

HB2413

HD1

LATE

TESTIMONY



Testimony of Cindy McMillan
The Pacific Resource Partnership

Senate Committee on Judiciary and Labor
Senator Clayton Hee, Chair
Senator Maile S.L. Shimabukuro, Vice Chair

HB 2413, HD1 – RELATING TO LABOR
Tuesday, March 18, 2014
10:00 AM
Conference Room 016

Aloha Chair Hee, Vice Chair Shimabukuro and members of the Committee:

The Pacific Resource Partnership (PRP) is a labor-management consortium representing over 240 signatory contractors and the Hawaii Regional Council of Carpenters.

PRP supports HB 2413, HD1 – Relating to Labor, a bill that applies provisions relating to prevailing wages for public construction work to public-private partnerships.

According to Smart Cities Prevail, a non-profit organization that provides information, research and education on how prevailing wage standards on public construction projects benefit taxpayers, local governments and working families, prevailing wages benefit not just the hard-working men and women who earn them, but the community as a whole – often saving tax dollars in the process.

The organization lists the following benefits of prevailing wages for public works projects. The same benefits will accrue when applied to **public-private partnerships**. Prevailing wage policies:

- Create Middle Class Jobs
 - Public works projects paying prevailing wage attract quality, local experienced construction workers who deliver high quality work on time and on budget.
 - Professional trades people tend to be better trained, highly productive and more safety-conscious, and create a safer working environment for everyone on site.
 - Projects paying prevailing wages serve as an escalator to the middle class.

- Grow the Local Economy
 - Prevailing wages support middle class incomes that boost consumer spending.
 - Families supported by prevailing wage incomes often own their own homes, which provide local businesses with a stable, long-term customer base.
 - Each dollar paid in prevailing wages produces \$1.50 in economic activity¹ meaning more customers for local businesses and a thriving community.
- Benefit Taxpayers
 - Projects built with prevailing wage laws can save taxpayers millions of dollars because they are more likely to come in on time and on budget.
 - Companies with low-wage contracts hire low-wage and low-skilled workers. In practice this can mean greater reliance on the ability of inspectors to catch errors and omissions before roads, bridges, and buildings get completed, increasing the likelihood of taxpayer outlay over the long run.
 - When companies are not required to pay a prevailing wage, more people are paid very low or even poverty level wages. This often forces them onto welfare, food stamps or other government services, hurting taxpayers and a community's quality of life.
- Build General Funds
 - When people have more spending money, local shops and businesses grow, as does sales tax revenue for local governments.
 - Workers earning prevailing wages tend to own homes locally, and that means a larger, stronger property tax base.
 - Enhanced revenue for local governments builds general funds and prevents the need for layoffs and cuts to services.
- Control Construction Costs
 - Public works prevailing wage projects average \$6 per square foot less expensive than non-prevailing wage public works projects.²
 - Because workers on prevailing wage projects tend to have better training, those projects deliver 20% more value-added per worker than non-prevailing wage projects.

¹ Mark Zandi, Chief Economist, Moody's Analytics, <https://www.economy.com/mark-zandi/documents/Senate-Finance-Committee-Unemployment%20Insurance-041410.pdf>

² Phillips, Peter, Ph.D., A Comparison of Public School Construction Costs In Three Midwestern States That Have Changed Their Prevailing Wage Laws in the 1990s, February, 2001. http://www.smartcitiesprevail.org/resources/research_casestudies.html#phillips1

For these reasons, we strongly support HB 2413, HD1. Thank you for the opportunity to share our comments on this important issue with you.