

Approved April 9, 1991  
Date

MINUTES OF THE Senate COMMITTEE ON Labor, Industry and Small Business

The meeting was called to order by Senator Alicia L. Salisbury at  
Chairperson

1:00 ~~xxx~~ p.m. on March 28, 1991 in room 527-S of the Capitol.

All members were present except:

Committee staff present:

Jerry Donaldson, Legislative Research Department  
Gordon Self, Revisor of Statutes Office  
Mary Jane Holt, Committee Secretary

Conferees appearing before the committee:

Ron Anderson, R.D. Anderson, Inc., Topeka  
Paul Dondlinger, Dondlinger and Sons Construction Co., Inc., Wichita  
Kenny LaForge, Interstate Electrical Construction, Inc., Parsons  
Mike Greenameyer, American Roofing, Inc., Leavenworth  
Bennie Crossland, Crossland Construction Co., Columbus  
Dean Ferrell, Ferrell Construction of Topeka, Inc.  
Chuck Lower, Lower Heating & Air Conditioning, Inc. Topeka  
Chuck E. Reynolds, Midwest Accoustics and Drywall, Inc., Manhattan  
Joe Conroy, Joe Conroy Contractor, Inc., Topeka  
Bill Love, SKC Electrical Co., Lenexa  
Bob Pallanich, Sheet Metal Services, Shawnee Mission  
Tom Slattery, Associated General Contractors of Kansas, Topeka  
Terry Leatherman, Kansas Chamber of Commerce and Industry, Topeka  
Jim Yonally, National Federation of Independent Business, Overland Park  
Harold Smith, Drywall Construction, Inc., Topeka  
Bill Layes, Kansas Department of Human Resources

#### Continuation of Hearing on HB 2278-Prevailing wages for state public works projects

Ron Anderson, R. D. Anderson, Inc., Topeka, testified in opposition to HB 2278. He said Davis-Bacon wages are artificial and they do not represent the true prevailing wage, or the average wage. Employers are the only ones that can furnish reliable labor cost information that has any validity, there are too many variables for other comparisons. According to a study done by the Oregon State University at Corvallis, Davis-Bacon wages increase the cost of construction 26%-38% depending on the local, urban vs. rural in some parts of the country, see Attachment I

Paul Dondlinger, Dondlinger and Sons Construction Co., Inc. Wichita, testified the Davis-Bacon type "Wage Law" does extremely serious damage to both the financial and philosophical business fabric of the state. He stated taxpayers under the Davis -Bacon Act will be paying 12% more for the same quality building constructed in an open market wage system, see Attachment II.

Kenny LaForge, Interstate Electrical Construction, Inc., Parsons, urged the Committee not to let the Federal government mandate what employers pay their employees. If contractors are burdened with the Bacon-Davis Act on contracts administered by the State of Kansas, the problems they currently struggle with will be magnified on a daily basis, see Attachment III.

Mike Greenameyer, American Roofing, Inc., Leavenworth, stated the people of Kansas don't need, nor do they want to subsidize organized labor. Kansans have a right to work; the state's construction costs are fair, and the quality on those projects is good. He submitted information showing what the actual cost and the prevailing wage cost would be on three state of Kansas re-roofing jobs, see Attachment IV.

Bennie Crossland, Crossland Construction Co., Inc., Columbus, testified HB 2278 is financially irresponsible. By paying inflated wages to workers this bill results in Kansans paying more for public works projects, see Attachment V.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Labor, Industry and Small Business,  
room 527-S, Statehouse, at 1:00 ~~xxx~~/p.m. on March 28, 1991.

Dean Ferrell, Ferrell Construction of Topeka, Inc., informed the Committee HB 2278 will cause constituents to pay more taxes since the direct cost of construction will increase and the state's administrative cost will increase, see Attachment VI.

Chuck Lower, Lower Heating & Air Conditioning, Inc., Topeka, stated that HB 2278 is totally inconsistent with the Legislature's goal of reducing spending and lowering taxes, see Attachment VII.

Chuck E. Reynolds, Midwest Accoustics and Drywall, Inc., Manhattan, submitted two case studies comparing estimated material and labor dollars based on a normal bidding process and actual dollars spent to complete Davis-Bacon projects. His experience has shown the Davis-Bacon projects to be 25-35% higher in costs than necessary, see Attachment VIII.

Joe Conroy, Joe Conroy Contractor, Inc., Topeka, testified HB 2278, if passed, would impose undue hardships on the taxpayers of Kansas. He presented examples using Davis-Bacon wages and non Davis-Bacon wages, see Attachment IX.

Bill Love, SKC Electrical Co., Lenexa, testified as a taxpayer in the state of Kansas he considers Davis-Bacon unnecessary. He urged the Committee to oppose the passage of HB 2278.

