

Michigan's Prevailing Wage Act

You Get What You Pay For

prepared by the

Michigan State Building and
Construction Trades Council



PREVAILING WAGE

The benefits of Michigan's Prevailing Wage Act include the following:

- Superior worker and job site safety
- Lower costs
- Quality workmanship
- High worker motivation
- High productivity
- Fair bidding practices
- Qualified workers
- Opportunities for minorities and women

The Michigan Prevailing Wage Act protects the following entities from a government that tries to undermine wage patterns and labor standards:

- Municipalities
- Public schools
- State universities

Enacted in 1965, Public Act 166 stated that state funded construction projects are required to pay prevailing wage and fringe benefits rates. Since then, Michigan taxpayers have enjoyed the results of a skilled and productive labor force working on building and construction projects. Prevailing wage rates are the average hourly rates of pay provided to different classifications of building trades workers in a particular region. Thirty-one states currently have prevailing wage laws.

TRAINING

Unions and contractors nationwide:

- Invest \$300 million annually in training
- Train 180,000 apprentices
- Upgrade 500,000 skilled workers
- Operate 1,000 state-of-the-art training facilities

Training and apprenticeship programs are the backbone of the construction industry. When prevailing wage and fringe benefits are paid, contractors can hire skilled workers who have the experience to get the job done right the first time. Training requirements play a large role in the selection of construction workers for projects when one considers that nonunion training programs are virtually nonexistent. Unskilled workers cannot be expected to perform skilled tasks without adequate training.

PRODUCTIVITY

Union productivity is superior based on the following factors:

- **Apprentice programs in many disciplines**
- **Reduction of overall project costs**
- **Hundreds of training hours**
- **Knowledgeable construction crews**
- **Immediate access to skilled workers**
- **Fewer supervisors required at work site**

Construction workers belonging to unions are more productive than their non-union counterparts. One quarter on non-union firms admit that "union labor is more or much more productive" than non-union labor. Unions insist on the maintenance of apprentice programs. This means union members receive hundreds of training hours. That extensive training ensures that the job is done right the first time. Union hiring halls allow for faster access to skilled workers. By having numbers of skilled workers on hand, union hall hirings can reduce a contractor's cost of finding and hiring knowledgeable workers. More skilled workers translate to fewer supervisory personnel needed to ensure proper work site performance.

QUALITY OF WORK

Using skilled, union workers ensures the following results:

- **Lower overall costs**
- **Safe construction sites and projects**
- **On-time deadlines**
- **Costs budgeted up front**
- **Maximization of resources**
- **Lessened need for repairs and lower repair costs**

The requirement to pay prevailing wage and fringe benefit rates for state funded construction projects ensures a skilled and productive work force. Union sponsored apprenticeship programs provide extensive training for skilled workers. Using unskilled, non-union workers on a building or construction project leads to the following consequences:

- **Higher costs**
- **Unsafe construction sites and projects**
- **Missed deadlines**
- **Thousands of dollars in hidden costs**
- **Wasted resources**
- **Greater need for repairs and higher repair costs**

SAFETY

Job site safety is increased using skilled, union workers because it:

- **Prevents injuries and fatalities**
- **Ensures safe work site operations**
- **Saves thousands of dollars in project costs**
- **Increases worker productivity**

Construction is inherently one of the most hazardous industries in the United States. When accidents occur on a job site the results can be millions of dollars lost in delays and damages due to injury or death. The building trades unions and their contractors co-sponsor comprehensive safety and health programs to protect the lives of

workers and minimize the huge losses that result from unsafe work sites.

FAIRNESS IN BIDDING

Fair bidding practices resulting from the Prevailing Wage Act:

- Ensures the existence of established businesses
- Reduces importation of cheap, out-of-state labor
- Discourages unscrupulous wage cutting schemes
- Encourages fair wages and fringe benefits
- Promotes free enterprise
- Demands prudent use of equipment and materials

The Prevailing Wage Act sets standards that allow established companies in Michigan to pay fair wages and fringe benefits. It helps them stay in business and compete on state projects against companies that drive down salaries by any means possible, including importing cheaper labor from out of state. With the Prevailing Wage Act, contractors compete based on their skill and efficiency instead of damaging the local economy by slashing wages and benefits.

COSTS

The following factors must be considered when creating a complete picture of project costs:

- Employee motivation
- Safety
- Quality
- Productivity

The argument that paying prevailing wages will produce higher costs is flawed because it assumes that paying anything more than the lowest possible wage rate will automatically lead to excess costs. Paying the prevailing wage rate of a local area makes it possible to attract better trained and highly skilled construction workers able to complete the job safely, on time, and within budget. Paying wages below prevailing rates really involves a shifting of costs. When costs are shifted from construction companies and developers, the following groups wind up paying more to support the unskilled workers:

- Government
- Workers
- Communities
- Minorities and Women

Paying the prevailing wage assists in developing economic empowerment and job opportunities for minorities and women workers because it:

- Ensures that all groups receive training in desired construction skills
- Does not pose a barrier to hiring inexperienced workers

The most effective antidote to racism and sexism is economic power and respect. Empowered individuals are able to use meaningful skills to take control of their own destiny and build a bright future. Union-sponsored apprenticeship programs:

SUPPORTING GROUPS OF PREVAILING WAGE LAWS

- NAACP
- Mexican-American Unity Council
- National Women's Political Caucus representatives