

82ND HOUSE DISTRICT

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Committees

Higher Education and Workforce
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State Representative Craig S. Riedel Ohio House of Representatives

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Chairman Young, Vice-Chair DeVitis, Ranking Member Lepore-Hagan and members of the Economic Development, Commerce and Labor Committee, thank you also for the opportunity to provide sponsor testimony for HB 163 which gives local government entities and state institutions of higher education the ability to choose for themselves whether or not they want to apply prevailing wage on public improvement projects.

Prevailing wage is a state calculated mandated wage that is used on all local government construction jobs that exceed \$250,000 in total value. State universities, cities, counties, townships and other government entities such as libraries, museums and fairgrounds are all required to pay prevailing wage when they are using taxpayer funds.

Simply stated, prevailing wage is state government overreach into local government affairs and it works opposite of free market principles. Most often this mandated wage drives up and inflates the overall cost of a project leaving that local government entity less money to work with on other construction projects. By not allowing the labor rates to be part of the competitive bid process on a project, the taxpayer ends up overpaying because the free market is unable to play out.

Supporters of prevailing wage will want you to believe that it provides higher quality work and safer working conditions. There is no credence to those assertions. I worked 27 years in private business, all in the construction industry. I will attest that the quality of workmanship and safety on construction projects today are of the same caliber whether that project pays prevailing wage or doesn't. There may have been a day 40 or 60 years ago when that was true but it certainly is not the case now. In today's construction world, the workmanship and safety culture at a non-union construction company is every bit as equal to that of a union construction company. There is no validity to that belief any longer.

The beauty and genius of HB 163 is that it allows prevailing wage to be permissive. The local government entity gets to choose for itself on a job by job basis whether it wants to use prevailing wage. If Summit County wants to use prevailing wage on a project to pave a stretch of road it can choose to do so, and if at the same time Van Wert County decides that it doesn't want to use prevailing wage to pave a stretch of road and instead uses market rates, that likely saves taxpayer dollars, it can do so as well.

HB 163 is a common sense bill with a simple concept; allow prevailing wage to be a permissive decision for local governments, not a mandated one. The end result will allow local governments to make decisions that benefit them and their local residents.

I want to thank Representative Roegner for asking me to sponsor this excellent bill with her. I appreciate her leadership as well as that of Senator Huffman. Also, I want to thank my Aide, Abby Benjamin, for all of her help. To the entire committee, I thank you for your time and attention as you thoughtfully consider this important matter.

At this time Representative Roegner and I will be happy to answer any questions that you may have.

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