Bob Pallanich, Sheet Metal Services, Shawnee Mission, stated he was opposed to forcing Kansas taxpayers to pay an artificially inflated price for construction services. His testimony included a copy of the prevailing wage rates for northeast Kansas, see Attachment X.

Tom Slattery, Associated General Contractors of Kansas, Topeka, stated the free market system should be allowed to operate in the area of public works the same as it does in the private sector. He said numerous studies through the years show that Davis-Bacon wage rates increase the cost of construction projects, see Attachment XI. He stated the state requires competitive bids to keep cost to taxpayers as low as possible then forces up costs with Davis-Bacon.

Terry Leatherman, Kansas Chamber of Commerce and Industry, testified in opposition to HB 2278. He informed the Committee there is an overwhelming body of evidence to support the contention that requiring the payment of David-Bacon prevailing wages will drive up the cost of public works' projects, see Attachment XII.

Jim Yonally, National Federation of Independent Business, opposed HB 2278. HB 2278 requires a contractor to pay workers a higher salary if the contractor is performing work on a capital improvement project for the state than he would if the same work were being performed for a private entity, see Attachment XIII.

Harold Smith, Drywall Construction, Inc., Topeka, stated Davis-Bacon Wage Laws increase the cost of construction projects and is very prejudicial against the average worker, the unskilled worker and the taxpayer, see Attachment XIV.

In response to a Committee question, Bill Layes, Kansas Department of Human Resources, replied the Department has no fiscal note at this time on HB 2278.

There being no other conferees, the hearing on HB 2278 was closed.

Senator Morris moved to report HB 2278 adversely. Senator Thiessen seconded the motion. The motion passed 6-4 with 1 abstention.

Senator Petty requested to be recorded as voting "No".

The Committee meeting was adjourned at 2:30 p.m.

GUEST LIST

COMMITTEE: LABOR, INDUSTRY & SMALL BUSINESS

DATE: 3/28/91

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Wayne Maiche	Topeka	Ks. AFL-CIO
Bill Laves	Topeka	Ks. Dept. Human Resources
Jim DeHoff	Topeka	Ks AFL-CIO
Harry O. Helzer	Wichita	U U U
Woody Moses	Topeka	Ks Agg Products Assn
DEAN F. FERRELL	TOPEKA	FERRELL CONSTRUCTION.
Earl Karstyan	Topeka,	CARPENTERS L.U. 1445
Paul Dondlinger	Wichita	Dondlinger & Sons Co.
Chuck Lowrie	TOPEKA	Lowrie A/E & A-C Inc.
Joe Conroy	Topeka	Conroy Construction
Kenny LaForge	Parsons	Interstate Electrical
Kelly Waldo Greenamyre	Leavenworth	Amr. Roofing
Don Andersen	Topeka	RD. Andersen
GENE BAKER	Lenexa	ABC
Charles E Reynolds	Manhattan Ks	Midwest Acoustics <sup>Drywall.</sup>
BILL LOVE	LENEXA	SKC. ELECTRIC
Fred Willich	Manhattan Ks.	Midwest Acoustics
Raymond Wall	Topeka	Drywall Const.
HAROLD SMITH	TOPEKA	DRYWALL CONST.
Michael Greenamyre	Leavenworth Ks	AMERICAN ROOFING
Tom Slattery	TOPEKA	AGC of Ks
BENNIE CROSSLAND	COLUMBUS, KS.	CROSSLAND CONST. CO.
Bob Pallanich	K. C.	Sheet Metal Services



*r. d. andersen, inc.*  
*general contractor*

*box 2457 / topeka, kansas 66601 / 913-267-3722*

TO: Labor, Industry & Small Business Committee  
DATE: March 27, 1991  
FROM: R.D. Andersen  
RE: House Bill 2278

*R.D. & S.B.*  
*3/28/91*

*fax: 913-267-0409*

*Attachment, I*

Page 1

My name is Ron Andersen, I am president of R.D. Andersen, Inc., General Contractor, and I am here to speak in opposition to House Bill 2278. I have been in the construction business for 20 years and have worked in construction for over 33 years.

I have listened to testimony in favor of House Bill 2278, and I am not sure where some of the proponents obtained their information.

I was a little surprised at the make-up of the proponents yesterday - one politician, one State employee, two hired guns, and only one employer.

Realistically, employers are the only ones that can furnish reliable labor cost information that has any validity, there are too many variables for other comparisons.

Representative Hensley made the statement that the successful bidders on his list, paid Davis-Bacon or prevailing wages and that the unsuccessful bidders did not pay prevailing wages, when in fact he doesn't have any idea what wages the unsuccessful bidders would have actually paid. Occasionally open shop wages exceed Davis-Bacon wages.

