

MINUTES OF THE HOUSE LABOR AND EMPLOYMENT RELATIONS COMMITTEE
February 3, 1981

The House Committee on Labor and Employment Relations convened in Room 129, State Capitol, at 12:30 p.m. on February 3, 1981, with Chairman Ellerd presiding and all members present.

Chairman Ellerd opened the meeting to a hearing on House Bills 79 and 260.

HOUSE BILL 79

REPRESENTATIVE HAL HARPER, District 30, chief sponsor, said this bill had been passed out of the committee with a Do Pass as Amended on January 13, but it had been returned to the committee because even the parties that disagreed realize there is a problem. There is a law that has been in effect since 1931 that the standard prevailing wage be paid. He said an attempt is being made to tone down the bill and still accomplish the intent which was to provide some enforcement powers for the department, so they could settle problems without litigation and notify the contractor that he will have to meet the requirements. He said there were some amendments. He called on Ms. Brodsky, the researcher, to discuss the suggested amendments and also the amendments suggested by Rep. Jay Fabrega.

Ann Brodsky went through the suggested amendments and a copy of the bill with Rep. Fabrega's suggested amendment is EXHIBIT 1 and a copy with Rep. Harpers is EXHIBIT 2. The differences in the two groups of amendments is listed on EXHIBIT 3. She said the two main differences is that if the prevailing wage is not included in the contract Rep. Harper holds the contractor responsible while Rep. Fabrega holds the agency responsible; and Rep. Fabrega removes the rule making authority.

Rep. Harper said the \$50,000 was confusing to many people. They think it excludes all below \$50,000 from the law while it only excludes them from the reporting provision. He felt it should be left out for this reason so all would know they are covered.

REPRESENTATIVE JAY FABREGA, District 44, said he was speaking as an opponent with amendments. He said as a contractor he was familiar with the law. He felt the responsibility for including the prevailing wage in the contracts should lie with the agency - can't expect someone to bid in good faith on documents that do not include special conditions. He felt rulemaking authority was not needed. Standard wage rates and preference for Montana labor should be a part of these contracts. He urged a do pass with his amendments.

Rep. Harper upon being asked by the Chairman said he could accept and support the amendments as suggested by Rep. Fabrega.

J. D. LYNCH, Montana State Building and Construction Trade Council, said they would support the bill whichever amendments were accepted by the committee.

GREG GROEPPER, Labor and Industry, supported the bill as amended, and expressed their thanks to the representatives for working on the bill. He said they could accept either set of amendments. He didn't feel the rule making would be that big a deal. He felt the bill as amended would give them some enforcement power so they could solve cases without having to go to court.

LARRY HUSS, Montana Contractors Association, supported the bill as amended by Rep. Fabrega.

LUTHER GLENN, Purchasing Division, Department of Administration, spoke for the bill but suggested an amendment on page 4, line 24, to delete the word "stating" and insert "requiring compliance with." He felt jobs under \$50,000 should not have the prevailing wage stated in them.

RANDY SEIMERS, Operating Engineers, said they find themselves supporting the strong prevailing wage law. He said the burden falls on the contracting agency if they don't have that in their work contract and he felt the contractor certainly would be aware of what the prevailing wage is.

CHARLES CHAMBERLAIN, Association of Builders and Contractors, said they support the bill and rates and fringe benefits should be included in the bid document. He said the contractors in the outlying sections use the prevailing wage of their area and that is not necessarily the prevailing wage according to the Department of Labor.

TIM LOVELY, Lolo, representing self, said they need jobs in the Missoula area but they don't need minimum wage jobs. He supported the bill.

Questions were asked by the committee. Rep. Harper told Mr. Glenn that one of the problems the contractor was having is to have the prevailing wage stated on the contract so he will know what he has to pay. When asked, Dick Kane, Labor Standards Div., responded they have a problem as they let some 15,000 contracts a year - about 1500 or more deal with contracts that could fall under the prevailing wage law now. The majority are small contracts like installing electronic equipment, computer work and the companies that sell them to the agency does the installation and repair work. Including these in this law would mean a tremendous paperwork burden. Rep. Seifert asked how they set the prevailing wage throughout the state. Mr. Kane said they look at collective bargaining agreements, check the Unemployment Security Division, from other statistics and take into consideration the Davis-Bacon rates.

Rep. Harper said in closing that he appreciated the people who had worked on the bill. He said the purpose is to make workable a law to enable the legitimate contractor to compete for these jobs

HOUSE BILL 260

REPRESENTATIVE JACK MOORE, District 41, went through suggested amendments to the bill. A copy of the amendments is EXHIBIT 4 and part of the minutes.

CHARLES CHAMBERLAIN, Executive Director of Association Builders and Contractors, said they support the bill. He said with the bill the wage rates are put into the contract and the contractor will know what the prevailing wage is. He said the bill also exempts the state contracts under \$50,000, many of which would be on ranches and farms for clearing or digging. He felt this would enable the small contractor to bid them using local help. Presently they can't bid these jobs because of the requirement to pay the prevailing wage and they can't take their employees from a higher to a lower rate of pay. He said he supports the bill as amended by Rep. Moore.

JAMES MURRY, Executive Secretary of the AFL-CIO, said he was opposed to the bill. A copy of his testimony is EXHIBIT 5.

J. D. LYNCH, Montana State Building and Construction Trade Council, said they feel the way to clean up the prevailing wage act is with HB 79. He urged the committee not to gut the "Little Davis-Bacon Act of Montana."

MITCH MIHAILOVICH, Montana State Building Trades, Butte, spoke in opposition. He felt the state should set the prevailing wage rate for Montana and not the federal government.

PAT McKITTRICK, Great Falls, J.C. Teamsters #2, spoke in opposition saying this bill does away with a legitimate function of the state - overseeing the little Davis-Bacon Law. He said if there is a problem relating to the setting of the prevailing wage, it is better from a policy view to have the commissioners' general policy of the law than Washington, DC's.

EUGENE FENDERSON, Business Manager, AFL-CIO, spoke in opposition. A copy of his testimony is EXHIBIT 6 and part of the minutes.

JOE ROSSMAN, Butte, J.C. Teamsters #2, spoke in opposition.

JERRY DRISCOLL, Laborers' Union Local 98, spoke in opposition, saying the bill claims to be consistent with federal law but it removes fringe benefits and per diem from the present Montana laws.

RANDY SEIMERS, Operating Engineers Local 400, spoke next in opposition, and a copy of his testimony is EXHIBIT 7 and part of the minutes. Attached to his testimony is a document from the Building Trades Department.

DICK KANE, Labor and Standards Division, said he had received information from Richard Hernandez of the U.S. Department of Labor, Denver. Mr. Hernandez had said while most of Montana is still in the federal survey of wages some areas in the state are not. He said a survey was made about a year ago for the eastern part of the state, but he didn't envision doing a survey of the western part of the state, although there will be more surveys in the future. The federal rates do not include two things - subsistence and travel.

Questions were asked by the committee.

Rep. Harrington asked of Rep. Moore if he would go for an amendment to replace fringe benefits.

