

Under the Golden Dome, Too

Week six at the Capitol was dominated by House File 333, the Prevailing Wage bill. The bill explanation begins as follows: “This bill requires a contractor to pay workers the same hourly wage plus fringe benefits for certain public improvements as the contractor would pay workers for a private construction or improvement project. The bill allows the per hour wage rate to be based on what is normally paid in the area by contractors for similar projects, and is to be adjusted on a yearly basis by the department of workforce development. The wage rates that the workers must be paid shall also include benefits such as medical care, life insurance, overtime pay, and vacation and holiday pay. The bill applies to any public improvement that receives money from a public body and includes most types of public improvements from construction to road maintenance to painting to hauling. The labor commissioner determines the wage rates for specific geographical areas and for specific crafts, classifications, and types of workers.”

This legislation gives a lot of power to the Labor Commissioner and will cause the cost of all public projects, paid for by the taxpayers, to go up. At a time when close to 80,000 Iowans are out of work and the economic conditions are shaky, this type of measure is untimely. Those registered in favor of the bill are all labor organizations. Those registered against the bill are school boards, cities, counties, county supervisors, farm equipment dealers, county engineers, homebuilders, Master Builders of Iowa, Iowa Association of Business and Industry, Greater Des Moines Partnership, Chamber Alliance, bankers, Iowans for Tax Relief, Iowa Taxpayer Association, Professional Developers of Iowa, hospitals, City of Cedar Falls, rural water, and the Competitive Bidding Alliance.

Let me explain what the bill does and how it affects your families. While it is a noble goal to increase wages, it will increase taxes at the worst possible time, or decrease the number of projects and thus the number of construction jobs. Also, big companies (often out-of-state) that can pay the higher wages, offer multiple benefits, and enroll their workers in union apprenticeships will be able to come into rural Iowa and effectively run the small contractors out of business. I’ve received numerous emails from North Iowa contracting businesses who will be laying off employees. People will join the unemployed because the government decided interfere with the free market. The wage threshold is set by the state, is different for each county, and won’t be determined until after a full labor survey is done. Is this government price-fixing?

The Iowa estimates for costs to taxpayers stated that the Workforce Development Department would need \$889,000 and 11.0 new employees and the Board of Regents would need \$556,000 and 6.0 new employees to comply with the bill. In addition, construction cost estimates by the Board of Regents, Iowa State Association of Counties, and the Iowa Association of School Boards all indicate an approximate 10 percent to 12 percent increase in project costs due to prevailing wage.

According to the Iowa Association of Counties, county governments spend \$150 million annually on projects. They project an increase of 10 to 20 percent on project costs, which would increase annual costs by \$15 million to \$30 million, not counting the additional administration expense. This is the tip of the iceberg.

Everyone agrees that workers deserve to be paid fair wages. Iowans pride themselves on hard work and honesty. This legislation is attempting to address a problem we do not have. HF 333 places an undue burden on local governments and will undoubtedly cause an increase in property taxes or a scaling back of public works projects. Many rural contractors will no longer be in

business if this legislation is passed. As of this writing...The bill did not pass. There were not 51 votes.

I saw many folks from home this week. Students from Garner-Hayfield School's YIELD Program spent a day visiting the Capitol. The YIELD program is a leadership development program and they got to see their government at work. It is great to have people from home come to visit our beautiful Capitol. Continue to contact me at linda.upmeyer@legis.state.ia.us or 515-281-3221.