



QCC RESPONSE TO KARE 11 NEWS May 2, 2008

In its segment aired on Thursday, May 1, 2008, KARE 11 attacked the State prevailing wage law, which establishes minimum wages for workers performing construction work on publicly financed construction projects.

Shortly after discussing the hard work being performed by the construction workers on the 35W Bridge, a prevailing wage project, KARE 11 asserted that these workers were being paid too much.

The logic of KARE 11 seems to say that lowering wages on public work to match the wages of a non-union contractor that pays less than the prevailing wage would save money on public construction projects. Unfortunately, this logic is flawed on a number of levels:

First, comparing the cost of public sector construction projects to private sector construction projects shows that public construction tends to cost about 25% more regardless of whether prevailing wage is required or not. Many explanations exist for this disparity, but most agree that it is due to the oversight, exacting standards, and quality that are demanded by the public for public construction projects.

Second, according to all studies that compare actual data regarding public project costs, requiring prevailing wage on a construction project is cost neutral.

Third, prevailing wage helps ensure that workers on public projects get health insurance, training and retirement benefits. Employers providing these benefits can deduct the cost of providing these benefits from the total prevailing wage.

Fourth, based on the proposition that contractors that pay lower than the prevailing rate can build projects cheaper, then it should follow that such contractors would always win every competitive bid on construction work in the state of Minnesota where prevailing wages are not required. That is just not true. In private sector construction, employers **can** pay lower wages and yet contractors that pay union wages consistently are awarded construction jobs. In fact, there are thousands of successful union-employing contractors and tens of thousands of union construction workers in Minnesota. Lower wages does not result in the lowest project cost.

Finally, in this time of economic crisis it is unfortunate that some would suggest that hard working men and women should get less. Less wages to support their families, pay their mortgages, and buy their gas. Less health care. Less training. Less retirement possibilities.

Minnesota should be striving to provide good paying jobs with good benefits to Minnesotans, while investing in Minnesota's infrastructure and Minnesota's economy.

Some further information that KARE 11 failed to mention:

- Prevailing wage rates can include health care, retirement, and training fringe benefits. Were the non-union employers paying these fringe benefits? Were the non-union wage rates in the news report only take home pay or did they include fringe benefits?
- Only 1/2 of the prevailing wage rates in Minnesota are the union rates.
- Both private and public construction projects are surveyed to establish the prevailing wage rate.
- Union Laborers ("common laborers") are not required to be paid the prevailing wage rate until they have completed their apprenticeship of 288 hours of classroom training and 3 years of on the job training. There are over 2,000 Union Laborer Apprentices registered with the State of Minnesota who are studying to be journeyworker Laborers. Thus, under prevailing wage, the full rate noted in the news report would not be paid to a Union Laborer until a worker's 4th year of construction experience.
- In Koochiching County, fifty-eight Laborers were paid the rate that set the prevailing wage rate for commercial building work in that county, not the two as suggested by news report.