Mr. Driscoll responded to a question concerning the federal rate that they are concerned about this since if there is not a federal job in the area the contractor would not have a rate.

Rep. Sivertsen questioned if there was a duplication in this area - both federal and state conducting wage surveys. Mr. Kane said they do not do wage surveys as the cost would be too great. He said they get their information from collective bargaining units and case compilations and make use of other surveys taken.

In responding to a question Mr. McKittrick pointed out that assuming there has been no federal survey taken, the administrator could set his own wages. He could foresee court litigations and projects delayed.

Rep. Moore in closing said what he wanted was to maintain a desired standard of wages for the people and to try to get some work for the small contractor. He said the more jobs the little contractors can get the more people can get work. He said it is a good bill.


EXECUTIVE SESSION

HOUSE BILL 260 Rep. Menahan moved DO NOT PASS. A roll call vote was taken and the motion failed on a tie vote 8 to 8. Voting no were: Briggs, Keyser, Seifert, Schultz, Smith, Thoft, Underdal and Ellerd. Absent was Rep. Harper.

HOUSE BILL 79 Rep. Harrington moved to accept Rep. Fabrega's amendments. This motion carried unanimously with those present (Rep. Harper absent). Rep. O'Connell moved DO PASS AS AMENDED. Rep. Schultz moved a substitute motion to adopt Mr. Glenn's amendment. The feeling of the committee seemed to be this is already in the bill and would just muddle it up. The question was called and the motion failed with Rep. Dozier and Underdal voting for the amendment and all others voting no. Rep. Seifert said he opposed the bill because he still had unanswered questions about who determines the prevailing wage rate. The motion of Do Pass as Amended carried with Reps. Seifert, Ellerd, and Smith voting no and Rep. Harper absent. Rep. Briggs moved to remove the statement of intent that had been attached to HB 79 as it was no longer needed. The motion carried unanimously with those present.

Motion was made and the meeting adjourned at 2 p.m.

Respectfully submitted,


ROBERT ELLERD, CHAIRMAN

eas

Present and
signing as opposed to HB 260 were:

Dan Baluka, Carpenters Helena Local 153
Ken Nerpel, Local 254
Robert Voytoski, IUOE Local #400 Helena
Howard Rosenleaf, Labor, Anaconda
George W. Kokoruda, representing self, Helena, EXHIBIT 8
Jay W. Ballard, representing self, Helena
Ronald E. Larsen, Carpenters - self, Clancy
Lowell D. Jennings, representing self, Helena
Richard Adsen, Laborers Local 254, Helena
S. H. Adsen, Local 153 Carpenters, Helena
William L. Baluka, Carpenters Union 153, Helena
Richard Abraham, Carpenters Local 153
John A. Fleming, Laborers Local 1334, Kalispell
Dean Reynolds, Carpenters Local 153, Helena
James M. Gallo, Laborers Local 254, Helmville
Ron Senger, Sheet Metal Workers Local 103, Great Falls
Dan Jones, Laborers 1334, MT State Bldg. Trades, Helena
Larry Persinger, Laborers Union 1334, Butte

HOUSE BILL NO. 79

INTRODUCED BY HARPER

BY REQUEST OF THE DEPARTMENT OF LABOR AND INDUSTRY

A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE AND CLARIFY
THE LAW RELATING TO THE PREFERENCE OF MONTANA LABOR IN
PUBLIC WORKS CONTRACTS; AMENDING SECTIONS 18-2-401 AND
18-2-403, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 18-2-401, MCA, is amended to read:

"18-2-401. Definitions. Unless the context requires
otherwise, in this part the following definitions apply:

(1) "Labor" is hereby defined to be all services
performed in the construction, repair, or maintenance of all
state, county, municipal, and school work and does not
include engineering, superintendence, management, or office
or clerical work.

(2) "Commissioner" means the commissioner of labor and
industry provided for in 2-15-1701.

(3) "Department" means the department of labor and
industry provided for in 2-15-1701.

~~(4)~~ (4) A "bona fide resident of Montana" is hereby
declared to be a person who, at the time of his employment
and immediately prior thereto, has lived in this state in

1 such a manner and for such time as is sufficient to clearly
2 justify the conclusion that his past habitation in this
3 state has been coupled with intention to make it his home.
4 Sojourners or persons who come to Montana solely in
5 pursuance of any contract or agreement to perform such labor
6 shall under no circumstance be deemed to be bona fide
7 residents of Montana within the meaning and for the purpose
8 of this part.

9 ~~(3)~~(5) (a) "Standard prevailing rate of wages,
10 including fringe benefits for health and welfare and pension
11 contributions and travel allowance provisions applicable to
12 the county or locality in which the work is being
13 performed," means those wages, including fringe benefits for
14 health and welfare and pension contributions and travel
15 allowance provisions, which are paid in the county or
16 locality by other contractors for work of a similar
17 character performed in that county or locality by each
18 craft, classification, or type of worker needed to complete
19 a contract under this part.

20 (b) When work of a similar character is not being
21 performed in the county or locality, the standard prevailing
22 rate of wages, including fringe benefits for health and
23 welfare and pension contributions and travel allowance
24 provisions, shall be those rates established by collective
25 bargaining agreements in effect in the county or locality

1 for each craft, classification, or type of worker needed to
2 complete the contract."

3 Section 2. Section 18-2-403, MCA, is amended to read:

4 "18-2-403. Preference of Montana labor in public works
5 -- wages -- federal exception. (1) In any contract let for
6 state, county, municipal, school, or heavy highway
7 construction, services, repair, or maintenance work under
8 any law of this state, there shall be inserted in the
9 ~~* bid specification and the~~

— 9 a contract a provision requiring the contractor to give
10 preference to the employment of bona fide Montana residents
11 in the performance of the work and to pay the standard
12 prevailing rate of wages, including fringe benefits for
13 health and welfare and pension contributions and travel
14 allowance provisions, in effect and applicable to the county
15 or locality in which the work is being performed.

16 (2) No contract may be let to any person, firm,
17 association, or corporation, refusing to execute an agreement
18 with the above-mentioned provisions in it, provided that in
19 contracts involving the expenditure of federal-aid funds
20 this part may not be enforced in such a manner as to
21 conflict with or be contrary to the federal statutes
22 prescribing a labor preference to honorably discharged
23 veterans of the armed forces and prohibiting as unlawful any
24 other preference or discrimination among citizens of the
25 United States.

1 (3) Failure to include the provisions required by
 2 ^{Section 4} subsection (1) in a public works contract does not ^{relieve} relieve
 3 the contractor from his obligation to pay the standard
 4 prevailing wage rate." ^{and places such obligation on the public contracting}
 5 ^{agency}

6 NEW SECTION. Section 3. Notice. (1) When a state
 7 agency or any public entity of this state awards a public
 8 works contract, the chief executive officer of the
 9 contracting authority shall send to the department a notice
 10 of the contract award and the expected date of completion of
 11 the project.

