

# FAIR WAGE?

## What repeal of the prevailing wage could mean for the construction trades

The Wisconsin Legislature is considering a full repeal of the prevailing wage statute, which sets construction wages for public projects. Proponents say it will save taxpayers money, but will it? And what are the potential negative impacts of a repeal? The Milwaukee Business Journal recently assembled a panel of experts representing the building trades to explore the issue.

### TABLE *of* EXPERTS



**ANDY BUCK,**  
Governmental  
Affairs Director/  
Organizer for The  
International Union  
of Painters & Allied  
Trades District  
Council 7

Andy helps lead the International Union of Painters & Allied Trades District Council 7 in Wisconsin & the U.P. Of Michigan representing approximately 2,400 skilled craftworkers & 180 signatory contractors. Andy has close to 20 years' experience in the construction industry.



**DAN BUKIEWICZ,**  
President,  
Milwaukee Building  
and Construction  
Trades Council  
Dan has over  
30 years in the

construction industry. Dan serves on the boards of Building Advantage, WRTP/BIG STEP, Milwaukee Area Labor Council. Dan is a five term Alderman and is currently the Mayor in the City of Oak Creek.



**JEFF MEHRHOFF,**  
Business Manager/  
Secretary Treasurer  
of the International  
Union of Painters  
and Allied Trades  
District Council 7

Serving Wisconsin and the Upper Peninsula of Michigan, Jeff has more than 25 years working in the construction industry. Jeff currently serves on the Workers rights center of Madison Board as well as the board of Kids Building Wisconsin, Wi Progress, the WRTP/Big Step advisory committee in Madison and is also the Treasurer/recording secretary of the south central building trades council in Madison.



**DALE POWELEIT,**  
Marketing  
Representative,  
Wisconsin Pipe  
Trades

Dale works with the Wisconsin Pipe Trades

Unions and their respective contractor associations to promote the Unionized piping industry throughout Wisconsin. One of the duties includes assisting with the Yearly Wisconsin prevailing wage survey. Dale has over 35 years as a member of Steamfitters local 601 where he currently serves as President. Prior to joining the Wisconsin Pipe Trades, he worked as a foreman for some of the largest mechanical contractors in Wisconsin.

#### SPONSORS



**“Prevailing wage applies only if tax dollars are attached. . . includes state projects and projects for the University of Wisconsin system. It does not apply to private projects, . . .”**

**DAN BUKIEWICZ**  
President, Milwaukee Building and  
Construction Trades Council

**STEVE BROAS (MODERATOR):** THERE HAS BEEN A LOT OF DISCUSSION ABOUT THE PREVAILING WAGE. WHAT EXACTLY IS IT, AND WHY WAS IT STARTED?

**DAN BUKIEWICZ:** That’s a great way to start this conversation, because you really have to go back to the beginning to understand what prevailing wage is all about. It started during the Great Depression. Communities were seeing a lot of transient workers coming into their

communities to do work, and they wanted to protect their own local economy and workers. So, prevailing wage was started first and foremost to protect local workers. It established a rate at what it cost to do business and live in that area.

**DALE POWELEIT:** It started in New York originally. An Alabama company came up and starting undercutting local contractors on construction projects. The people in the community said that was insane, and they decided to go to the federal government, which passed the Davis Bacon Act in 1931.

Wisconsin passed its law three or four years after that and other states followed suit.

**JEFF MEHRHOFF:** The Wisconsin legislation was modeled after the Davis Bacon Act and sets standard local wages. It is not a statewide standard. It is based on the average of construction wages in that area. Milwaukee’s standard wage is different than Madison and different than Appleton.

**MODERATOR:** HOW DOES IT IMPACT PUBLIC AND PRIVATE PROJECTS?

**BUKIEWICZ:** Usually, prevailing wage applies only if tax dollars are attached. In Wisconsin, it includes state projects and projects for the University of Wisconsin system. It does not apply to private projects, but there are responsible contractors who pay prevailing wages on private projects, because they want to do the right thing. But that is strictly their call.

