

Next target: the prevailing wage law

Boston Globe By David G. Tuerck
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GOVERNOR DEVAL PATRICK'S announcement that the state will substitute civilian flaggers for police details on public-works projects represents a watershed in Massachusetts politics. A Democratic, pro-labor governor taking on one of the state's most powerful unions - who knows where this could lead?

Skeptics characterize the action as more form than substance. The Legislature put locally authorized construction projects (as opposed to state projects) temporarily off limits for civilian flaggers. And the unions ceaselessly argue that the state prevailing wage law will prevent any real savings from being captured.

In fact, the governor has shaken up the status quo. Intentionally or not, he also exposed the much deeper flaws that run through state labor policy.

Consider the unions' argument about the prevailing wage. They point out that the prevailing wage for civilian flaggers is about the same as the cost of hiring police details - an amount approaching \$40 per hour. Because contractors have to pay the prevailing wage on public works projects, the state won't save any money by substituting civilian flaggers for police details - or so they argue.

By making this argument, the unions have done us a service. If a law compels the state to spend the equivalent of \$80,000 a year for someone to flag down oncoming traffic, then it's time to rethink the law.

You would think, from its name, that the prevailing wage law is merely intended to make sure that construction workers get a fair wage. In fact, there is nothing fair about it. The law originated in Depression-era legislation aimed at keeping poor Southern black workers from competing for construction jobs in the North. To this day, it perpetuates a system that favors big contractors and big labor at the expense of everyone else.

There is not one prevailing wage, but three. There is the wage that actually prevails in a particular trade - that is, the average wage paid to all workers, union and nonunion alike. Then there is the prevailing wage that the federal government calculates, using methods that are weighted toward the union wage. And then there is the state prevailing wage, which, in Massachusetts, is simply the union wage. This wage is generally the highest of the three. And it's the wage that Massachusetts construction workers get on public works projects.

The state prevailing wage law is a boon to both union contractors and the union trades. The contractors don't have to compete on labor costs. They just pass those costs on to the hapless taxpayer. And the unions are happy because the contractors are willing to pay whatever the

unions demand. In effect, the state serves as the enforcement arm of the union monopoly from which it is compelled to buy construction services.

How much does this cozy arrangement cost? At the Beacon Hill Institute, we computed the three prevailing wages for a group of nine construction trades in the Boston area. For the nine trades, the average wage for all workers is \$27.09 per hour. The federal prevailing wage is \$37.45, and the state prevailing wage \$58.84. Thus union workers on Massachusetts public-works projects make more than double what construction workers in the state make on average.

How much would state construction costs fall if we repealed the state prevailing wage? The Beacon Hill Institute estimates that the cost savings would have been \$177 million in fiscal 2008 - during which the state spent about \$1 billion on public works projects. The legislation that paved the way for civilian flaggers authorizes \$3.5 billion in new spending on road and bridge projects. Repeal of the state prevailing wage would cut this cost by more than \$600 million.

Twenty years ago, voters had a chance to repeal the state prevailing wage and voted no. But now only 13 percent of state workers belong to unions, and we have since learned a great deal from the Big Dig about the consequences of our labor policies for construction costs.

So, yes, the governor did himself proud on the police detail issue. Now he should take the next logical step. The unions have challenged him to consider what the prevailing wage law means for labor costs. He should take them up on it.

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