12 (2) When the A public works project ~~THAT EXCEEDS~~
 13 ~~\$50,000 IN COST IS COMPLETED AND~~ is accepted by the public
 14 contracting authority AGENCY, a notice of acceptance and the
 15 completion date of the project shall be sent to the
 16 department. ^{however,} ~~A IN THE CASE OF PROJECTS THAT AMOUNT TO \$50,000~~
 17 ~~OR LESS IN COST, THE DEPARTMENT MAY REQUEST SUCH INFORMATION~~
 18 ~~project ~~and~~ is not required unless the department requests that information~~
 19 ~~ON AN INDIVIDUAL CONTRACT BASIS.~~ The 90-day limitation for
 20 filing an action in district court as provided in 18-2-407
 21 does not begin until the public contracting agency notifies
 22 the department of its acceptance of the public works
 23 project.

24 NEW SECTION. Section 4. ^{Bid specification and} Bid A CONTRACT to contain
 25 prevailing wage rate. All ^{bid specifications and} ~~Bids~~ CONTRACTS for public works
 26 projects must contain a provision stating the prevailing
 27 wage rate ^{including fringe benefits, for each job classification} that the contractors and subcontractors must pay

1 during construction of the project.

2 NEW SECTION. Section 5. Submission of weekly payroll records.
 3 ~~If a complaint is filed with the department alleging noncompliance with~~
 4 ~~to--contracting--authority. If requested by the commissioner~~
 5 ~~[section 4], the department may require the project to submit to it~~
 6 ~~DEPARTMENT, all contractors and subcontractors on a public~~
 7 ~~certified copies of the payroll records for workers employed on that project~~
 8 ~~works project shall submit to the department certified~~
 9 ~~copies of their weekly payrolls.~~

10 NEW SECTION. Section 5. Enforcement. If a contractor or a
 11 subcontractor refuses to submit payroll records upon request
 12 made by the commissioner or his representative may enter and inspect
 13 department pursuant to [section 5], the commissioner or his
 14 such places, question such employees, and investigate such
 15 authorized representative may issue subpoenas compelling the
 16 facts, conditions, or matters as considered appropriate to
 17 production of those records.
 18 ~~determine whether any person has violated any provision of~~
 19 ~~this part or any rule adopted pursuant to this part.~~

20 ~~(2) The commissioner or his authorized representative~~
 21 ~~may administer oaths and examine witnesses under oath, issue~~
 22 ~~subpoenas, compel the attendance of witnesses and the~~
 23 ~~production of papers, books, accounts, records, payrolls,~~
 24 ~~documents, and testimony, and take depositions and~~
 25 ~~affidavits in any enforcement proceedings.~~

26 NEW SECTION. Section 7. Rulemaking authority. The
 27 commissioner may adopt rules necessary for the
 28 implementation, continuation, and enforcement of this part
 29 in accordance with the Montana Administrative Procedure Act.

30 Section ⁷~~7~~. Codification instruction. It is intended
 31 that sections 3 through 7 be codified as an integral part of
 32 Title 18, chapter 2, part 4, and the provisions contained in

1 Title 18, chapter 2, part 4, apply to sections 3 through 7.

-End-

Ex 2

PEP. HARPER'S PROPOSED AMENDMENTS

HOUSE BILL NO. 79

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include engineering, superintendence, management, or office
or clerical work.

(2) "Commissioner" means the commissioner of labor and
industry provided for in 2-15-1701.

(3) "Department" means the department of labor and
industry provided for in 2-15-1701.

~~(2)~~(4) A "bona fide resident of Montana" is hereby
declared to be a person who, at the time of his employment
and immediately prior thereto, has lived in this state in

1 such a manner and for such time as is sufficient to clearly
2 justify the conclusion that his past habitation in this
3 state has been coupled with intention to make it his home.
4 Sojourners or persons who come to Montana solely in
5 pursuance of any contract or agreement to perform such labor
6 shall under no circumstance be deemed to be bona fide
7 residents of Montana within the meaning and for the purpose
8 of this part.

9 ~~(3)~~(5) (a) "Standard prevailing rate of wages,
10 including fringe benefits for health and welfare and pension
11 contributions and travel allowance provisions applicable to
12 the county or locality in which the work is being
13 performed," means those wages, including fringe benefits for
14 health and welfare and pension contributions and travel
15 allowance provisions, which are paid in the county or
16 locality by other contractors for work of a similar
17 character performed in that county or locality by each
18 craft, classification, or type of worker needed to complete
19 a contract under this part.

20 (b) When work of a similar character is not being
21 performed in the county or locality, the standard prevailing
22 rate of wages, including fringe benefits for health and
23 welfare and pension contributions and travel allowance
24 provisions, shall be those rates established by collective
25 bargaining agreements in effect in the county or locality

1 for each craft, classification, or type of worker needed to
2 complete the contract."

3 Section 2. Section 18-2-403, MCA, is amended to read:

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5 -- wages -- federal exception. (1) In any contract let for
6 state, county, municipal, school, or heavy highway
7 construction, services, repair, or maintenance work under
8 any law of this state, there shall be inserted in the
9 bid specification and the
10 A contract a provision requiring the contractor to give
11 preference to the employment of bona fide Montana residents
12 in the performance of the work and to pay the standard
13 prevailing rate of wages, including fringe benefits for
14 health and welfare and pension contributions and travel
15 allowance provisions, in effect and applicable to the county
16 or locality in which the work is being performed.

17 (2) No contract may be let to any person, firm,
18 association, or corporation refusing to execute an agreement
19 with the above-mentioned provisions in it, provided that in
20 contracts involving the expenditure of federal-aid funds
21 this part may not be enforced in such a manner as to
22 conflict with or be contrary to the federal statutes
23 prescribing a labor preference to honorably discharged
24 veterans of the armed forces and prohibiting as unlawful any
25 other preference or discrimination among citizens of the
United States.

1 (3) Failure to include the provisions required by
 2 subsection (1) in a public works contract does not relieve
 3 the contractor from his obligation to pay the standard
 4 prevailing wage rate."

5 NEW SECTION. Section 3. Notice. (1)--When--a--state
 6 agency--or--any--public-entity-of-this-state-awards-a-public
 7 works--contract--the--chief--executive--officer--of--the
 8 contracting--authority-shall--send-to-the-department-a-notice
 9 of-the-contract-award-and-the-expected-date-of-completion-of
 10 the-project.

11 (2) When the A public works project THAT EXCEEDS
 12 \$50,000 IN COST IS COMPLETED AND is accepted by the public
 13 contracting authority AGENCY, a notice of acceptance and the
 14 completion date of the project shall be sent to the
 15 department. However, IN THE CASE OF PROJECTS THAT AMOUNT TO \$50,000
 16 OR LESS IN COST, THE DEPARTMENT MAY REQUEST SUCH INFORMATION
 17 project is not required unless the department requests that information.
 18 ON AN INDIVIDUAL CONTRACT BASIS. The 90-day limitation for
 19 filing an action in district court as provided in 18-2-407
 20 does not begin until the public contracting agency notifies
 21 the department of its acceptance of the public works
 22 project.