**MODERATOR:** HOW IS IT CALCULATED?

**POWELEIT:** It’s pretty simple. A survey is sent out to every contractor. From that survey, the state calculates prevailing wages for each county. In smaller counties, where there is not a lot of construction being done, the wage may be an average of the county with its adjoining counties.

**ANDY BUCK:** It’s important to note that every contractor has the ability to submit a wage survey showing how much they pay their employees. There is an equal opportunity for every contractor in the area.

**MODERATOR:** CRITICS OF THE PREVAILING WAGE CALL IT A UNION WAGE. IS THIS ACCURATE?

**MEHRHOFF:** It is absolutely not accurate. It is not a union wage. It is an average wage that is determined by the contractors who fill out the survey.

**BUKIEWICZ:** Jeff is exactly right. The unions don’t set prevailing wages. It’s determined by surveys filled out by business owners – union and non-union alike – regarding the costs of their private-sector projects. If it was strictly a union wage, we would only survey union contractors. That is not the case. The survey is open to everybody.

**POWELEIT:** The prevailing wage varies considerably. In the state’s major metro areas – Madison, Milwaukee, Green Bay – the prevailing wage is probably the union rate. But if you go to the Wisconsin Dells area or down along the Illinois border, it probably is not.

**MEHRHOFF:** And if you go to northern Wisconsin, the prevailing wages are quite a bit lower than

union rates. It really does boil down to who is taking the time to fill out the survey.

**MODERATOR:** HOW DOES THE PREVAILING WAGE BENEFIT THE COMMUNITY?

**MEHRHOFF:** The Wisconsin Legislative Fiscal Bureau looked at the potential savings from repealing the prevailing wage and determined there would be no legible effect. Legislators are not going to get the savings they predict.

**POWELEIT:** In Indiana, where they repealed prevailing rate a number of years ago, they are coming back and saying there have been no savings.

**BUCK:** Look at the states that have repealed the prevailing wage. What does their workforce look like? What do their wages look like? And what about the local construction worker who is sitting at home because a worker from some other state is up here getting paid lower wages. You are paying unemployment to the Wisconsin worker so you can pay lower wages to the out-of-state worker.

## WISCONSIN PIPE TRADES ASSOCIATION

**Plumbers - Steamfitters**

**Sprinkler Fitters - HVAC/R Service Techs**

**Pipefitters - Fabricators**



**Training the highest skilled and most productive workforce in the Plumbing and Mechanical Industry for more than 100 years**

Contact us for a list of our contractors or to learn more about the WPTA

[www.wipipetrades.org](http://www.wipipetrades.org)

**Terry J. Hayden, President**  
(414) 313-6701  
thayden@uanet.org

**“Prevailing wage varies considerably. In the state’s major metro areas – Madison, Milwaukee, Green Bay – the prevailing wage is probably the union rate.”**

**DALE POWELEIT**  
Marketing Representative,  
Wisconsin Pipe Trades

back into worker training statewide each year. Our apprenticeships are highly recognized because they are second to none.

**MODERATOR: PROPONENTS OF REPEALING THE PREVAILING WAGE SAY IT WILL SAVE TAXPAYERS MONEY. HOW WOULD YOU RESPOND?**

**BUKIEWICZ:** Elected officials might think they can save money, but let’s take a closer look. If the work goes to an out-of-state contractor, you have a local contractor who did not get the job. So, you might have 50 guys who may be on unemployment and who are not paying income taxes. They don’t have disposable incomes to spend in the community. And the contractor is not paying state income tax. Factor in the training money that is lost, and it starts to get steep. On the front end it looks like you are saving money, but when you really add it up you are not helping anybody. You are actually hurting them in the long run. You are going to drive down the wages in Wisconsin. If local contractors want to compete they are going to have to cut wages or cut corners on the project.