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Att I

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Davis-Bacon wages are highly inflationary and do not represent the so-called prevailing wages. In Kansas, the Federal Department of Labor may perform three wage surveys a year, and much of the information they use is from sources other than employers (union business agents send in data that is not supported by payrolls). High wages from urban areas are bootlegged into rural areas, greatly upsetting the status quo. High public wages also have a ripple effect through the private sector. Davis-Bacon wage surveys at best are blatantly poor, they are not timely, they are not accurate and contrary to law, they use data from other prevailing wage projects. Data is tainted, in that they use information other than payroll reports. Davis-Bacon wages are artificial and they do not represent the true prevailing wage, or the average wage. Davis-Bacon wages represent a subsidy. Why should the taxpayer be asked to subsidize construction workers?

We average over 100 employees and contrary to earlier testimony, we have many benefits for our employees which include vacations, paid holidays, health plans and a profit sharing program. Many of our employees are cross trained and are not bound by union jurisdictions. We are able to work individuals at many tasks, thereby broadening their skills and increasing their length of employment.

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In addition to this being a taxpayer issue, this bill is a union/non-union issue, as well as a right to work issue. The open shop segment of the construction industry is performing 75% of the construction work in this country, and it is doing it for a reason. Open shop contractors are able to deliver on-time work, under budget. And they could not continue to do it, if their work was not up to the necessary quality required.

We have completed numerous projects for the State of Kansas, including Haworth Hall and the Science and Technology Library at Kansas University. Durland Hall and the Nichols Gym reconstruction at Manhattan. The Sheridan Coliseum Renovation at Fort Hays State, not to mention the Alumni Center at Kansas University which has a high degree of finish.

A large percentage of the labor required for building construction does not require a great deal of skill. Davis-Bacon/union wages which are normally excessive tend to discriminate against the entry level employee. Davis-Bacon/union makes no provision for the unskilled or under-educated entry level employee. Many of the employees we hire are at the entry level. Entry level employees have the opportunity to enter the construction field with open shop contractors, which gives them a chance they might not have otherwise. Granted, entry level employees require more

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Att I  
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supervision and training, and there is a greater turn-over in this group.

If you reflect on Tom Marshall's testimony of yesterday for a moment, you will recall that most of his testimony was hearsay, or generalizations. Tom talked about labor costs; he is not an employer of construction workers. He made reference to underbidding the competition as little as possible. Competitive bidding is the American free enterprise way, it assures the taxpayers that they are going to get the best price for their dollar. Competition is what the free enterprise system is all about. Davis-Bacon wages are excessive not competitive. They are incongruous with the free enterprise system. The bidding process is not sophisticated enough to allow any contractor to knowingly be able to underbid the competition by one dollar. There are too many variables.

One of the arguments I heard yesterday was that the Federal government required Davis-Bacon wages, therefore, the State of Kansas should also. Unfortunately, the Federal government doesn't mind overspending their income and going into debt in a big way. As you know, Kansas has a cash basis law and when you increase the construction costs you have to be ready to raise taxes to pay the bill, or reduce the number of projects.

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In areas such as Junction City and Manhattan, the local wages are very close to Davis-Bacon wages. Just because there is so much Federal work. The local employers have to compete for their employees.

The legislature mandated Davis-Bacon wages on the prison work which was 6 million dollars over budget, The El Dorado prison work is being done by a contractor from Tennessee and another contractor from Kansas City. The Larned prison has been contracted to a Kansas City contractor. No local contractors are involved. Davis-Bacon wages invariably draws contractors from outside the area. Mandated wages were required on Bramlage Coliseum and it was a budget buster. If I recall, it had to be re-designed and re-bid.

I would like to quote from "Prevailing Wage Legislation - The Davis-Bacon Act", State "Little Davis-Bacon" Acts, the Walsh-Healy Act, and the Service Contract Act by Dr. Armand J. Thielen III, University of Pennsylvania, The Wharton School Industrial Research Unit.

Chapter III, page 271, paragraph 2, under Review: "Among the Federal prevailing wage laws, the Davis-Bacon Act is the most important, the most intrusive, and the most expensive. The \$1 billion per year that it added to the cost of government construction appears not to have increased the volume, or the quality of work performed, but simply its expense. It has

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also helped create artificially high levels of wage rates in the construction industry. Passage of House Bill 2278 will not benefit the economic development of Kansas, or the Kansas taxpayer, it will only provide a disincentive for future economic growth in Kansas".

According to a study done by the Oregon State University at Corvallis Davis-Bacon wages increase the cost of construction from 26 - 38% depending on the local, urban vs. rural in some parts of the country.

In conclusion, I would like to suggest that this committee inspect Davis-Bacon wage determinations for the areas they represent in order to get a feel for the wages under consideration. Many Davis-Bacon wages are over twice what we pay our teachers, and State employees for the same type of work.

