

Opinion: Court issues charter cities a break on prevailing wage

Publisher's note: *This editorial is from the July 11, 2012, Sacramento Bee.*

In a landmark decision handed down last week, the state Supreme Court has ruled that charter cities in California that use their own money to build new fire stations, libraries, sewer systems or other municipal facilities can ignore the state's prevailing wage law.

The ruling is a blow to organized labor but a boon to taxpayers. If they have the political will to take advantage of it, struggling municipal governments can save a lot of money.

Unlike most states, the prevailing wage law in California is not calculated based on a weighted average of all wages paid but almost always on the collectively bargained union rate instead – generally the highest wage paid by far for construction work in any jurisdiction. For example, a laborer – typically the worker who waves the flag at a road construction site or digs ditches – is paid \$43 per hour in Sacramento under the state's prevailing wage law. The market rate for that same worker on a private construction project is \$25 an hour.

Statewide, only some 15 percent of the state's construction workers belong to unions, but in most cases the state considers only union wages when setting prevailing wage rates. Prevailing wage requirements inflate labor costs on government construction projects in California well beyond what the private sector pays, by 10 to 30 percent according to some estimates.

Read the whole story