**MODERATOR: ARE YOU SAYING A DANGER OF REPEALING THE PREVAILING WAGE IS THAT IT WILL BRING IN OUTSIDE CONTRACTORS?**

**BUKIEWICZ:** Yes. If a guy is working non-union and living in Milwaukee he is probably making somewhere near the union wage if he is worth his salt; otherwise he would join the union to make more money. The danger is contractors who come from another state who pay their workers less.

**BUCK:** The numbers show that for the first four months of this year, we have seen a 53-percent increase in out-of-state contractors coming into the state.

**BUKIEWICZ:** And that means local contractors lost out. They lost out on the ability to pay local workers. And they lost out on the ability to make a profit and give to charity.

**BUKIEWICZ:** It’s been a positive influence and that’s why it has been around for 70-plus years.

**MEHRHOFF:** The prevailing wage sets a wage that supports training and safety programs. We spend a lot of time to make sure our workers are the best at what they do. Our members pay 50 cents per hour to reinvest in themselves in terms of training. And that is a benefit to the public because you are getting a better end product.

**BUKIEWICZ:** That is an important point. Training programs are not created equal. We invest \$30 million

**MODERATOR: IN 2015, THE WISCONSIN LEGISLATURE APPROVED A PARTIAL REPEAL OF THE PREVAILING WAGE. WHAT EXACTLY DID IT DO AND HAS THERE BEEN ANY IMPACT FROM THE CHANGES?**

**POWELEIT:** The repeal was partial in that it eliminated the prevailing wage for projects funded by counties, local municipalities and libraries, but it kept prevailing wage in place for state projects and projects involving the University of Wisconsin system.

**BUKIEWICZ:** And, as of right now, there are no definitive savings. One of the interesting things we did see after the repeal was the influx of non-union workers who wanted to become union workers, because they wanted to make more per hour.

**“You are paying unemployment to the Wisconsin worker so you can pay lower wages to the out-of-state worker.”**

**ANDY BUCK**  
Governmental Affairs Director/  
Organizer for The International  
Union of Painters & Allied Trades  
District Council 7

**MODERATOR: WHAT ARE SOME OF THE POTENTIAL DANGERS IN FULLY REPEALING THE PREVAILING WAGE?**

**BUKIEWICZ:** There’s the safety issue. You can go just a few hundred miles south and see what they require of their workers. It is night and day. We set the bar pretty high in Wisconsin. We also are familiar with how the winter is – the freeze and thaws. Other builders don’t take that into account. Another potential danger is funding for training, which is determined by hours worked. If you reduce the hours a union person works, you reduce the funding for training.

**POWELEIT:** The loss of funding eventually trickles down to our ability to participate with technical colleges, including the Waukesha County Technical College and the Milwaukee Area Technical College. There is also an issue as to why Wisconsin taxpayers would want their schools and local governments sending our tax revenue to out-of-state companies? People don’t want their money going to Kentucky, Georgia, Alabama and so forth if there are local contractors who can do the work. And then, as Wisconsin taxpayers, we are stuck with the out-of-state company’s product if it ends up being inferior. If it fails, we have got to repair it. We put in heating and cooling systems. What happens if that goes down in

# FINISH STRONG

**It’s what professionals do.**  
Contractors depend on reliable, quality work at a fair rate.  
Members depend on steady work at a living wage.  
Together, we finish strong. Together, we win.





Apprenticeships are available! Start your game plan at [www.IUPATDC7.com](http://www.IUPATDC7.com)

the winter? Are you going to call in the contractor from Kentucky?

