

TESTIMONY – MARCH 23, 2018 PUBLIC HEARING

RE: REPORT OF COMMISSION ON FISCAL STABILITY & ECONOMIC GROWTH

To: Appropriations, Commerce, Finance, & Planning & Development Committee Members

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 to the following recommendation on Page 60 of the report:

• **Prevailing wage laws should be further amended to permit use of non-union labor on rehabilitation projects costing less than \$1 million, replicating the change made for new construction in 2017.**

First and foremost: The Prevailing Wage Law **DOES NOT PROHIBIT THE USE OF NON-UNION LABOR ON STATE AND MUNICIPAL PROJECTS!** The law simply requires (just like the minimum wage law) that employees working on the project must be paid “the prevailing wage”.

Second and equally important: The information that “increasing prevailing wage thresholds” will save the state and municipalities 30 percent in project costs **is absolutely incorrect. PLEASE DO THE MATH!** On most building construction projects, **labor costs are about 27% of the job** and FIXED COSTS (material, supplies, overhead, etc.) are about 70-75% of the job. **TO SAVE 30 PERCENT ON THE PROJECT, THE WORKERS WAGES WOULD HAVE TO BE REDUCED TO \$0.00.**

In depth studies on the prevailing wage over the years have proven that any savings (??6%,7%??) as a result of increasing the thresholds are minimal compared to the overall benefits that are the result of the existence of a prevailing wage for public work. When you have a competitive bidding system whereby fixed costs cannot be cut, **NOT ONLY will THE CONSTRUCTION WORKER SUFFER, the industry suffers and the state and towns suffer as thresholds are increased.**

BENEFITS OF THE PREVAILING WAGE include: a less transient construction workforce equals safer construction sites, career workers who are more highly- skilled. career workers provided retirement and health care benefits, workers becoming part of the community, workers having spendable income, who live, pay taxes, retire, shop and eat in the community.

Prevailing wage laws also promote apprenticeship training, which is critical to the skills shortage crises. The unionized sector of the industry has trained many workers in a program supported jointly by unions and contractors, signatory to collective bargaining agreements **at no cost to the taxpayers of the state.**

The current thresholds should remain as they are to avoid having projects where contractors start low-bidding employee wages to produce savings for the owner and drive out all competition, This moves the industry back to the days when workers did not have a career in construction, injury and death were prevalent, Those were the dark ages for the industry. This change will not provide any stability or growth for any of the parties affected.

Thank you for your consideration in this matter.

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