3/28/91  
att I  
1-7

March 28, 1991

Name: Paul Dondlinger  
Title: Vice-President  
Company: Dondlinger & Sons Construction Co., Inc.  
1206 E. Lincoln (67211)  
P.O. Box 398  
Wichita, KS 67201  
(316) 265-3101

I am appearing in opposition to House Bill #2270 which is being considered by your committee.

A Davis-Bacon type "Wage Law" does extremely serious damage to both the financial and philosophical business fabric of our State.

1. Financially this bill will increase the costs to the tax payers for State funded buildings, roads, bridges, water and sewer plants, etc. by artificially setting employees salaries at a level much higher than the market place determines on its own. Our most recent experience with this problem came on a Veteran's Administration project in Wichita which we completed in February of 1991. Our contract was for the foundation work which typically involves carpenters, laborers, operators, cement finishers and reinforcing steel installers. I compared our normal journeyman rates with the Davis-Bacon rates and found that the inflated difference amounted to 21%. This percentage difference includes our fringe benefit package. Another often overlooked but serious problem with wage-rates are the outdated craft worker descriptions. The modern construction site is flexible in its work assignments and its ability to use helpers in support of the highly skilled. The Davis-Bacon system is based on outdated union craft worker descriptions. This system allows little flexibility with the result being that lower skilled helpers cannot be

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2-1 Attachment II

used or must be paid at a rate much higher than their ability to produce. This inefficiency factor builds in another 10% in extra costs because the managers of the job are not allowed to manage the work in the most cost effective way. This 10% factor is conservative and could increase depending upon the requirements of the project.

Cost history tells us that labor averages out to approximately 40% of the total cost of a construction project. If we use the 21% and the 10% higher cost percentages and apply them against the 40% total cost, we tax payers are paying 12% (31% of 40% = 12%) more for the same quality building constructed in an open market wage system.

If applied to State projects, we will be paying twelve cents more every construction dollar spent.

2. Increased project costs mean many buildings, roads and bridges will need to be downsized or canceled to meet budgets. Fewer desired add-alternates will be affordable. Bridge and road construction will be delayed thereby making them even more expensive and leaving unsafe and poor infrastructure in place for a longer time.
3. Where fewer projects are funded, there are fewer jobs, higher unemployment, less taxes being paid in and a larger drain of unemployment funds. When there are fewer jobs, there are fewer opportunities for the low skilled and entry level worker to advance to higher skill/higher paying jobs. When there are fewer jobs, competition for workers drops. The one force which truly increases workers paychecks in the market place is competition and a demand for his or her skills.
4. Many of the industrial areas of the State will be hurt by the increased costs for Industry related support utilities and roads. When we compete with other states for new Industries and to retain our existing Industries, the cost of our "package" will increase and make us less competitive.
5. Another factor will be the cost of administration. There will be the cost of extra paperwork on our part and there will be extra State employees needed to monitor compliance.
6. Philosophically, this bill is an unnecessary and inappropriate intrusion into the Kansas free market place. I can see no possible problem within our Industry which merits this kind of action. The wages paid in our Industry are comparable to other Industries within our State.
7. When legislators set wages, it puts out a message to existing and potential new Industry that the legislature

29 ✓ SB  
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Att II

sees no area within their business framework which could not be regulated. It would create a much healthier climate for Kansas if this and other similar hurdles to business and their employees were removed and kept away from our State.

Sincerely,

DONDLINGER & SONS CONSTRUCTION CO., INC.

A handwritten signature in cursive script that reads "Paul Dondlinger".

Paul Dondlinger  
Vice-President

2.9 ✓ SB  
3/28/91  
Att II  
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TESTIMONY BEFORE SENATE LABOR & INDUSTRY COMMITTEE

On HB 2278

March 28, 1991

Good afternoon. My name is Kenny LaForge from Parsons. I am the owner of Interstate Electrical Construction, Inc. I sincerely appreciate the opportunity to address this committee.

Our company is a small firm located in Southeast Kansas. We perform work throughout the Eastern half of Kansas. We currently have three prime contracts underway with the State of Kansas. We also have performed a substantial amount of work for the Federal government on several military bases and facilities in the Midwest.

With this federal work, we have been forced to comply with the Davis-Bacon wage requirements. Often times, these facilities are in our local communities. Let me provide a simple example of the one problem that Davis-Bacon wages presents for us, a contractor.

The Kansas Army Ammunition Plant, located near Parsons, is operated by the Department of the Army. The Army has hired the firm of Day & Zimmerman to operate the facility. The Army basically provides the buildings for the operator to use for production purposes. When the Army constructs new facilities, the wages are controlled by Davis-Bacon regulations. When Day & Zimmerman takes possession of the facilities and decides three months later to modify it, Davis-Bacon wages are not applicable if the operator is paying for the modifications. The point being, that the same man doing the same work on the same building has hourly wages ranging from \$18.00 on Davis-Bacon work to approximately \$11.00 for the private work. This magnitude of difference is very common when comparing Federal Davis-Bacon wage rates to prevailing rates. These prevailing rates are not considered when wage decisions are established by the Department

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3-1 Attachment III

of Labor. These circumstances present obvious problems with manpower, and regardless of our efforts to work in this type of situation, we are in a "no win" position.

