



### MICHIGAN PREVAILING WAGE HOUSE BILL 4007

Chairman Haadsma, Committee Members; My name is Jimmy Greene and I am CEO & President of ABC Michigan. Thanks for the opportunity to address House Bill 4007, reinstating Michigan's Prevailing Wage Law. Associated Builders & Contractors of Michigan opposes this Bill. I've represented ABC and 88% of the commercial contractors in this state for 15 years and it's always been my goal to make Michigan a Fair and Open competitive state that contractors; union and non union an opportunity to bid on all tax payer funded state projects without first pre-determining the cost by dictating wages before there is even a shovel in the dirt. And Michigan did just that.

This issue typically gets propagandized as a union versus non union division disguising the fact that it's simply a taxpayer issue. I decided against inundating the committee with a display of PowerPoint presentations with powerful statistics and colorful slides since I suspect it would be an exercise in futility. Instead, I decided for simplicity and facts to find a healthy resolution to this issue. If ever there was an opportunity for local controls this one moves to the top of the list.

Mandating that every community uses Prevailing Wage vacates locally elected officials an opportunity to be fiscal stewards of those monies and let's be frank; that is the primary function of every locally elected city, township, and county official. Taxpayer funded construction shouldn't cost more than identical construction in the private sector.

- Increasing taxpayers' construction costs means having less money to invest in the construction of roads, schools, Infrastructure, and other important priorities including security protocols and systems for public schools.

- This should NOT be confused with phrases like "fair wages, minimum wages, and the like. Since the Repeal of Prevailing wage, construction wages have increased not decreased.

- After Ohio repealed prevailing wage on school construction, the state saved \$500 million. Wisconsin and Indiana have repealed prevailing wage in the last two years. Michigan will no longer competitive with any of our neighboring states. According to an Anderson Economic Group Study, Michigan taxpayers will save of over \$120 million a year on educational construction alone after prevailing wage is repealed.

- Prevailing wage is a red tape nightmare that hurts local construction businesses. Prevailing wage limits opportunity for most local contractors because it is too complex and too costly to comply with. Just prior to the repeal of prevailing wage, Michigan was publishing over 100,000 complex prevailing wage classifications. That's more construction classifications than there are construction workers in the state.

- The best "real world" example of what it is like to not have prevailing wage is the real world itself. Prevailing wage only exists inside the bubble of government construction and nowhere else. Outside of government contracts, the vast super-majority of large and small construction projects are not subject to prevailing wage. Outside of Lansing there is more construction activity, more jobs, and people go to work every day making a good living building the safest and highest quality buildings in the state.

#### TAKE AWAY:

The legislation introduced today would mean 500,000 different wage mandates for the construction industry in Michigan annually. Having 100,000 times as many requirements as the state minimum wage is not a serious approach to Michigan's skilled trades or our economy. These bills would even mean the state was forcing 496,000 more wage mandates than those associated with the Davis Bacon federal prevailing wage.

Usurping local control by forcing this mandate on local governments, schools, community colleges, and universities is not defensible. Regardless of where someone stands on the economic debate over prevailing wage requirements, nobody is seriously of the opinion that navigating 100,000 wage mandates every year makes sense. If this issue is going to be debated let's have the thoughtful conversation that needs to take place and agree there is surely a more common-sense way to address public construction wage and benefit requirements than attacking workers and builders with 100,000 new requirements.