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## Good Jobs and A Commitment to Diversity

Building Trades Minority Employment and Apprenticeship Data

November 5, 2003

There is much public debate about strategies for increasing good jobs in our community. All data agree that Union jobs provide the highest standard of compensation and benefits. According to the US Labor Department, union workers earn 26% more than non-union workers. Some in our community argue that minority workers are excluded from the benefits of union membership, especially in the Building and Construction Trades. **It's time to set the record straight!**

Minority members are a significant percentage of the membership in the construction trades, especially in the City of Milwaukee:

### Building Trades Diversity Data

Union*	Members	City of Milwaukee Residents	% of Total Members Minority**	% of City Members Minority
Steamfitters Local 601	2245	316	11.50%	
Insulators Local 19	263	42		28.50%
Operating Engineers Local 139	8735	246		29.60%
Sprinkler Fitters Local 183	190	28		42.80%
Carpenters	4856	789	5%	
Painters and Allied Trades	843	346		20%
Laborers 113	1650	N/A	36%	
Electrical Workers 494	2792	528		23.80%
Bricklayers Local 8	610	108	8%	

\*Some of these Locals are regional, others are statewide

\*\*Not all locals were able to break out City of Milwaukee data

The Milwaukee Building and Construction Trades Council continues to work to improve these numbers, and the future continues to look bright. The Big Step Skilled Trades Employment Program recruits and prepares youth for apprenticeships in the trades. Over the past 3 years, 313 Big Step recruits have taken the apprenticeship test. Women and minority workers comprise 44% of the test takers; 48% of those who passed the test; and 41% of those who gained employment as indentured apprentices.

Non-union contractors, who provide substandard wages and benefits, and who do not participate in the apprenticeship programs, are the loudest complainers about minority participation in the trades. The non-union sector continues to undermine good jobs in our community, while refusing to play their part in training the next generation.

**WISCONSIN LEGISLATIVE AUDIT BUREAU  
AUDIT SUMMARY**

Report 00-4

April 2000

**ENFORCEMENT OF PREVAILING WAGE LAWS**

Prevailing wage laws require contractors engaged in public works projects to pay their workers wages that are at least comparable to those of construction workers performing similar private-sector work in the same county. These laws were first enacted in the early 1930s, in Wisconsin and other states, in response to the Great Depression and as a means of protecting workers' wages and discouraging public works contractors from importing lower-wage workers from outside the community. While prevailing wage laws have traditionally been strongly supported by labor organizations, they are generally opposed by contractors in the construction trades, especially those that employ non-union workers.

The Department of Workforce Development (DWD) enforces prevailing wage laws for state and local public works projects, and the Department of Transportation (DOT) enforces them for state highway projects. In addition, nine local governments—including the cities of Milwaukee and Madison—have enacted and enforce their own prevailing wage ordinances. In June 1999, 11.68 full-time equivalent DWD and DOT staff administered prevailing wage laws at a cost of \$611,800.

**Wage Rates Are Accurate, But the Survey Process Is Time-Consuming**

DWD determines prevailing wage rates for 233 job classifications in each county through an annual survey of all construction contractors. Both union groups and non-unionized contractors believe DWD's survey provides accurate results. However, the survey process is time-consuming. It could be made more efficient if DWD more strongly encouraged contractors to submit their surveys on computer disks and continued its efforts to make the survey available on the Internet.

**Enforcement Efforts Include Investigation and Monitoring**

Both DWD and DOT enforce prevailing wage laws by investigating formal complaints. In addition, DOT attempts to identify and resolve violations before complaints are filed by monitoring weekly payroll reports for federally funded highway projects. If both DWD and DOT collected weekly payroll reports from noncompliant contractors engaged in state-funded projects, compliance could be improved and the number of formal complaints could be reduced.

In 1998, DWD completed 116 complaint investigations involving 58 contractors. DWD's written goal is to complete investigations with 120 days; however, the average investigation took 304 days. Only 23.3 percent of DWD's investigations were completed within 120 days. DWD staff collected \$125,811 in back wages owed as a result of the investigations they completed.

It is difficult to compare DOT's enforcement efforts to DWD's, because DOT staff do not keep records of the exact number of investigations completed or completion time. However, DOT appears to complete its investigations in considerably less time and in 1998 collected \$140,700 in back wages owed on federally funded projects.

**Statutory Penalty Options Are Seldom Invoked**

If a complaint is substantiated, DWD is authorized to assess two types of liquidated damages against contractors: 50 percent and 100 percent of wages owed, depending on the circumstances of the complaint and the contractor's record. However, in most cases DWD assesses only the amount of the back wages owed, without liquidated damages.

Statutes also allow both DWD and DOT to prevent contractors that repeatedly violate prevailing wage laws from signing additional public works contracts for a period of up to three years. From 1994 through 1997, DWD debarred 15 contractors for an average of 2.2 years each; however, no contractor has been debarred since October 1997, even though some contractors have repeatedly violated prevailing wage requirements. DOT has not debarred any contractors since 1994, although it has forbidden one subcontractor from working in its Wisconsin Rapids district because of noncompliance with prevailing wage requirements.

Although most contractors comply with prevailing wage requirements, some do repeatedly violate the law. If the Legislature wishes to broaden available penalty options in order to increase their use by DWD and DOT, it could consider requiring contractors to pay workers interest on all back wages and overtime owed, clarifying statutory language concerning the assessment of liquidated damages, and specifying violation thresholds that would require debarment.

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## Cost of Prevailing Wage Requirements

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**Researchers disagree about the extent to which prevailing wages affect overall project costs.**

A number of individuals around the nation, including academics, legislative research staff, and staff of private research organizations, have studied the extent to which prevailing wages increase project costs. Most researchers, including both proponents and opponents of prevailing wage laws, agree that the laws result in increased wage costs for public works construction projects. However, there is little agreement concerning the effects of the laws on overall project costs or whether the costs are justified by the benefits associated with prevailing wages.

Some researchers assert that prevailing wage laws actually decrease the overall cost to government when other factors are taken into account. They believe that the laws tend to ensure that a skilled construction labor force is hired, which results in higher productivity, lower worker compensation costs, improved construction quality, and minimal project cost overruns. In addition, they believe that if the laws were repealed, lower wages would reduce income and sales tax collections, which would outweigh any cost savings.

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**Concerns exist about how prevailing wage rates are calculated.**

In contrast, other researchers claim that prevailing wage laws increase overall government costs. They believe that the laws are no longer needed because contractual obligations, workplace safety laws, and building codes keep project costs low by ensuring an able, productive, and safety-conscious workforce. Furthermore, they believe that amounts saved through reduced wages on construction projects could fund additional projects, thereby increasing employment opportunities. Finally, they assert that the laws artificially inflate wages because prevailing wage rates typically reflect union wages. Many smaller, non-unionized contractors do not submit the information state agencies use to determine prevailing wage rates because they believe the information will not be taken into account.

Available research does not provide for definitive conclusions about whether or not prevailing wages increase overall project costs. For example, some studies asked contractors to estimate their wage costs if prevailing wages had been paid. However, researchers acknowledged that the contractors' estimates were speculative and may have been biased to exaggerate the additional cost. Other studies examined the effects of the repeal of prevailing wage laws on project costs in one area and then presumed that similar effects would occur throughout the entire state or nation. Still others theorized that an increase in workplace injuries that was observed for workers in several job classifications after prevailing wage laws were repealed in one state would occur throughout the entire construction industry.