**MODERATOR: ARE THERE LEGISLATIVE ALTERNATIVES TO REPEALING THE PREVAILING WAGE THAT WOULD SAVE TAXPAYERS MONEY AND ENSURE PUBLIC PROJECTS ARE COMPETITIVELY PRICED?**

**“Do the legislators really think construction workers are making too much money and should take a pay cut? Because that is what they are saying.”**

**JEFF MEHRHOFF**

Business Manager/Secretary Treasurer of the International Union of Painters and Allied Trades District Council 7

**BUKIEWICZ:** What politician is going to say “I want to spend more money”? They are always looking for ways to save money, but the studies show they won’t. Their real task at hand is to protect Wisconsin workers. It makes zero sense to get rid of this tool. They can tweak it, but it needs to remain. Otherwise you are going to undercut local contractors. And you are going to impact other local businesses, workers and neighbors. It is just that simple.

**MEHRHOFF:** Why don’t we just enforce what was there to begin with? If people are complaining about the

wages, just do the survey. Do the legislators really think construction workers are making too much money and should take a pay cut? Because that is what they are saying. I think other states should do what they can do to support their economies instead of driving their people out to go to other states to find work.

**BUKIEWICZ:** The Legislature’s goal is to have a level playing field where everything is apples to apples. By changing this, you make it a fruit cocktail. You need consistency, and you need to protect Wisconsin workers. That is their job. You can always find ways to do things better. With prevailing wage you know what you are getting. Without it, what keeps a contractor from hiring whomever they want? You get into the misclassification of workers, which is another issue. Part of the prevailing wage law protects people in their classifications. If someone comes in and is at a certain level in his training, they can’t just say, “OK, we are going to use you as a laborer or helper,” which is basically underpaying these people. Or they can take a helper and make them a carpenter or steamfitter.

**POWELEIT:** Or take a temp agency that provides workers to a construction company. They don’t really care what training the worker has. Someone who is a plumber last week may be an electrician this week. Next week they may be a painter.

**MODERATOR: WHAT IS THE CALL TO ACTION? WHAT SHOULD PEOPLE DO?**

**POWELEIT:** They should contact their legislator and ask them to prove that it is going to save some money. Because there is no proof. There is no concrete evidence this is going to save money.

**MEHRHOFF:** I think people should tell their lawmakers they have more important things to focus on, like passing a budget, dealing with the opioid crisis or the problems small towns are having. What it really comes down to is that there are people who want to get rid of the prevailing wage, because some contractors can’t be bothered to complete the survey. At the end of the day you would think that they would complete the survey if they were concerned the prevailing wage was not representative.

**BUCK:** Ask lawmakers who do they represent? Do they represent Wisconsin workers or do they represent out-of-state workers. It seems like they are not supporting

Wisconsin contractors and workers.

**POWELEIT:** Look at the construction industry as a whole. If it’s not broke, why are we in such a rush to fix it? If the legislators are so worried about the prevailing wage being a union wage, then they should come up with a different calculation. You can tweak it, but do not throw the baby out with the bath water. I have a question. Why can’t Wisconsin learn from Minnesota? Their governor has embraced prevailing wage. He supports local workers. He does not have a budget crisis, and they have a great economy. Why can’t we do what they are doing? What is the difference between them and us?

**BUKIEWICZ:** That’s a great point. Legislators should embrace prevailing wage, keep local hire and invest in our infrastructure. It goes back to, if it ain’t broke, why fix it? There has been no problem with this for 70 years. In fact, it helped to build up a strong middle class. ●

## “WE ARE HERE TO BUILD MILWAUKEE”

MILWAUKEE BUILDING & CONSTRUCTION TRADES COUNCIL

We partner with affiliated local unions, community organizations, construction associations and industry leaders to promote the growth of the union construction industry. Through apprenticeship and continuing education programs, we deliver a skilled and safe workforce ensuring our contractors’ projects are done on time and on budget.

### PROVIDING THE FOLLOWING:

- Apprenticeship Programs
- On the Job Training
- Ability to secure family supporting wages
- Partnership with MATC and MPS
- Partnership with community employees in Trades careers
- Mentoring of high school and tech school students
- Career guidance and placement



414-475-5880

[www.milwbuildingtrades.org](http://www.milwbuildingtrades.org)