22 NEW SECTION. Section 4. Bid A CONTRACT to contain
 23 prevailing wage rate. All bids' CONTRACTS for public works
 24 projects must contain a provision stating the prevailing
 25 wage rate including fringe benefits, for each job classification
 26 that the contractors and subcontractors must pay

1 during construction of the project.

2 NEW SECTION. Section 5. Submission of weekly payroll records.
 3 ~~If a complaint is filed with the department alleging noncompliance~~
 4 ~~to contracting authority. If requested by the commissioner~~
 5 ~~with [Section 4], the department may require the project to submit~~
 6 ~~DEPARTMENT, all contractors and subcontractors on a public~~
 7 ~~to it certified copies of the payroll records for workers employed~~
 8 ~~works project shall submit to the department certified~~
 9 ~~on that project.~~
 10 ~~copies of their weekly payrolls.~~

11 NEW SECTION. Section 6. Enforcement. ~~If a contractor or~~
 12 ~~(1) The~~
 13 ~~a subcontractor refuses to submit payroll records requested by the~~
 14 ~~commissioner or his representative may enter and inspect~~
 15 ~~department pursuant to [Section 5], the commissioner or his~~
 16 ~~such places, question such employees, and investigate such~~
 17 ~~authorized representative may issue subpoenas compelling the~~
 18 ~~facts, conditions, or matters as considered appropriate to~~
 19 ~~production of those records.~~
 20 ~~determine whether any person has violated any provision of~~
 21 ~~this part or any rule adopted pursuant to this part.~~

22 ~~(2) The commissioner or his authorized representative~~
 23 ~~may administer oaths and examine witnesses under oath, issue~~
 24 ~~subpoenas, compel the attendance of witnesses and the~~
 25 ~~production of papers, books, accounts, records, payrolls,~~
 26 ~~documents, and testimony, and take depositions and~~
 27 ~~affidavits in any enforcement proceedings.~~

28 NEW SECTION. Section 7. Rulemaking authority. The
 29 commissioner may adopt rules necessary for the
 30 implementation, continuation, and enforcement of this part
 31 in accordance with the Montana Administrative Procedure Act.

32 Section 8. Codification instruction. It is intended
 33 that sections 3 through 7 be codified as an integral part of
 34 Title 18, chapter 2, part 4, and the provisions contained in
 35

1 Title 18, chapter 2, part 4, apply to sections 3 through 7.

-End-

DIFFERENCES BETWEEN HARPER'S AND FABREGA'S PROPOSED
AMENDMENTS TO HB 79

1. page 4, lines 1 through 4 (Harper leaves as is; Fabrega amends)
2. page 5, lines 19 through 22 (Harper leaves as is; Fabrega strikes)
(rulemaking authority to department)

more
Ex. 4
Sister
Council

HOUSE BILL NO. 260, introduced bill, be amended as follows:

1. Page 3, line 8.
Following "U.S.C. 276a"
Insert: "as determined by the U.S. Department of Labor. The job classifications and accompanying wage rates and fringe benefits will be included in all state prevailing wage contracts before said contracts can be advertised for bids"
2. Page 4, line 4.
Following: "wages"
Insert: "as specified in section 18-2-402(1)"
3. Page 4, lines 6 and 7.
Following: "~~provisions,~~" on line 6.
Strike: "in effect and applicable to the county or locality in which the work is being performed"

68.5 (1)



Box 1176, Helena, Montana

JAMES W. MURRY
EXECUTIVE SECRETARY

ZIP CODE 59601
406-442-1708

Room 100 Steamboat Bldg
616 Helena Ave

TESTIMONY OF JAMES W. MURRY ON HOUSE BILL 260, BEFORE HEARINGS OF THE HOUSE LABOR AND INDUSTRY COMMITTEE, FEBRUARY 3, 1981

I am here today on behalf of the Montana State AFL-CIO to speak in opposition to House Bill 260. We are opposed to this bill because it weakens Montana prevailing wage laws. As you know, that law requires that workers on state funded projects be paid no less than the prevailing wage. HB 260 exempts contracts under \$50,000 from its provisions, and excludes any contractor from having to provide fringe benefits to workers on a state funded project.

I would like to take a minute to talk about the history and background of prevailing wage laws for those who may not be familiar with them.

In 1931, Congress enacted the Davis-Bacon Act which provided that workers on federally funded projects be paid the prevailing wage. This was a Republican measure, introduced in the Senate by James J. Davis (R-Pennsylvania), former Secretary of Labor; and in the House of Representatives by Robert Bacon (R-New York). This law had wide bi-partisan support, because the Congress and the President were concerned about the bidding process on federal construction projects. Competing contractors were underbidding each other by paying substandard wages. This bidding process was harmful to both workers and fair contractors. In addition, this cut-throat bidding was having a destabilizing effect on local communities.

Even before the federal law, several states had recognized the same problem and had taken steps to control wage-slashing on public projects. There are now 38 states with similar laws, which can be thought of as counterparts to the federal Davis-Bacon Act. They are often referred to as "Little Davis Bacon Acts".

The federal government and numerous states have recognized that these laws provide benefits to workers, contractors, local communities, the general public and the taxpayers.

Our current Montana law is a good one. It protects workers and it protects fair contractors from having their bids undercut by those willing to pay substandard wages. Paying decent wages ensures that skilled and experienced workers are employed. These workers are able to complete a project more quickly than workers with little construction experience. Their work is much more likely to be high quality, thus guaranteeing safe and sound public construction. Poor quality work is always more expensive in the long run, both in terms of dollars for expensive repair and maintenance and in public safety and welfare.

Many contractors and contractor associations have endorsed prevailing wage laws. The National Electrical Contractors Association testified before Congress in support of the Davis-Bacon Act and said:

"It assures that quality workers will be on the job, that productivity will not be drastically reduced and the construction schedule and building quality will not suffer."

February 3, 1981

Prevailing wage laws are not inflationary, and are not driving up the cost of public construction. Rather than pushing up prices, wage increases in the construction industry have fallen behind the rate of price increases. After adjustment for inflation, construction wages actually fell by almost 12% nationally between 1974 and 1979.

Workers are the least to blame for rising construction costs as the attached chart demonstrates.

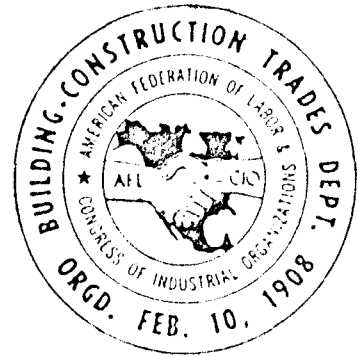
We are also concerned that this bill provides that the prevailing wage be determined in accordance with the federal Davis-Bacon Act, rather than by the Montana Commissioner of Labor and Industry, as current law provides. Some localities have never had the prevailing wage determined by the federal government, so there are no standards to base it on. We believe that the Montana Commissioner of Labor and Industry is the logical individual to set these standards, rather than the federal government. It is unnecessary to bring in more federal regulations and bureaucrats to make determinations easily handled at the state level.

We urge you to vote against House Bill 260 which weakens a law protecting workers, contractors, taxpayers and the general public.