If we are burdened with Federal Davis-Bacon mandate on contracts administered by the State of Kansas, the problems we currently struggle with will be magnified on a daily basis.

Speaking frankly, this type of legislation is what we have been forced to swallow by our Federal government. But to have our own State government consider such a needless law is beyond comprehension. We all live in Kansas and prosper or suffer together. In such a competitive market as construction, additional burdens only increase the difficulty of maintaining steady employment for our employees.

Please do not let the Federal government mandate what we will pay our employees. In a time where the states are assuming power and duties previously held by the Federal government, it would seem impossible to justify relinquishing such a critical and costly duty back to the bureaucracy in Washington.

**PLEASE TAKE A COURAGEOUS STAND AGAINST THIS WASTEFUL AND UNNECESSARY LEGISLATION.**

**THANK YOU FOR YOUR TIME.**

Kenneth A. LaForge  
President  
Interstate Electrical Construction, Inc.

3/28/91  
Att III  
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# American Roofing, Inc.

2500 South Second  
Leavenworth, Kansas 66048

682-1776  
KC Line 362-1776



Flat Roof Specialists  
Since 1973

March 27, 1991

Honorable Alicia Salisbury  
Chairperson, Senate Labor and Industry Committee  
and Committee Members  
State of Kansas

Ref: HB2276, Prevailing Wage Rates for Kansas?

## A Brief Introduction

My name is Michael Greenamyre from Leavenworth, Kansas. I have owned and operated American Roofing, Inc. since 1973. American Roofing is a professional commercial roofing contractor that employs an average of forty five people. We are not a member of a labor organization and believe firmly in The Right To Work concept as allowed under Kansas State Law.

American Roofing does approximately \$3,000,000.00 per year in gross sales. Since 1973 we have performed millions of dollars worth of re-roofing work for the State of Kansas. We count the Division of Architectural Services as one of our best references and if you check with that office, I'm sure they will verify that American Roofing is a high quality trusted contractor.

American Roofing is currently under contract with the State on three separate re-roof jobs:


1. Rainbow Mental Health Facility.....\$29,000
2. Osawatomie State Hospital.....\$53,000
3. Hoch Auditorium KU.....\$293,000

Total under contract with Kansas at present time.....\$375,000

Concerning the debate as to whether the State of Kansas should institute Prevailing Wage Rates, I offer the following attached real world price differences that the State of Kansas could expect if prevailing rates were instituted on just the three jobs listed above. Remember these are actual differences between what American Roofing bid the project for compared to what we would have had to bid those same projects at under prevailing wage rates.

As the person who bid these projects, and as a citizen of Kansas, I have to ask why such a bill is even under consideration? Why do some members of the legislature feel they need to placate or subsidize organized labor? The people of Kansas don't need, nor do they want to subsidize organized labor. Kansans have a right to work, the State's construction cost are fair and the quality on those projects is good, so why change anything?

Please review the attached real world price differences the State could expect on just three small construction projects. How much would it cost the State if these rates were implemented on all State Construction projects?

  
Michael Greenamyre

L. D. SB  
3/28/91

4-1 Attachment IV



# American Roofing Inc.

Commercial Re-Roofing Specialists  
 serving northeast Kansas since 1973

## Job cost labor using no prevailing wage rates

Job Name	Total hours bid @ \$12.00 per hour average hourly wage	Job Labor
Rainbow mental health, KUMC	650 hrs. @ \$12.00 =	\$7,800.00
Hoch Auditorium Kansas Univ.	12,000 hrs @ \$12.00 =	\$144,000.00
EFG Cottages Osawatomie State Hospital	1343 hours @ \$12.00 =	<u>\$16,116.00</u>

Total Labor for all three jobs ..... \$167,916.00  
 \$167,916.00 x 43% labor lug = ..... 72,203.00  
 Add 43% costs on total labor figure to cover FICA, social Security, unemployment tax, workman's comp and general liability. \$240,119.00

Total labor costs on all three above jobs ..... \$240,119.00  
 Price based on average wage of 12.00 plus 43% labor lug

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*Att IV*  
*4-2*

## Using prevailing wage rates

Job cost labor if prevailing wages for roofers were used.  
 Prevailing rate approx \$19.89 per hour

Job Name	Total hours bid @ \$19.89 per hour average hourly wage	Job Labor
Rainbow mental health, KUMC	650 hrs. @ 19.89 =	\$12,928.00
Hoch Auditorium Kansas Univ.	12,000 hrs @ \$19.89 =	\$238,680.00
EFG Cottages Osawatomie State Hospital	1343 hours @ 19.89 =	<u>\$26,712.00</u>

