



# ABC of Michigan Legislative Priorities for Jobs and Growth

Associated Builders and Contractors (ABC) of Michigan is a statewide trade association dedicated to providing Michigan with high-quality, affordable, safe and on-time construction. ABC of Michigan is an equal opportunity organization that opposes all discrimination in the construction industry including discrimination based on union affiliation. ABC is an industry leader in business development, advocacy, safety, education and workforce development on behalf of contractors and their employees.

## Key legislative issues include:

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### Repealing Job Killing Prevailing Wage Mandates

ABC believes in strong, competitive wages. This means having wages that are neither artificially low nor high. When government requires that state prevailing wage be paid on publically funded construction projects, wages are artificially inflated by as much as 40 to 60 percent above private sector averages. Without prevailing wage, Michigan’s construction industry already pays its workforce an average annual salary of \$47,000 (which is a better wage than the state average for all industries combined). Michigan’s construction industry - the only industry that is subject to prevailing wage in Michigan - should not be penalized for already doing the right thing. Prevailing wage cost inflation makes public construction uncompetitive and puts an undue strain on contractors and on state and school budgets.

Further, in Michigan, prevailing wage doesn’t “prevail.” It’s not like a minimum wage - it’s based exclusively on union agreements, which cover only 17 percent of the state construction workforce but are imposed on 100 percent of workers. Such a lopsided scheme is hardly “prevailing.” The state of Michigan and taxpayers aren’t even allowed at the bargaining table in determining rates. These agreements are not subject to any administrative or legislative oversight or negotiation. Because there’s no fiscal responsibility to taxpayers in prevailing wage, research routinely finds that these requirements inflate government-funded construction costs by approximately 10 percent without any additional gain or return on investment.

Prevailing wage is also a red tape nightmare that forces the construction industry to monitor more than 350,000 different wage classifications annually. That’s more wage classifications than there are construction workers in Michigan. We need to encourage our construction industry to grow, not create undue burdens on these businesses.



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In some states there is no full repeal of prevailing wage but there is a prohibition on prevailing wage requirements for school and university construction. A 2013 study by the non-partisan Anderson Economic Group (available at [www.prevailingwagetruth.com](http://www.prevailingwagetruth.com)) found that if Michigan had taken the step to repeal prevailing wage on educational construction, Michigan taxpayers would have saved more than \$2.24 billion over the past decade. To put the numbers in perspective, that's 317 new elementary schools that weren't built - or new teachers that weren't hired or money that wasn't funneled into technology upgrades.

A real world example in Ohio: after legislation was passed in Ohio that exempted school construction from prevailing wage requirements, a study by the non-partisan Ohio Legislative Services Commission found that educational repeal on prevailing wage saved schools and taxpayers over \$487.9 million without any impact on overall quality. ABC supports ending prevailing wage on educational construction to ensure vital funding for needs inside the classroom and to make it easier to renovate and build quality schools in our state. Read more about the study at <http://www.lsc.state.oh.us/research/srr149.pdf>.

Best practices seen in other states (and common sense) all point to it being time to repeal Michigan's prevailing wage. The prevailing wage repeal would create more good paying jobs and help the construction industry compete with the 43 other states that either have no such artificial mandates or that have at least chosen to base wage determinations on more accurate and reliable measures. Right now, Michigan ranks near the bottom. We need to do better!

For more information and further studies visit [www.prevailingwagetruth.com](http://www.prevailingwagetruth.com).

## **Project Labor Agreements**

ABC opposes all discrimination. We believe that all working men and women, union and non-union alike, have a right to equal opportunity to work on publicly funded construction projects. Unfortunately some special interests seek to make Michigan a state that tolerates the use of construction agreements called union-only Project Labor Agreements (PLAs). These agreements create a unionized monopoly on projects, unfairly excluding those Michigan workers who have chosen not to belong to a union from working on construction projects. Not only is this discriminatory, but it also reduces competition -- resulting in higher construction cost. Nearly 82% of the Michigan construction workforce chooses not to belong to a labor union. Allowing special interest handouts that prohibit them from working on projects funded with their own tax dollars is unacceptable. In 2011 and 2012, the legislature passed and Governor Snyder signed into law the Fair and Open Competition in Governmental Construction Act to address these concerns. This ensures that the state does not discriminate against any business or worker on the basis of union affiliation while protecting tax dollars by awarding bids competitively to all contractors. The ban on government-mandated PLAs means that union workers and contractors cannot be discriminated against and it also means that non-union workers and contractors cannot be discriminated against. It's about equal treatment under the law.