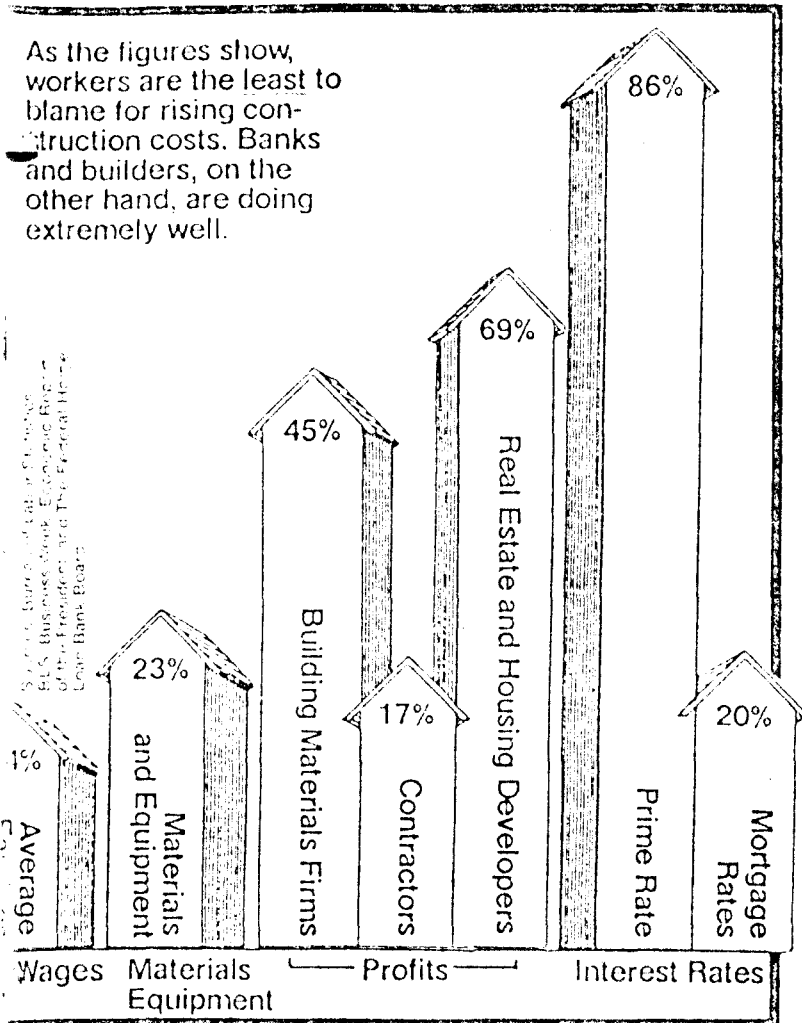
THE PREVAILING WAGE

CLIP SHEET: 1

All of the material on this page may be clipped and reproduced as desired.



As the figures show, workers are the least to blame for rising construction costs. Banks and builders, on the other hand, are doing extremely well.



FICTION: The federal Davis-Bacon Act drives up costs by blindly imposing union wage rates on all government construction projects.

FACT: What the Davis-Bacon Act actually requires is payment of whatever wage rates are prevailing for work of a similar character within the locality concerned.

These prevailing rates are by no means always (or even usually) equal to union wage scales. In fact, the wage rates set by the Labor Department for Davis-Bacon purposes are based on union wages in less than half of the counties covered. In the residential construction sector -- where nonunion work is most common -- union wage rates are determined as prevailing in only 17% of the counties covered.

Ex. 6



Laborers' International Union of North America, AFL-CIO

Local No. 254

P.O. BOX 702
110 N. WARREN
HELENA, MT 59601
(406) 442-1441

Testimony of Eugene Fenderson, Business Manager
House Bill 260, House Labor Committee, February 3, 1981

As you know, the state is required to accept the lowest bid offered for a construction project, which meets building specifications. Generally, labor is the only component over which a contractor has any significant degree of control. Therefore, without prevailing wage laws, irresponsible contractors have every incentive to slash wages in order to become the successful bidder.

In addition to the low bid characteristic of government contracting, there are various economic attributes of the construction industry itself which make conditions extremely unstable for workers and contractors alike.

Prevailing wage helps to stabilize these conditions. It prevents out of state contractors undercutting their competitors and bringing in unskilled workers from out of state who would take jobs away from Montana workers. Allowing substandard wages will not create any new jobs, in fact, lower wages mean less purchasing power for a worker and less money for Montana main street businesses.

Only a few days ago, the Montana House of Representatives voted against the decontrol of milk in Montana. Montana's milk control laws are set up to protect the Montana dairy farmer, giving that farmer in effect, a "prevailing wage". Since the Montana House of Representatives recognizes the importance of a prevailing wage for Montana's dairy farmers, we would like to ask that you recognize that Montana construction workers greatly need the same kind of protection.

Ex. 7

International Union of Operating Engineers

LOCAL 400

Affiliated with AFL-CIO

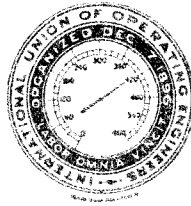
Montana

ORGE GORDON
President

D. F. "DAVE" JOHNSTON
Vice President

E. C. "BUSTER" LENOIR
Treasurer

S. JUNE WILLIAMS
Rec. Corres. Secretary



VINCENT "VINCE" BOSH
Business Manager &
Financial Secretary

HEADQUARTERS
2737 Airport Road
Helena, Montana 59601
Telephone: (406) 442-9597

February 3, 1981

Members of the Committee:

The Operating Engineers believe that HB 260 falls into the category of a "means to an end" with regard to labor on the national scene. HB 260 is geared to strip Montana of any prevailing wage requirements since it precedes attempts to repeal the Federal Davis-Bacon Law.

Should an attempt to repeal Federal Law succeed, Montanans would be left with no wage protection and the stability of their income would fall victim to the bid process in construction. Passage of any legislation of this type would do a grave disservice to Montana and we would be subjecting ourselves to the fickle winds in our Nation's Capitol.

Attached please find a document which we feel aptly represents our position against tampering with the prevailing Wage Laws. We are opposed to HB 260 and urge you to vote against it.

Sincerely,

RANDY C. SIEMERS
Operating Engineers Local 400

Enclosure

One of the prongs of the overall business assault on protective labor legislation has been a well-organized and well-financed drive for the repeal of so-called "little Davis-Bacon" laws at the state level. These laws require that workers on public construction projects be paid no less than locally prevailing wages.

A number of organizations which have been pushing repeal of the federal Davis-Bacon Act, such as the Business Roundtable, the Associated Builders and Contractors, the U.S. Chamber of Commerce and the Associated General Contractors, have targeted state prevailing wage laws as one step towards repeal of Davis-Bacon. Repeal of such an established section of American labor law as the 48-year old Davis-Bacon Act has proven difficult. The Business Roundtable summarized their strategy in a 1978 publication, Coming to Grips with Some Major Problems in the Construction Industry:

Certainly, the ultimate remedy would be the outright repeal of the Davis-Bacon Act itself
.... [A]cknowledging the political reality that repeal, at best, will take considerable time to achieve, interim remedies should be pursued....

