

**2014 - 3rd Quarter****Why is Prevailing Wage Important?***By Butch Garrett, Prevailing Wage Coordinator*

Prevailing wage can be an animated topic whether the discussion is with public entities, contractors, workers or trade organizations. It is difficult to remember a legislative session where some bill was not introduced on this subject.

Prevailing wage requirements ensure a level playing field for all contractors bidding a project. This was true with the nation's first prevailing wage law in Kansas, 1891. Local contractors paying 'prevailing' wage rates could not compete against out-of-state contractors importing a low-skilled, low-paid workforce. The federal prevailing wage law, Davis-Bacon, passed in 1931 with the same purpose as our nation's first prevailing wage law, brought about when southern contractors brought low-skilled, low-paid workers to do federal projects in New York.

From the University's point of view, there is a category of contractor we want doing our projects. That category of contractor is financially responsible and stable with a safe, trained, experienced work force. The contractors we want cannot compete against less desirable contractors if we don't enforce a level playing field with prevailing wage, as well as with specifications and design. Should the University fail in enforcing our prevailing wage requirements, our bidders list would soon be missing the reputable, qualified contractors we hope are the low bidders. The same result could be achieved by letting the contractor do the plans and specifications without our review. We could have a lot of pole barns on our campuses.

No contractor is interested in spending the time and money to prepare a bid when there is not a level playing field. This is true regardless of whether the contractor is big or small, union or non-union, Republican or Democrat, urban or rural. The union versus non-union issue is a common topic, but the fact is that both Davis and Bacon were Republican United States legislators. Senator Bacon was formerly Secretary of Labor under three presidents, while Representative Davis was formerly a banker.

I attended a legislative hearing last session where a concerned citizen testified that 'we could build our schools for 30% less if we didn't have to pay prevailing wage.' The failed logic is that there is not a 30% labor factor in the project. It is possible one might save 30% by having the materials delivered to the jobsite alone. Then there would be the issue of who is going to erect the structure. More savings could be generated by ignoring ADA requirements, life safety standards, building codes or having no professional architectural or engineering services.

There has been exhaustive professional research done on this topic by leading institutions across the country. I prefer to cite the work done by our own Kelsay, Wray and Pinkham of the Department of Economics, UMKC. I'll quote two sentences from the summary, but the study merits reading. "This study has shown that the benefits of repeal (lower construction costs) are simply not there. This study has shown the costs of repeal are real and substantial and will have a short-term and long-term negative impact on the State of Missouri."

To answer the question in the title of this article, the University can have safe, trained, financially responsible, stable contractors for the same price as questionable contractors, simply by enforcing the prevailing wage provisions of our contracts. This is a simple measure to maximize our return for the millions of dollars we invest in our construction projects throughout the state.



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[Compliance Certification](#)

[Sponsored Programs Update](#)

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[Top Business Reasons for Good Records Management](#)

[NPI's Excellence in Procurement Award](#)

[Supplier Diversity Advocacy Mentoring Program Conference](#)

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