

By Labor Commissioner Dan Gardner

The Truth about Prevailing Wage

Here's a political riddle. What was originally sponsored by Republicans, later safeguarded primarily by Democrats, currently receives bipartisan support and continues to benefit most Oregonians? Answer: Oregon's Prevailing Wage law.

There has been some press recently about the state's prevailing wage rate (PWR) and my role as the commissioner of the Bureau of Labor and Industries (BOLI) in enforcing it on certain construction projects. Readers have heard the proverbial sky was falling economically downtown or even more spuriously that PWR law discriminates against women and minorities.

Let's be clear on what PWR law is and how it benefits Oregonians. I enforce the PWR law that voters supported just a decade ago with the assistance of our Department of Justice. Thirty one states and the federal government have a PWR law.

I support the law because:

- we need to know taxpayers' money is wisely invested in high-quality, cost-efficient public projects built by well-trained workers;
- it helps us train and diversify our future construction workforce as large numbers of construction workers are nearing retirement;
- it provides fairness and equity for contractors bidding on projects by setting a standard wage all bidders must use; and
- we should pay living wages to well-trained construction workers who perform difficult work on the public's behalf.

The prevailing wage rate is the standard wage being paid construction workers in a particular occupation in one of 14 different regions throughout the state. ***It is defined as the rate paid to the majority of workers in that trade and locality. If there is not a majority of workers paid at the same rate, the workers are paid the average rate in that locality.*** Rates are set through an annual survey of the wages paid on commercial projects by 5,800 union and non-union contractors. Once established, the rate must be paid regardless of whether the contractor is union or non-union.

The prevailing wage fairly reflects the local community's standard wage for each building trade. In addition, communities benefit when these workers reinvest their earnings in their local areas and support their schools.

However, while I strongly support Oregon's prevailing wage law, it must also fit well with today's more complex methods of development and ownership of public works projects. That is why I have created the Taskforce on Prevailing Wage Public-Private Partnerships (TOP) to make recommendations to me regarding the consistent application of the law to public works projects developed through public/private partnerships. This

group of developers, lenders, affordable housing advocates, representatives of minority-owned and emerging small businesses, public officials; and representatives of the construction industry and the building trades will hold their first meeting on September 7 in Portland.

Prevailing wage laws are good for the state's economy and taxpayers. Studies show public projects in states with PWR laws clearly saves taxpayers dollars. (National Alliance for Fair Contracting, 1995; State University of New York-Cortland, 1996). Public dollars are invested in quality public construction projects upfront. Developers do not cut labor costs by hiring unqualified workers resulting in unsafe working conditions and unnecessarily expensive public works. Contractors bid for public works projects using a level playing field.

While some criticize it based on its economic benefits, the public has not been swayed by that fallacious argument. Unfortunately, others critics are now playing the race card by charging the law or contractors discriminate against women and minorities.

State law prohibits discrimination in public contracting. Prevailing wage law sets a wage all contractors are required to pay regardless of the race, gender or nationality of the contractor or the workers employed there. Great strides have been made in workforce diversity since civil rights laws were passed over 40 years ago. As Labor Commissioner, I am committed to assuring more is done. The staff at BOLI educates employers through the Technical Assistance for Employers' Program, we enforce anti-discrimination laws through our Civil Rights Division and help encourage workforce training through the Apprenticeship and Training Division (ATD).

The apprenticeship program helps employers find the best ways to increase female and minority participation in the industry by increasing apprenticeship opportunities. We are making progress for those interested in a career in the building trades. Protected class minorities make up 15.7% of Oregon's workforce, and 13.25% of our state's apprentices. (Source: Oregon Employment Department) I continue to work hard to bridge this gap and help our economy by providing more family wage jobs in contrast to those who would drive down workers' wages, especially on public projects.

Simply put, public funds spent on public works projects should serve the public interest. Oregon's prevailing wage law serves the interest of Oregonians every day.

This opinion piece was also published in The Skanner newspaper.