



# PREVAILING WAGE

Patrick Ishmael

**THE PROBLEM:** Many government construction contracts dictate what potential contractors must pay workers to get the job. These restrictions are bad news for taxpayers and laborers alike. Taxpayers may not be able to afford to start projects whose labor costs are inflated, and of course, laborers can't get paid for projects that are never undertaken.

The prevailing wage sets a floor for pay, but it can actually hurt the workers it's intended to help by denying employment to people who can do the job at a more competitive price. To make matters worse, making projects more expensive also means that less taxpayer money will be available for other priorities.

**THE SOLUTION:** *Let the market set wages.*

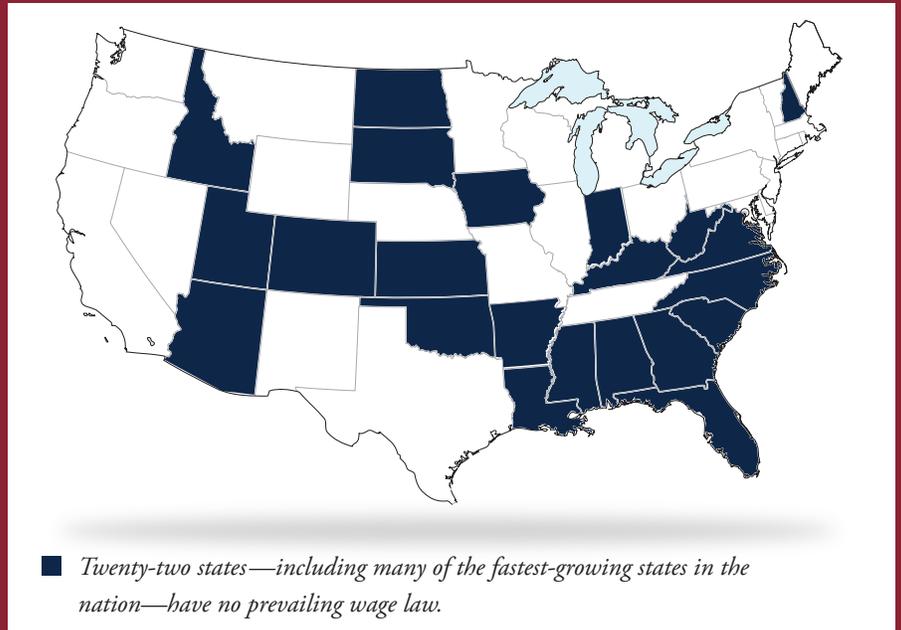
Rather than dictate wages, the government should have policies that support a healthy jobs environment where higher wages for all sorts of construction projects—including public construction—develop on their own without the harmful effects of wage floors.

Policymakers must keep in mind that project delays can hurt their communities over time. It would be better to let the market set wage rates for these projects and to begin delivering those public services sooner rather than later.

**WHO ELSE DOES IT?** States with no prevailing wage law include Alabama, Arizona, Arkansas, Colorado, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, New Hampshire, North Carolina, North Dakota, Oklahoma, South Carolina, South Dakota, Utah, Virginia, and West Virginia.

**THE OPPORTUNITY:** Moving away from market-distorting policies like the prevailing wage will help the state promote job growth and spend taxpayer money efficiently.

## STATES WITH NO PREVAILING WAGE LAW



Source: U.S. Department of Labor

## KEY POINTS

- These reforms would promote job growth and make public works projects more affordable.
- Taxpayers get the most bang for their tax buck when their money is spent efficiently and effectively.

## SHOW-ME INSTITUTE RESOURCES

**Blog Post:** “Special Interests Inhibiting Joplin’s Recovery?”

**Blog Post:** “Playing Favorites on the Board of Aldermen?”

**Blog Post:** “The Race Is On: Wisconsin Pushes to End Project Labor Agreements and Prevailing Wage”