Total Labor for all three jobs ..... \$278,320.00  
 \$278,320.00 x 43% labor lug = ..... 119,677.00  
 Add 43% costs on total labor figure to cover FICA,  
 social Security, unemployment tax, workman's comp  
 and general liability. \$397,997.00

Total labor costs on all three above jobs ..... \$397,997.00  
 Price based on prevailing wage rate for  
 roofers = \$19.89 plus 43% labor lug

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# American Roofing Inc.

commercial re-roofing specialists  
serving Metro Kansas City since 1973

On Three existing re-roof projects presently under contract with  
the State (see attached information sheets)

If prevailing wage rates were used,  
total labor cost would be ..... \$397,997.00

Actual labor costs on jobs ..... \$240,119.00


Difference between prevailing rates  
and non-prevailing rates ..... \$157,878.00

This \$157,878.00 is real money, not hidden with smoke and  
mirrors. Savings to the State because so far, the State has kept  
competitive bidding and competitive wage structures and the  
right to work philosophy intact.

Can we afford a change?

My office is always open to questions from this committee.

Thanks for allowing me to be heard!

  
**Mike Greenamyre**  
President, American Roofing Inc.

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7-17-77  
 16/2/8/16  
 9/11/80  
 10-1-80

Building Construction Rates For CLAY County(s)

Crafts	Basic Hourly Rates	Over-Time Rates	Fringe Benefit Payments				
			H & W	Pen.	Vac.	Appr. Trg.	Others
Asbestos Workers	19.79	1	1.57	3.85		.39	
Bolleymakers	19.65	4	2.25	1.35		.10	(b)
Bricklayers-Stone Masons	15.70	4	1.85	2.40	1.50		
Carpenters	17.50	5	1.60	2.05		.15	
Cement Masons	15.30	5	1.735	1.30	1.25	.18	SD .40
Electricians(Inside Wireman)	19.19	13	2.00	2.20	7%	.20	NEBF 3%
Elevator Constructors	18.28	1	3.145	1.99	(a)	.085	
Engineers-Portable & Hoisting:							
Group I	16.83	5	2.00	1.50	1.05	.15	SD .73
Group II	16.02	5	2.00	1.50	1.05	.15	SD .73
Group III - (See Note A Below)							
Group III	20.30	1	2.21	2.55		.10	
Pipe Fitters	15.76	5	2.67	2.10	2.43	.04	
Glaziers	15.76	5	2.67	2.10	2.43	.04	
Laborers(Building):							
General	13.60	5	1.80	1.00	1.05	.20	
Semi-Skilled	13.90	5	1.80	1.00	1.05	.20	
Hod-Carriers	13.75	5	1.80	1.00	1.05	.20	
Plaster Tenders	13.75	5	1.80	1.00	1.05	.20	
Group III Laborers(Bottommen)							
Lathers-Metal, Wood-Use Carpenters Rate							
Linoleum Layers & Cutters	14.03	9	1.85	1.40	V&H-10%	.18	
Marble Masons	19.17	3	7%	5%			
Millwrights -Use Carpenters Rate							
Iron Workers	18.41	5	2.25	2.10		.12	
Painters:							
Brush	16.99	5	1.65	1.40		.15	
Spray	17.99	5	1.65	1.40		.15	
Plasterers	19.90	4					
Plumbers	20.46	4	2.10	1.75		.20	
Pile Drivers-Use Carpenters Rate							
Roofers	15.83	4	1.87	2.20		.14	
Sheet Metal Workers	18.65	1	2.05	2.57		.20	
Sprinkler Fitters	20.05	14	2.40	2.90		.10	
Tile Setters	19.41	3	1.65	1.30			
Truck Drivers, Teamsters	15.135	5	2.00	2.00			SD .50
Well Drillers -Use Hvy. Const. Engrs., Grp I Rate							
Welders - Acetylene & Electric*							
Note A: Group III							
Oiler	11.42	5	2.00	1.50	1.05	.15	SD .73
Oiler Driver-all types	12.22	5	2.00	1.50	1.05	.15	SD .73
Fork Lift-Masonry & Maintenance Operator	14.58	5	2.00	1.50	1.05	.15	SD .73
A Frame Trucks, Fork Lift-all types and sizes(except Masonry), Mixers w/Side Loaders, Pumps(w/well points) dewatering systems, test or pressure pumps, Tractors(except when hauling material) less than 50 H.P.	14.83	5	2.00	1.50	1.05	.15	SD .73

OUTSIDE ELECTRICIANS - Commercial Work

Journeyman Lineman.....	\$20.74	Fringes:	
Lineman Operator.....	19.35	H & W.....	\$1.50
Groundman Powderman.....	14.51	Retirement.....	15%
Groundman.....	13.80	Appr. Tng.....	3/4 of 1%
Groundman (1st six months)...	11.77	NEBF.....	3%

