

**Testimony on House Bill 4052 before the Senate Michigan Competitiveness Committee
International Brotherhood of Electrical Workers, Michigan State Conference
June 11, 2015**

Good morning Chairman Shirkey and members of the committee. My name is Todd Tennis, and I am here on behalf of the IBEW Michigan State Conference. I come before you today to speak in opposition to House Bill 4052.

The bill as introduced would prohibit local units of government from enacting policies that would condition the expenditure of tax dollars on the agreement of a vendor or contractor to provide decent wages and working conditions for their employees. We believe that taking away the ability of local officials to get the best deal possible for their community when awarding tax-funded contracts is bad for Michigan.

Cities, counties and townships in Michigan may currently enact policies that require vendors that receive tax dollars to adhere to standards that benefit the community. These standards may include an agreement to hire residents who reside within the community, an agreement to pay wages that are above the poverty line, or an agreement to pay wages that reflect the prevailing wage for workers in the region. These are reasonable provisions that we feel local elected officials should be allowed to require.

Much of the debate over this legislation concerns the payment of wages – specifically prevailing wages on publicly funded construction projects. Whether the prevailing wage stems from the Federal Davis-Bacon Act, the Michigan Prevailing Wage Act or local government policies and ordinances, we at the IBEW believe that such laws strengthen communities. These laws were designed to create a level playing field so that local construction workers would not have to unfairly compete against low wage itinerant labor imported from other states, and in many instances, other countries.

Contrary to some assertions, the Prevailing Wage, whether at the state, federal or local level, does not restrict contracts to only union contractors. Non-union contractors are frequently awarded prevailing wage jobs. The Prevailing Wage merely restricts competition to factors based on which contractor can deliver the best product rather than which contractor can pay the lowest wages. States and local communities who use Prevailing Wage standards have higher levels of apprenticeship training and lower on-the-job injury rates. Most importantly, several independent studies have concluded that there is no statistically significant difference in overall costs between Prevailing Wage projects and non-Prevailing Wage projects.

The bill would also ban what are commonly referred to as “Living Wage” policies. These policies generally dictate that vendors bidding on tax funded contracts must agree to pay their employees a wage that is enough to keep them above the poverty line. One of the principles behind Living Wage policies is that government contracts should not be given to employers who pay wages low enough so that their employees then qualify for government assistance.

There are two key elements that each of these types of policies have in common. First, they only apply to contractors, vendors or businesses that receive funds or assets from the local unit of government that

are generated by taxpayers. None of these policies have any impact on employers that are not receiving some kind of government funded contract.

Second, each of these policies is adopted by a democratically elected body of a local unit of government, be it a city council, county commission or township board. Each community has the opportunity to make its own decisions on how its tax dollars should be spent, and on what agreements they wish to attach to those expenditures. HB 4052 is a direct attack on the principle of local control and the ability of communities to create their own standards. We respectfully request that the committee vote against its passage.