One of the "interim remedies" chosen by the Roundtable and its allies has been a campaign to repeal little Davis-Bacon legislation in as many states as possible. In 1979, legislative campaigns aimed at repeal were launched by 24 state chapters of the Associated Builders and Contractors and the Associated General Contractors, often with the cooperation of the Chamber of Commerce.

The ABC has also set up a nationwide network of 70 lawyers to institute a coordinated attack on the state laws through the courts.

These little Davis-Bacon Acts still have an important function to perform in protecting the interests of construction workers, contractors, and taxpayers. The main argument advanced for repeal is that these laws are inflationary, yet there is no evidence to support this charge. As the following discussion will show, the principal study used to document the alleged inflationary impact of this legislation is so poorly done as to be meaningless. Further, statistical analysis confirms that state prevailing wage laws do not distort interstate wage patterns or artificially raise the level of local wages.

Why Prevailing Wage Laws?

The state prevailing wage laws represent an important counterpart to the federal Davis-Bacon Act. At present, laws of this type are on the books in 40 states. The oldest, in Kansas, dates back to 1891. Their provisions vary widely from state to state with respect to the types of construction and size of projects covered, the formula for determining minimum wage levels, their applicability to local government units, etc.

Whatever the differences, the general motivation behind all these laws is roughly the same: to ensure that the economic power of the government is not used to disrupt the wage patterns and labor standards of the local community.

The little Davis-Bacon Acts can also be seen as laws to ensure fair treatment for construction contractors. With these prevailing wage requirements, contractors committed to paying decent wages to their employees have an equal chance to compete for public projects, which generally must be awarded to the lowest bidder. In the absence of prevailing wage laws, competition for government projects would turn into a contest to see who can slash wages the furthest in order to come in with the lowest bid. With the imposition of a floor under wage levels, contractors are forced to compete on the basis of their skill and efficiency.

Prevailing wage protection is also beneficial to the construction industry and the community in general because it helps

ensure that wages and benefits will be sufficiently high and sufficiently stable and predictable to allow the recruitment, training and retention of a pool of skilled workers able to meet the needs of any contractor who undertakes a job within the area. While any individual construction company--particularly a transient firm--might not have a large stake in the long-term development of a skilled labor force, this is of vital importance to the local industry as a whole. For this reason, there is a substantial community interest in ensuring that there are adequate incentives to keep these skilled workers from drifting away into other employment.

Finally, prevailing wage requirements offer protection to taxpayers by obtaining more competent and productive work. Rather than saving money, wage-cutting practices can actually generate extra cost, since qualified, skilled workers are not usually willing to work for substandard pay. Employing less-skilled labor at a lower wage can mean longer completion time, waste when faulty work must be done over, and higher maintenance expenses in the future.

The Thieblot School-Cost Study

Critics of the little Davis-Bacon Acts allege that these laws unnecessarily raise the costs of public construction. This argument assumes that paying anything more than the lowest possible wage leads to excess costs. This reasoning is misleading in that it ignores the important issue of the relative productivity of high wage and low wage workers. If one individual earns 20% more than another but can complete 25% more work in the same amount of time, then employing the more highly paid person will actually save money. Several statistical studies have confirmed that unionized construction workers, who are likely to be among the highest paid, are in fact more productive than their non-union counterparts. ^{1/}

One major work cited by opponents of state prevailing wage laws to support their claims is a study entitled Prevailing Wage Laws and School Construction Costs commissioned by the Merit Shop Foundation of the Associated Builders and Contractors. The report was prepared by Dr. Armand J. Thieblot, who is also the author of various studies

^{1/}For example, see: Allan B. Mandelstamm, "The Effect of Unions on Efficiency in the Residential Construction Industry," Industrial and Labor Relations Review, July 1965, which presents a detailed comparison of union and nonunion homebuilding in Michigan and concludes that greater productivity largely offsets the higher wages paid to union workers; Steven G. Allen, Unionized Construction Workers Are More Productive (Washington, D.C., Center to Protect Workers' Rights, 1979) which reports the results of a comprehensive econometric study indicating that unionized construction workers are between 29 and 51 percent more productive than their nonunion counterparts; or Clinton C. Bourdon and Raymond E. Levitt, "A Comparison of Wages and Labor Management Practices in Union and Nonunion Construction," Massachusetts Institute of Technology, Research Report No. R-78-3, which describes various factors found to contribute to higher productivity among union workers.

of the Davis-Bacon Act and other labor issues for the Chamber of Commerce, the Business Roundtable, the Council for a Union-Free Environment, and similar business groups.

After an examination of school construction costs in states with and without prevailing wage laws, Dr. Thieblot concludes that repeal of all little Davis-Bacon Acts would save \$239 million per year on school construction. While this figure certainly sounds impressive, the methodology on which it is based is so simplistic as to be ludicrous. A more careful examination of Thieblot's own data suggests that school construction costs in the two sets of states are actually indistinguishable from one another.

In his analysis, Thieblot uses data on the cost per classroom of new school construction in each state during the period 1968 to 1974, as published in School Management magazine. He divides the states into two groups: those where prevailing wage laws are fully applicable to school construction, and those where prevailing wage laws are only partially applicable, inapplicable, or do not exist. Average costs in the first group turn out to be 13% higher than in the second group, and, on this basis, Thieblot concludes that school construction would cost 13% less (or \$239 million per year) if all state prevailing wage laws were to be repealed.

Despite its superficial appeal, Thieblot's approach is severely flawed. In effect, he is arguing that any difference in construction costs between states must be exclusively due to the presence or absence of a little Davis-Bacon law. Yet many other more influential

factors must be considered. It is well known that prices vary considerably from place to place in the U.S., a fact which will certainly be reflected in school construction costs. Climate differences also play an important role in the pricetage of a new school. The need for air conditioning, heating, and insulation will certainly differ among the various regions of the country, as will their costs. Urbanization will be another important factor, since schools are likely to be much more expensive to build in cities than out in the countryside. Yet another factor which Thieblot ignores are the considerable regional differences in the quality and amenities of school buildings, reflecting differing local customs, financial resources, etc. ^{2/}

While it is impossible to get an accurate measure of the impact of all these diverse regional factors, it is possible to make rough adjustments along these lines. Before doing this, however, it is important to make two preliminary adjustments to Thieblot's figures to remove potential biases resulting from his use of highly aggregated data.

First, it is necessary to separate the data for elementary and secondary schools, rather than lumping them together as Thieblot

^{2/} An indication of the extent of these regional variations in amenities is provided by data published annually in School Management giving the percentage of schools completed having various specialized facilities (auditorium, cafeteria, gymnasium, language lab, etc.) on a region by region basis. For example, in 1971, the percentage of new secondary schools with auditoriums ranged from 63.5% in region 2 (NJ, NY, PA) to 23.6% in region 9 (AK, CA, HI, OR, WA), the percentage with gymnasiums ranged from 91.9% in region 2 to 52.7% in region 8 (AZ, CO, IA, MT, NV, NM, UT, WY). Unfortunately, these data are not published for individual states, and thus it is not possible to explicitly adjust Thieblot's data for this factor.

has done. Since secondary schools cost more than elementary schools (about \$89,000 per classroom in 1973, compared with about \$63,000, according to School Management), a state which happened to build a lot of secondary schools and a few elementary schools will appear to have higher costs than a state which happened to build more elementary schools, though actual expenses for comparable structures in the two states might be identical.