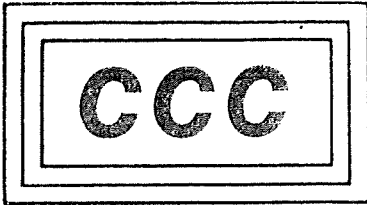
OVERTIME RATE: Shall be one & one-half (1½) times the regular rate for all hours worked in excess of eight (8) hours per day, Monday through Friday, and for all hours worked on Saturday. Sundays, holidays and between Midnight and 6:00 a.m. of any work day is double the straight time rate.

\*Welders receive rate prescribed for craft performing operation to which welding is incidental.

- OVERTIME RATE NO. 1: Means double-time shall be paid for all work in excess of eight (8) hours per work day. Saturdays, Sundays and holidays shall also be paid at the double time rate.
- OVERTIME RATE NO. 2: Means time and one-half shall be paid for all work in excess of eight (8) hours per work day.
- OVERTIME RATE NO. 3: Means time and one-half shall be paid for all work in excess of eight (8) hours per work day. Saturdays, Sundays and holidays shall be paid at the double time rate.
- OVERTIME RATE NO. 4: Means time and one-half shall be paid for all work in excess of eight (8) hours per work day, Monday through Friday. Time and one-half applies to all work on Saturdays. Sundays & holidays shall be paid at the double time rate.
- OVERTIME RATE NO. 5: Means time and one-half shall be paid for all work in excess of eight (8) hours per day (if working five 8-hour work days), or in excess of ten (10) hours per day (if working four 10-hour work days), for work on Friday (if working 4-10's) and work on Saturdays. Sundays & holidays shall be paid at the double time rate.
- OVERTIME RATE NO. 9: Means time & one-half shall be paid for all work in excess of eight (8) hours per work day, Monday through Friday. Saturdays & Sundays shall be paid time & one-half unless they fall on a designated holiday, then double time is paid. All designated holidays shall receive double time pay.
- OVERTIME RATE NO. 13: Means the first four (4) hours of overtime after the normal work day, each day Monday through Friday and the first ten (10) hours of overtime on Saturdays shall be paid for at one & one-half times the regular straight time rate of pay. All other work performed outside of the regularly scheduled working hours & outside of the first (10) hours worked on Saturdays shall be paid for at a double time rate of pay.
- OVERTIME RATE NO. 14: Means the 9th & 10th consecutive hours worked Monday through Friday are paid at time & one-half. The first eight (8) hours on Saturdays are paid at time & one-half. All between 7:00 a.m. and 5:30 p.m. are paid at time & one-half. All other overtime hours, Sundays & holidays are paid at a double time rate of pay.

FOOTNOTES

- (a) Vacation: Employees under 5 years - 6%, over 5 years - 8%.
- (b) Annuity Trust - 65c.



# Crossland Construction Company

GENERAL CONTRACTORS

March 28, 1991

HWY. 69, P.O. BOX 45, COLUMBUS, KS 66725  
(316) 429-1414 PHONE  
(316) 429-1412 FAX

Testimony before Senate Labor and Industry Committee  
House Bill 2278  
Bennie L. Crossland  
Vice President of Crossland Construction Co. Inc.

Dear Senators,

Thank You very much for the opportunity to appear before you on HB 2278.

I am Bennie Crossland, Vice President of Crossland Construction Co. Inc.

Let me start off by saying that HB 2278 is financially irresponsible. By paying inflated wages to workers this bill results in Kansans paying more for public works projects. This bill is also difficult to administrate and disruptive to the work enviornment. The end result is fewer contractors bidding public works projects with less competition and higher bids. All total- ed HB 2278 is a very unattractive piece of legislation.

1. HB 2278 is based on Federal Davis Bacon wage rates. These rates are determined by the U.S. Department of Labor. The wages that they determine do not parallel what the normal rates paid in the community are. For instance my skilled carpenters make between \$7.00 per hour and \$9.00 per hour. The Davis Bacon wage rates for my county shows that carpenters are to be paid \$15.02 per hour. Most of my ironworkers make between \$7.50 per hour and \$9.50 per hour. Federal Davis Bacon wage rates for my county show that they should be paid \$15.27 per hr. The list of inaccuracies is very long in this determination and we find this true in each job that we have performed that is a Davis

*LJB*  
*3/28/91*

Bacon project. The U.S. Chamber of Commerce is supported the Davis Bacon Reform Act says that significant savings would be realized by the Federal Government if such legislation would pass. The Grace Commission study indicates that prevailing wage increases the cost of a project 3.4% to 37.7%. The record is clear that Davis Bacon wages increase the cost of construction.