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Michigan taxpayers benefit from having public construction that is completed by the lowest, most qualified and responsible bidder to ensure greater accountability of public funds. ABC of Michigan strongly supported the passage of this law and will work to defend the Fair and Open Competition in Governmental Construction Act and the right of all qualified Michigan working men and women to work on projects their tax dollars paid for. The U.S. Court of Appeals 6th Circuit Court has twice upheld Michigan's law prohibiting government-mandated project labor agreements (PLAs) on taxpayer-funded construction projects.

## **Repealing Inefficient Electrical Ratios**

In 2008 an injunction was lifted resulting in new enforcement of jobsite ratios requiring 1 electrical journeyman or master electrician to every 1 apprentice. Numerous issues have been identified which are disruptive to employers, costly to comply with, and prohibitive for job training. This is a highly burdensome and inefficient regulation that did not exist for over 50 years, without incident and should be repealed.

## **Opposing Unnecessary Carpenter Licensure**

Carpenter licensure would not make carpentry more professional, it would only create new and unneeded red tape. ABC strongly opposes carpenter licensure schemes because they result in burdensome mandates that would raise the cost of construction without benefiting a single taxpayer, business, project owner or carpenter. In Michigan quality of construction is overseen by the Michigan Bureau of Construction Codes (BCC), which is the way it should be. Indeed, the BCC is already in place to "assure that the built environment and the systems within are sound, safe and sanitary; building users' health, safety and welfare are protected; and that, through a coordinated program of code compliance, investigation and training, there is consistent application of standards."

Some recent efforts would have even altered the definition of a carpenter to include other trades that do not perform traditional carpentry, just so they would have to also be subjected to licensure. Unfairly, such efforts have previously attempted to create a state carpentry board that would potentially be union-only, ignoring that 82% of the construction workforce chooses to not belong to a union.

## **Improving High School Graduation Requirements with CTE Options**

ABC is devoted to a well-educated workforce. Although Michigan graduation requirements ensure a 21st century high school curriculum for college-bound students, opportunities for students to pursue rigorous and relevant Career Technical Education (CTE), vocational and trade careers while in high school are not as accessible. The construction industry is among the largest private employers in the country. Opportunities to pursue rigorous, needed and well-paid skilled trades careers are being overlooked by students. It's time to fill the skills gap and we can help students pursue great careers by providing them with better structured, more accessible CTE curricula.



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The State of Michigan expects construction job opportunities to expand in the next decade, particularly due to a workforce nearing retirement age. In fact, by the end of the next decade, over 2 million US construction jobs will need to be filled. The future workforce of Michigan needs a jump start with legislation that provides students the greater opportunities to take career-technical classes and count them toward graduation. ABC supports such legislation that strengthens graduation requirements to allow for vocational and skilled trades training. We're dedicated to seeing these changes become law. Good jobs and a strong economy depend upon it - and so do our students.

## **Protecting a Competitive Tax Structure**

ABC of Michigan believes that fiscal responsibility and a simpler tax code are keys to a healthy economy. Several components of the tax code are devastating to small construction companies. This directly correlates to fewer jobs and a weaker economy. As such, ABC strongly supported the elimination of the Michigan Business Tax and the creation of the new Michigan Corporate Income Tax (CIT). CIT resulted in a fairer method of taxation by eliminating double taxation on S-corps and LLCs, while reducing the overall burden of C-corps. This has resulted in a more evenly applied, simpler, and lower method of taxation. The result is more investment in our state and job growth.

## **Protecting the Rights of Employees**

Currently, the preferred method for determining whether or not employees want a union to represent them is a secret ballot election overseen by the National Labor Relations Board (NLRB). The NLRB provides detailed procedures that ensure a fair election, free of fraud, where employees may cast their vote confidentially without peer pressure or coercion from unions or employers. Yet, union leadership now claims to find secret ballot elections an impediment to unionization, preferring "card check" elections, where employees are forced to cast their vote in front of union organizers and fellow employees who support unionization, instead of using the NLRB's secret ballot method. ABC strongly opposes any effort to overturn the established NLRB procedures that guarantee our working men and women a fair union election through the many protections guaranteed by secret ballot voting.

## **Defending Freedom to Work in Michigan**

In 2012, Michigan became the 24th Freedom to Work state. Michigan's Freedom to Work law prohibits forced union affiliation as a condition of employment for a particular job. It empowers an individual to make a decision on whether or not to join a labor union instead of being forced to pay union dues and/or fees as a condition of employment. ABC of Michigan is dedicated to supporting and defending this law and opposes legislation that would repeal freedom to work.