Secondly, it is also necessary to adjust for effects of inflation, which, as Thieblot notes, drove school construction costs up by 60% over the seven year period he studied. Because of this inflation, schools in one state might appear to be more expensive than schools in another state simply because the first state did more of its construction towards the end of the period rather than at the beginning. This problem can be avoided by converting each year's costs into dollars of constant purchasing power before adding them together to get an overall figure. ^{3/}

When both of these adjustments are made, the cost differential between the two groups of states used by Thieblot becomes 15.1% for elementary schools and 9.7% for secondary schools. ^{4/}

^{3/}This was done using the Implicit Price Deflator for government purchases of industrial, educational, hospital and other nonresidential buildings, as published by the U.S. Department of Commerce/ Bureau of Economic Analysis, in The National Income and Product Accounts of the United States, 1929-1974, tables 7-13. All amounts were converted to 1972 dollars.

^{4/}These figures are based on average costs weighted by the number of classrooms built per state. Thieblot's classification of prevailing wage and non prevailing wage states was retained. This classification was based on the results of a questionnaire sent to state government officials; Thieblot himself expresses some doubts as to the accuracy of the responses.

In order to legitimately compare construction costs on a state-wide basis, adjustments must also be made for differences in the cost of living between states. When this is done using a state price index developed by Victor Fuchs and others for the National Bureau of Economic Research (NBER), ^{5/} the gap between the prevailing wage and non prevailing wage states becomes much smaller--7.9% for elementary schools and 2.7% for secondary schools.

This adjustment for general interstate price differentials is only a crude estimation. There are other equally important adjustments which must be performed in order to isolate the role of the little Davis-Bacon Acts in school construction costs. The NBER index measures only the general level of consumer prices, and not the more specific cost components of construction. ^{6/} Unfortunately,

^{5/} Victor R. Fuchs, Robert T. Michael, and Sharon R. Scott, "A State Price Index," National Bureau of Economic Research Working Paper No. 320, Cambridge, Massachusetts, October 1978.

^{6/} There is reason to believe that construction costs exhibit a greater variation from region to region than do prices in general. Unfortunately, precise data on the cost components of school construction are not available on a state-by-state or even a region-by-region basis. However, an indication of the extreme variation in building costs is provided by data collected by the Bureau of Labor Statistics in their "family budget" surveys. As part of these surveys, the BLS examined home ownership and rental costs in various cities based on comparisons of standard sized dwellings with the usual household equipment, and considering costs such as interest, principal, rent, maintenance, etc. Using an index where the national average equals 100, the index numbers for these costs were found to vary from a high of 148 in Boston to a low of 68 in Austin. Other high-cost cities included New York-Northwestern New Jersey (130), Hartford (120) and San Francisco-Oakland (118); other low cost cities included Houston (73), Baton Rouge (76) and Atlanta (78). By comparison, the overall cost-of-living index varied from 118 in Boston and 114 in New York to 89 in Austin and 92 in Baton Rouge and Houston. For more information, see: Mark K. Sherwood, "Family Budgets and Geographic Differences in Price Levels," Monthly Labor Review, vol. 98, no. 4 (April 1975), pp. 8-15.

TABLE 1

AVERAGE COSTS PER CLASSROOM
NEW SCHOOL CONSTRUCTION (1968 - 1974)

(constant - 1972 - dollars)

	<u>A</u>	<u>B</u>	<u>C</u>
	States With Wage Laws Partially or <u>Not Applicable</u>	States With Wage Laws Fully <u>Applicable</u>	% Difference <u>A Over B</u>
Elementary Schools before adj. for state price differences	\$49,662	\$58,520	-15.1%
after adj.	\$52,143	\$56,612	- 7.9%
Secondary Schools before adj.	\$75,349	\$83,456	-9.7%
after adj.	\$78,853	\$81,040	-2.7%

a suitable index of the relative costs of constructing buildings is simply not available.

If prevailing wage laws are the single most important factor in wage levels, as Dr. Thieblot claims, he must explain why the alleged cost increase caused by wage standards is three times greater for elementary schools than for secondary schools (7.9% vs. 2.7%). If prevailing wage laws are driving up costs, the effect should be roughly the same for both elementary and secondary schools. Yet the figures show that the additional cost of elementary schools in states with little Davis-Bacon is three times more than the additional cost for secondary schools. It is futile to juggle statistics to explain this anomaly. The error lies in seeing prevailing wage laws as the decisive variable.

This can be shown in another way. If states are ranked according to the cost per room of school construction, as shown in Table 2, no meaningful correlation with prevailing wage laws emerges. In fact, there is almost a random correlation between school construction costs and prevailing wage laws. Nine of the twenty states with the highest per classroom cost have wage laws which are only partially applicable or not applicable at all to school construction. Of the twenty states with the lowest per room average cost, half have prevailing wage laws which are fully applicable.

If we want to identify a variable which better explains the state-by-state cost differences, geographic location and climate seem to be far more influential (See Table 2). Take New England, one of the coldest regions of the country. Even though all six New England states fall within the top eleven in terms of school

TABLE 2

COST PER CLASSROOM
NEW SECONDARY SCHOOLS (1968 - 1974)

(adjusted by NBER state price index)

State	Little D-B?*/	Cost Per Room (\$) **/	State	Little D-B?*/	Cost Per Room (\$) **/
VT	No	\$114,284	NEB	No	\$ 74,900
PA	Yes	112,912	ILL	Yes	74,234
DEL	Yes	112,312	ARZ	Yes	73,667
MASS	Yes	101,377	MONT	Yes	71,959
ME	No	99,483	KAN	No	71,833
NH	No	96,798	WASH	Yes	71,468
MINN	No	94,976	IOWA	No	70,997
IND	Yes	94,874	CAL	Yes	70,264
CONN	Yes	91,636	VA	No	69,529
NEV	Yes	91,303	CO	Yes	68,548
RI	Yes	88,931	MO	Yes	68,396
MICH	No	87,518	OH	Yes	66,529
NY	Yes	87,075	SD	No	64,829
FLA	Yes	86,121	NM	Yes	63,687
TENN	No	85,379	ALA	Yes	63,610
GA	No	85,228	LA	No	63,582
ND	No	84,823	ARK	No	59,866
UT	Yes	83,733	IDA	Yes	58,082
MD	No	83,264	TEX	Yes	57,543
NJ	Yes	81,716	NC	No	57,379
WV	Yes	80,500	OKLA	No	57,082
WYO	Yes	78,282	MISS	No	57,010
ORE	Yes	77,189	KY	Yes	56,738
WIS	Yes	75,152	SC	No	56,497

*/ This refers to status according to Thieblot's classification. "Yes" means prevailing wage law fully applicable to school construction. "No" means law partially applicable or not applicable, or no state prevailing wage law at all. Note that only three states -- Maryland, Michigan and New Hampshire -- fall into the partially applicable category.

