

Labor Management Viewpoints: Project quality, wages tied together

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Prevailing wage, union wage, white-sheet wages -- these terms have been bantered about interchangeably in Milwaukee media for the last several months, mostly in connection with the Park East projects. The usage of these terms in the media often implies that these concepts are inherently evil and detrimental to growth and development in the community.

First of all, the prevailing-wage rate equals the union wage only when more than half of the private work in a given county reported to the state of Wisconsin under its program pays the union wage. If more than half the hours reported do not exactly match the union rate on the private work reported on, the rate is blended to reflect the mix of wages paid in the county.

Using prevailing wages creates an equal playing field for all contractors, union and nonunion. It helps developing firms by ensuring that they are competing on a level field and will have sufficient wage money in their bids to attract a quality work force.

The second issue has to do with the inference that the union wage is a bad thing. These wages are negotiated between employees and employers and reflect a meeting of the minds as to what specific tasks and skills are worth. Employers would prefer to pay less for skilled labor, and the craftworker would prefer to earn more. The meeting of the minds between these two groups on wages and fringes provides the best gauge of what is fair to both parties. Higher wages are not automatically equated to higher costs. Training and skill levels often have more to do with costs than wages.

Quality counts

Quality should also be a consideration. Buildings built with public funds or with the assistance of public funds should be top quality and serve as the standard for private construction. Construction is no different than any other industry in that the best, most talented craftworkers tend to gravitate to the higher compensation scales.

Many prefer to classify union workers as being inefficient and loyal only to their union. This is simply not true. The joint apprenticeship committees consisting of labor and management produce quality, motivated craftworkers who are fairly rewarded for their skill and efficiency.

The last issue is the economic multiplication of public dollars expended. Wisconsin is not a big producer of building materials. Much of what we spend on materials leaves the state's economy (or the U.S. economy for that matter). The roughly 40 percent of the cost of a project that is spent on labor is a different matter and has a far greater impact on local areas.

A study paid for by Allied Construction Employers Association indicates that the economic impact of a dollar spent on construction labor is \$2.54. If the purpose of public spending is to benefit the public, why wouldn't you want that spending to provide the best possible economic impact? If you are building for the future, you should start by using a wage system that fairly and equally compensates the people who actually create that building for the future.

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