certainly, the formulas used to calculate the wage levels should be scrutinized, and that is what the legislature agreed to do last year. WorkForce West Virginia developed new targets in 28 job categories and brought the wage levels down in most of them. Legislation last year also exempted projects under \$500,000 from the prevailing wage requirements.

Changing the prevailing wage requirements will not affect private investment, which is what West Virginia really needs, and it is not likely to greatly reduce the cost of state-funded projects. But it could mean lower quality construction, reduced workplace safety and fewer quality jobs for West Virginians.

It is hard to see the benefit for West Virginia.