

Rick Wilson: How we got a prevailing wage law offers lessons

By rick wilson sig

The new leaders of West Virginia's Republican-controlled legislature have made jobs and economic prosperity a top priority. That being the case, I hope that some will reconsider support for a bill that would take money out of the pockets of the state's working families and local businesses.

The issue in question is West Virginia's prevailing wage law, which sets pay standards for workers on public construction projects. The idea is to prevent these projects from turning into a race to the bottom, with out-of-state contractors profiting at the public expense by underbidding local businesses and importing low-wage, low-skill workers laboring under unsafe conditions.

Maybe a little history might help. Many state prevailing wage laws were modeled on or influenced by the 1931 federal Davis-Bacon Act, which bears the name of two Republican senators, James J. Davis of Pennsylvania and Robert L. Bacon of Long Island, New York.

Neither was anything remotely resembling a labor radical. Bacon was a banker and decorated military officer who served in World War I, while Davis served in the cabinets of Republican Presidents Harding, Coolidge and Hoover.

Bacon got on the case in 1927, when an Alabama contractor got a bid to build a veteran's hospital in Long Island and imported poorly treated workers from that state. According to Bacon, these workers 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."

He believed that a prevailing wage policy leveled the playing field:

"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."

According to Davis, the least the government could do in such cases "is comply with the local standards of wages and labor prevailing in the locality where the building construction is to take place."

Davis and Bacon believed their bill would help local workers and communities because wages on public projects wouldn't be slashed by contractors who had to compete against those using cheap labor.

West Virginia's prevailing wage law has been in place for decades and has promoted generally harmonious relations between contractors, construction workers, and building trades organizations. It has also encouraged the development of apprenticeship programs that help young people build skills for lifelong careers in a state where workforce participation is a critical issue. It has promoted high quality work, boosted productivity, reduced turnover, and promoted safety on the job.

Some of the most eloquent voices in favor of keeping the law in place are owners of construction firms. One CEO was recently quoted in the media as saying that “Loss of wage to our own people, and that wage going out of state, I just can’t understand how any legislator can explain that to his constituents.”

Opponents of the prevailing wage system basically want to reduce the wages of working people in a state where incomes are already among the lowest in the nation.

The Koch-brother supported Public Policy Foundation of West Virginia issued a report in 2009 that argued that prevailing wage laws artificially inflate wages for some workers. The study’s methodology has been characterized as flawed by the West Virginia Center on Budget and Policy and others because it conflates data with construction wages in the home construction sector with those in the nonresidential sector.

Meanwhile, other studies, such as those by Michael Kelsey of the University of Missouri and the Keystone Research Center, compared states with and without prevailing wage laws. They concluded that West Virginia’s public construction costs are not out of line with other states and are under some without prevailing wage laws. They have also found numerous public benefits, such as those mentioned above.

I think it’s pretty simple. West Virginians win when our friends and neighbors earn a living wage with decent benefits and can provide for their children and families while building up our public infrastructure, paying taxes and contributing to our communities.

It’s great that legislative leaders want to put West Virginia back to work. I just hope we can find a way to build the state up without pulling our people down.

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