

TESTIMONY - HB 5377 – AN ACT CONCERNING PREVAILING WAGE

Submitted by: Joyce A. Wojtas, Lobbyist – Mechanical Contractors Association of CT

The Mechanical Contractors Association of CT (MCAC) would like to go on record in opposition of this bill at this time. We understand that this issue remains a topic of discussion among key legislators and the Building Trades and hope that a resolution is found to satisfy the parties involved on this issue.

Information that has been circulated over the years about the prevailing wage and the impact it has on the cost of construction projects at both the state and municipal level has **been absolutely incorrect. It has been said over and over that increasing the prevailing wage thresholds will save the state and municipalities 30 percent in project costs.** If labor costs on a building project run 25 – 30% of the job and material costs (fixed costs) run 70-75% of the job, you would have to cut out all labor costs to save 30% of project costs.

The Legislatures Program Review and Investigations Committee performed a study of the prevailing wage in the late 1990's and concluded that savings would be closer to 6 or 7 % (maybe) if the thresholds were increased. Other studies have also drawn the same conclusion.

If you take into consideration the overall benefits of the prevailing wage, i.e., less transient construction workforce = safer construction sites, more highly skilled construction workers, career workers provided retirement and health care benefits, workers becoming part of the community, workers having spendable income, etc., that 6 or 7% possible savings is well worth spending.

Most construction projects are competitively bid and when contractors start low-bidding employee wages to produce a 30% savings for the owner, it moves the industry back to the days when no one had a career in construction, injury and death were prevalent, and even though it wasn't that many years ago, it was the dark ages for the industry.

Connecticut has discussed applying prevailing wage to economic development projects that receive state money in the past. During these difficult economic times, that provision might discourage expansion projects and/or new development. In better times, prevailing wage contractors have been highly competitive and successful because they have developed very good reputations for delivering projects on time and within budget.

Thank you for your consideration.

Joyce A. Wojtas, Lobbyist
Mechanical Contractors Association of CT
joyce.wojtas@outlook.com 860-280-4623