

## What *IS* a prevailing wage?

By Aaron Morris

A debate roils among Kentucky lawmakers about whether to continue requiring contractors for state projects to pay their employees “prevailing wages.”

Frankly, the term “prevailing wage” is too ambiguous. A more fitting term should be “steamroller wages” – especially when such rates are compared to what laborers earn on similar construction jobs in the private sector.

The nonpartisan Legislative Research Commission has determined that the “prevailing wages” Kentucky law requires for personnel on state projects are far above standard market rates and drive up the cost of building new schools and roads<sup>1</sup>.

Since union representatives dominate the respondent list on surveys used to establish prevailing-wage levels, pay scales for workers on public projects usually reflect union paychecks rather than market rates. This benefits workers in the construction trades at the expense of Kentucky taxpayers.

Some estimates show prevailing-wage mandates drive up the cost of building new roads, schools or state offices by 10 to 20 percent<sup>2</sup>.

For example, the lowest determined wage for marble and tile finishers is \$14.24 an hour for public projects in Louisville<sup>3</sup>. According to the U.S. Bureau of Labor Statistics (BLS), that level of pay ranks higher than median wages for firefighters and emergency medical technicians who protect property and save lives<sup>4</sup>.

The highest determined prevailing-

Prevailing Wages vs. Other Occupations	
Occupation Title	Median Hourly Pay
Preschool Teachers (except special education )	\$8.48
Emergency Medical Technicians and Paramedics	\$12.02
Fire fighters	\$14.12
General Laborers	\$15.12
Police and Sheriff's Patrol Officers	\$15.86
Painters	\$17.77
Surveyors	\$18.26
Computer Support Specialists	\$18.29
Clergy	\$18.61
Roofers	\$18.90
Carpenters	\$20.00
Respiratory Therapists	\$20.23
Optometrists	\$20.71
Detectives and Criminal Investigators	\$20.85
Bricklayers, Stone Masons	\$21.53
Glaziers	\$22.49
Electricians	\$25.75
Pipefitters, Steamfitters, Plumbers	\$26.31



Source: Bureau of Labor Statistics, Kentucky Department of Labor Prevailing Wage Determination, Locality No. 12

wage rates in Louisville are \$34.65 for carpentry divers and \$31.29 for boiler-makers. These wages rank much higher on the compensation ladder than the BLS rates for private-sector mechanical, electrical, civil and industrial engineers.

Construction workers on public undertakings deserve a competitive wage. However, they are not owed taxpayer-subsidized, inflated paychecks that could mean fewer schools, roads and bridges for Kentuckians.

State lawmakers should end the current practice of setting artificially high wage rates for certain workers in Kentucky's economy.

— Aaron Morris is fiscal policy analyst for the Bluegrass Institute for Public Policy Solutions, Kentucky's free-market think tank.

Sources:

“An Analysis of Kentucky's prevailing wage laws and procedures,” Legislative Research Commission, at [www.lrc.ky.gov/lrcpubs/RR304.pdf](http://www.lrc.ky.gov/lrcpubs/RR304.pdf).

“A New Evaluation of Impacts of Prevailing Wage Law Repeal” by A. J. Thieblot, Ph.D., Journal of Labor Research, at [www.abc.org/user-assets/Documents/Government%20Affairs/PrevailingWageLawStudies/Utah.pdf](http://www.abc.org/user-assets/Documents/Government%20Affairs/PrevailingWageLawStudies/Utah.pdf).

“Kentucky Department of Labor Prevailing Wage Determination, Locality No. 12” at [www.state.ky.us/agencies/labor/esat/pwage.htm](http://www.state.ky.us/agencies/labor/esat/pwage.htm).

4 “November 2004 Metropolitan Area Occupational Employment and Wage Estimates,” U.S. Bureau of Labor Statistics, at [www.bls.gov/oes/current/oessrcma.htm](http://www.bls.gov/oes/current/oessrcma.htm).