



Representative Kristina Roegner
Ohio's 37th House District
Sponsor Testimony; HB163

Chairman Young, Vice-Chair DeVitis, Ranking Member Lepore-Hagan and members of the Economic Development, Commerce and Labor Committee, thank you for the opportunity to provide sponsor testimony for HB163 which allows local governing authorities the flexibility to decide for themselves if they would like to use a state mandated (aka. Prevailing) wage.

As Americans we value freedom and embrace competition. We recognize that the benefits of competition, lower prices and improved quality, drive the free market and have propelled our economy to be one of the strongest in the world. We also understand that when governments artificially interfere in this dynamic, the results are nothing short of detrimental. State Mandated Wage Laws fly in the face of competition by directly interfering with competitive pricing. There are 30 states that enforce prevailing wage laws. Ohio is one of those states and has had a state mandated wage law in place since 1931. Prevailing Wage laws mandate that on government construction projects, the labor component may not be subject to competitive bidding; rather, the wages paid to the various classes of construction labor are set by government officials. It is truly a state mandated wage.

A state mandated wage is inflated because it is calculated including: the base hourly union wage plus “fringe” union benefits such as health, welfare, pension, apprenticeship, training, vacation, annuity, etc. *Prevailing wage is nothing more than a government mandate that forces taxpayers to overspend on construction projects.* In addition to being expensive; a state mandated wage is also bureaucratic.

Before going out to bid or undertaking construction, the local governing authority must have the Ohio Department of Commerce (Division of Industrial Compliance, Bureau of Wage and Hour Administration) determine the prevailing wage rates and this rate must be included in the project specifications... If you think that sounds bureaucratic; you are right. It is so bureaucratic that some companies simply give up bidding on prevailing wage jobs, further diminishing competition.

Because local communities are shackled with Ohio’s prevailing wage law, each project is likely more expensive that it otherwise should be. This makes projects not only more expensive for taxpayers but also translates into less construction in many communities and fewer jobs. The ideal solution would be to eliminate this “state mandated” wage altogether and allow market forces to drive competitive pricing. Since 2011 in Ohio’s General Assembly, there have been several attempts to accomplish a complete repeal of prevailing wage law. Unfortunately, we have only been successful in marginally raising the threshold for which prevailing wage applies, from \$200,000 to \$250,000 for new construction.

However, we have a new proposal on the table: HB163, (companion bill to SB72 - Huffman), which would make using prevailing wage optional for local governing authorities. It is complete local control. Each community can decide for themselves if they would like to use a higher, state calculated, prevailing wage, or be fiscally responsible and allow for competitive, market pricing.

Based on past experience, the potential savings for using market pricing instead of a state mandated wage could be staggering. In 1997 Ohio specifically exempted school construction from prevailing wage law. Five years later, in 2002, the non-partisan Legislative Service Commission issued a report stating that the aggregated savings in Ohio for school construction resulting from the elimination of the prevailing wage requirement was \$487.9 million! This type

of savings is needed now more than ever for Ohio's local governments. House Bill 163 would provide local governments the flexibility essential to maximizing each dollar.

We have an opportunity with HB163 to lift the shackles of a state mandated wage, allow for local decision making, and increase the buying power of each taxpayer funded construction dollar. Ohio should join the 20 states who do not burden their taxpayers with state mandated wage laws. It should be noted that many of these states had the law in place, realized the harmful effects and subsequently repealed them; most recently Indiana in 2015 and West Virginia in 2016.

Those elected to public office should respect tax payer money as if it were their own and try to get the most public benefit for it. For those Ohio communities who wish to stretch their dollars further, this flexibility offered in HB163 will prove essential.

I would like to thank my Joint Sponsor, Representative Riedel, as well as Senator Huffman for his leadership on this bill. I would also like to thank my Aide, Jimmy Shamblin and each of you on the committee for your attention and thoughtful consideration of this important issue.

I would respectfully request that the Committee hold their questions until Representative Riedel has had an opportunity to present his sponsor testimony at which time we would be happy to entertain questions the Committee might have.