**/ 1972 dollars.

costs, only three of the six have fully applicable prevailing wage laws. The other three are costly without any wage standards. Two other far northern states, Michigan and Minnesota, rank high in terms of school construction cost, yet neither has a wage law which can be blamed for this.

Conversely, the least costly twenty states tend to be in relatively rural and warmer regions. Granted, maybe eight of these states don't really fit into the warm category (Kansas, Washington, Iowa, Colorado, Missouri, Ohio, South Dakota and Idaho). But these exceptions don't do Thieblot's case any good either, since five of the eight have fully applicable prevailing wage laws. According to his assumptions, these states should certainly be found high on the cost list, not near the bottom. It is also particularly interesting that such high-wage, heavily unionized states as California and Ohio rank so low in terms of average school construction costs. Could this reflect the greater productivity of union workers?

In summary, examination of school costs on a state-by-state basis lends absolutely no support to Thieblot's contention that prevailing wage laws lead to unnecessarily high construction costs. The high-cost states include many where little Davis-Bacon Acts do not apply, and the low-cost states include many where these laws are fully applicable. Factors such as climate and urbanization would appear to be much more important.

Unfortunately, it is really not possible to draw any firm conclusions about the factors contributing to building cost differentials. Further research in this area might prove fruitful if some way could

be found to precisely quantify the range of variables thought to play a role -- wage and cost-of-living differentials, differences in the costs of building materials, degree of urbanization, climate and terrain, population growth rates, characteristics of schools, etc.

However, it is not necessary to perform statistical miracles to refute Thieblot's analysis. The data presented above should be sufficient to demonstrate that his conclusions are completely without merit. Thieblot's analysis is entirely based on the incredible assumption that the only factor which contributes to interstate differences in building costs is the presence or absence of little Davis-Bacon Acts.

As the foregoing discussion indicates, there are a great many other factors which tend to create differences in construction costs from state to state. Coincidentally, several of these factors -- a high overall price level, an urbanized population, and colder weather -- are present in many states which also happen to have prevailing wage laws applicable to schools. This creates the superficial appearance that costs are higher because of prevailing wage laws. However, when some rudimentary adjustments are made and the data are examined on a state-by-state basis, it becomes very difficult to find any evidence of a correlation between little Davis-Bacon Acts and expensive school buildings.

If Thieblot is so insistent on finding one single factor to fully explain all interstate differences in school construction costs, then at the very least he should shift his focus to something more plausible than prevailing wage laws -- weather, for example.

Prevailing Wage Laws and Overall Wage Levels

A second argument sometimes leveled at the little Davis-Bacon Acts is that their presence somehow causes the overall industry-wide level of wages within particular states to be higher than it otherwise would have been.

It's hard to understand why this would be true, since these laws do not impose new wage levels, but only require that workers be paid no less than whatever figure is locally prevailing. Further, state-funded construction is a small part of total construction activity, and thus wages on state projects should not have much influence on the average wage level in the industry as a whole.

This expectation is confirmed by the results of a statistical study which indicates that the presence or absence of a state prevailing wage law seems to have no effect on interstate wage differentials.^{7/} This study was done using a standard statistical technique known as multiple regression analysis. Briefly, what was involved was taking a sample of construction workers (drawn from the Census Bureau's Current Population Survey) and setting up equations which try to explain the variation in earnings from worker to worker on the basis of various relevant variables -- workers' age, education, sector of the industry, occupation, urban/nonurban residence, union membership, etc. The process was then repeated, with an additional variable included indicating whether or not the worker lived in a state with a little Davis-Bacon Act. The measured effect from this

^{7/} These results are based on research in progress by Dr. Steven G. Allen, North Carolina State University.

new variable was so small that it is statistically indistinguishable from zero. For those familiar with this technique, the model and results are presented in detail in Table 3.

In summary, there is no reason to believe that state prevailing wage laws serve to artificially raise construction wages. Nor is there any convincing evidence that these laws contribute to excess costs on school construction or any other type of state projects. Prevailing wage laws provide significant benefits by guaranteeing that fair employers have an equal chance to compete for government jobs, by helping to stabilize conditions in the construction labor market, and by protecting the taxpayer from the potential costs of hiring workers with substandard skills at cut-rate wages. The state little Davis-Bacon Acts provide an important link in the overall national system of labor legislation that has served well for many years. They should be retained to continue to perform these functions for many years to come.

TABLE 3

REGRESSION RESULTS
WAGE EQUATIONS FOR CONSTRUCTION WORKERS
IN MAY 1973 - 1975 CURRENT POPULATION SURVEY

	<u>1</u>	<u>2</u>
Intercept	-.232 (.057)	-.236 (.057)
Years of Schooling Completed.....	.020 (.002)	.021 (.002)
Age.....	.053 (.002)	.053 (.002)
Age Squared.....	-.595E-03 (.031E-03)	-.595E-03 (.031E-03)
Region Dummies:		
Northeast.....	.096 (.014)	.097 (.015)
North Central.....	.076 (.014)	.077 (.014)
West.....	.125 (.015)	.127 (.016)
Industry Dummies:		
General Building Contractors.....	-.003 (.011)	-.003 (.011)
General Contractors (except bldg.).....	-.008 (.015)	-.008 (.015)
Occupation Dummies:		
Craftsperson.....	.212 (.014)	.212 (.014)
Operative.....	.236 (.024)	.236 (.024)
Trasnport Equip. Operative.....	.007 (.029)	.007 (.029)
Hours Worked (log).....	-.001 (.012)	-.001 (.012)

SMSA Resident?.....	.093 (.011)	.093 (.011)
(yes = 1)		
Year Dummies:		
1973.....	.083 (.012)	.083 (.012)
1974.....	.042 (.013)	.042 (.013)
Union Member.....	.454 (.011)	.454 (.011)
yes = 1)		
Little Davis-Bacon?.....	----	.008 (.018)
R Squared.....	.555	.555

NOTES: -- The sample consists of 4,276 blue-collar production workers in construction drawn from the Census Bureau's Current Population Survey.

-- The dependent variable is the logarithm of the average hourly wage over the three-year period, deflated to May, 1973 dollars by the Consumer Price Index.

-- The "little Davis-Bacon" variable is the percentage of workers in the state or region not covered by state prevailing wage laws (i.e., this variable equals one for states with no prevailing wage law, zero for states with laws, and some fraction between zero and one for certain workers whose residence can only be determined by region and who live in regions where not all states have prevailing wage laws).

-- Standard errors are reported beneath each coefficient.

Ex. 58

WITNESS STATEMENT

Name George W. (B. H.) Kerkendall Date 2/3/31
Address P.O. Box 713 East Helena, Mont. Support ?
Representing Myself Oppose ? X
Which Bill ? H. R. 260 Amend ?

Comments: *the State of Montana should have the authority to set the prevailing wages for Montana people without interference from the Federal Government.*

Most small contractors can't bid state jobs because they can't get bonding to cover the job.

Please leave prepared statement with the committee secretary.