



WESTPORT, CONNECTICUT

JAMES S. MARPE
First Selectman

March 23, 2018

State Commission on Fiscal Stability and Economic Growth

Re: Prevailing Wage

Dear Members of the Commission:

Thank you members of the Appropriations, Commerce, Finance, Revenue and Bonding and Planning and Development Committees for the opportunity to comment on the Connecticut Commission on Fiscal Stability and Economic Growth's Final Report (the Commission), which has produced numerous recommendations that, if enacted in their entirety, may lay the foundation to stabilize and, more importantly, grow the State's economic base.

Among the recommendations made by the Commission are further adjustments to the prevailing wage thresholds for rehabilitation projects. The proposal would permit the use of non-union labor on projects that cost less than \$1 million. The results of adjusting the thresholds that trigger the prevailing wage for rehabilitation projects would allow local governments - and the state - to make more efficient investments in infrastructure without increased reliance on revenue provided primarily by local property taxpayers.

Westport recently undertook the rehabilitation and improvement of the historic farm house on its very popular Wakeman Town Farm. This farm is a model of sustainable farming and farm to table process and partly supported by private contributions. This relatively small but much needed rehabilitation project of approximately \$500,000 cost taxpayers and private donors nearly 25% more in cost and effectively limited the number of competitive bidders because of low prevailing wage thresholds. The increased cost almost caused this very straightforward and community enhancing project to be scuttled and certainly delayed its completion by several months.

Last October, the legislature took the first step by increasing the threshold for new construction projects to \$1 million from \$400,000. Now is the time to do the same for rehabilitation projects, which is currently set at \$100,000, and adjust it to \$1 million.

A number of studies have demonstrated that prevailing wage mandates inflate project costs.

- A 1995 Connecticut Advisory Commission on Intergovernmental Relations study concluded that prevailing wage rates increase construction costs to towns and cities upwards of 21% annually, and
- A 1996 Legislative Program Review and Investigations report identified the increase in costs caused by the prevailing wage mandate from 4 to 7%.

The State Department of Public Works has testified before the Labor & Public Employees Committee and said that it “makes sense to raise the thresholds” and that the State could actually save money by being able to get more construction work accomplished while using the same amount of funds.¹ The Hartford Courant later concurred, stating that “Raising the threshold will at least bring the state a little closer to the 21st century.”²

This recommendation is sensible and would provide much needed relief to municipalities and local property tax payers.

Thank you again for the opportunity to testify on the Commission’s Report.

Sincerely,



James S. Marpe, First Selectman
Town of Westport

¹ Testimony of the Connecticut Department of Public Works, House Bill 5741, March 10, 2006.

² “Update Prevailing Wage Law”, Hartford Courant Editorial, page A10. May 2, 2007