



Memorandum

To: Honorable Members of the Michigan Legislature

From: Associated Builders and Contractors of Michigan
 Minority Contractors Association WMC
 Home Builders Association of Michigan
 Michigan Chamber of Commerce
 National Federation of Independent Business
 Michigan Freedom Fund
 Small Business Association of Michigan
 Michigan Business and Professional Association
 Grand Rapids Area Chamber of Commerce
 Lansing Regional Chamber

RE: Please Support Prevailing Wage Repeal

Date: May 13, 2015

We are writing to urge you to support repeal of Michigan’s unnecessary and costly prevailing wage law.

Unlike 44 other states that either have no prevailing wage or that at least attempt to calculate a wage based on reliable market averages, Michigan requires union agreements to supersede all other wage and hour standards for state government construction, even though just 18 percent of Michigan construction workers are affiliated with a labor union.

The result of prevailing wage is higher construction costs compared to the same construction if it were performed in the private sector. In 2013 the non-partisan Anderson Economic Group released a study finding that prevailing wage schemes for just public schools and universities cost Michigan taxpayers an additional \$224 million annually. Over a ten-year period the waste alone would have financed the construction of more than 300 average-sized elementary schools in our state.

Moreover, after Ohio repealed prevailing wage for school construction, the non-partisan Ohio Legislative Service Commission concluded that the repeal saved schools and taxpayers over \$487.9 million, without any impact on overall quality.

Finally, repeal of prevailing wage would still leave intact all quality and safety requirements because the prevailing wage act does not affect these standards. As the Michigan Department of Licensing and Regulatory Affairs (LARA) stated in a letter last year, *“Both prevailing wage and non-prevailing wage projects are subject to the same standards in the construction code, workplace health and safety and wage and hour rules.”*

The private sector rejected anti-competitive prevailing wage mandates decades ago and it’s time for state government construction to benefit from best practices that are utilized throughout the broader construction industry. Michigan taxpayers deserve better than being weighed down by the prevailing wage law and its inflated costs on government construction.

Michigan’s so-called prevailing wage law runs contrary to the best interests of Michigan taxpayers, jobs, communities and schools. We urge you to pass this common sense reform.