2. Davis Bacon wages are difficult to administrate. Classification of workers is confusing and a record keeping impossibility. We have had project that within one hour time a guy might work under three classifications. Also as a general contractor I must keep records of all the subcontractors payroll records as well as my own. I must insure that all these records are correct and make sure that copies are supplied on the jobsite ready for inspection. Over the course of a large project this can mean hundreds of weekly records for each worker. This is cumbersome and time consuming. Davis Bacon also does not allow a contractor to claim all the benefits that he gives his employees. For instance we have a profit sharing program with our employees that is not an allowable benefit.
3. Davis Bacon wages causes hard feelings among employees which disrupt the working enviornment. Our Company has 75 employees and not everyone can work on the same project at the same time. This causes hard feelings between employees and management.
4. The simple fact is that these difficulties related with prevailing wage makes contractors avoid this type of work if other work is available. The long range result is that the State of Kansas gets fewer competitive bids.

3/28/91

Att V

In Summation this bill has no merit. At a time when fiscal responsibility is of the utmost importance, Kansans do not need to spend more money to get the same end result. As a minority owned and operated company I urge you to vote no on HB 2778.

Thank You for your time

Sincerely,

*Bennie Crossland*

Bennie Crossland

*3/28/91*

*Att V*

*5-2*

issued 5-8-90

BUILDING CONSTRUCTION

**INFORMATION ONLY**

ASBESTOS WORKERS / INSULATORS

BOILERMAKERS

BRICKLAYERS

CARPENTERS:

Portion lying south of Hwy. #96 & to a point 1.5 miles west of the city of Columbus, on Hwy. #96 & directly south to the Oklahoma line & the city of Columbus:

Carpenters

Millwrights & piledrivermen

Remainder of County:

Carpenters

Millwrights

Piledrivermen

ELECTRICIANS:

East of Cherokee, Crawford, Mineral & Spring Valley Twp.:

Electricians

Cable splicers

West of Garden, Lowell, Pleasant View & Shawnee Twp.:

Commercial electrical contracts over \$7,500:

Electricians

Cable splicers

Commercial electrical contracts up to \$7,500:

Electricians

Cable splicers

GLAZIERS

IRONWORKERS

LABORERS, GENERAL

PAINTERS:

Brush, roller, taners

Spray

PLUMBERS:

Contracts over \$ 60,000.00

Contracts \$ 60,000.00 or under

ROOFERS

SHEET METAL WORKERS

SOFT FLOOR LAYERS

SPRINKLER FITTERS

WILE, MARBLE & TERRAZZO WORKERS

WELDERS - receive rate prescribed for craft performing operation to which welding is incidental.

BASIC HOURLY RATE	FRINGE BENEFITS
\$17.14	2.73
19.15	3.50
14.75	.75
13.37	1.65
13.62	1.65
9.15	1.00
9.40	1.00
9.27	1.00
13.54	2.05+8%
13.89	2.05+8%
15.25	1.78+3%
15.40	1.78+3%
12.00	1.78+3%
12.58	1.78+3%
15.04	
12.32	2.95
7.45	1.05
13.37	.60
13.87	.60
17.15	3.20
12.00	3.20
14.77	3.56
13.50	4.42
13.37	.60
19.01	4.25
17.50	

15.27

Unlisted classifications needed for work not included within the scope of the classifications listed may be added after award only as provided in the labor standards contract clauses (29 CFR, 5.5(a)(1)(ii)).

**INFORMATION ONLY**

3/28/91  
Att V  
5-4



Testimony Before Senate Labor and Industry Committee

on HB 2278

Dean F. Ferrell

Ferrell Construction of Topeka, Inc.

March 28, 1991

I am Dean Ferrell, President of Ferrell Construction of Topeka, Inc. I am a past president of the Associated General Contractors of Kansas and my company is a medium sized building construction firm, performing work basically in the eastern part of Kansas.

At a time when the Kansas legislature is facing immense budget and taxation problems, why would a bill such as House Bill No. 2278 even be considered? By passing this bill how will the taxpayers of this state benefit? Well, at the risk of being redundant to other messages you may hear today, it is very difficult for me to see the State gaining any meaningful return on a bill requiring Davis-Bacon wages.

On the contrary, this type of legislation will only cause your constituents to pay more taxes. I'll give you two good reasons why:

A. The direct cost of construction will increase. This is not just a theory - just plain fact. I won't pretend to know the exact percentage of increase because this will vary depending on the size and type of project, the geographic area, and the accuracy of the published "prevailing" wage.

R.D. & S.B.  
3/28/91

Attachment VI  
6-1

I can tell you that my company is presently constructing a \$10,000,000 federally-funded project in Manhattan, and it naturally requires Davis-Bacon wages. I can also tell you without hesitation that our original proposal could have been at least \$200,000 lower had the prevailing wages not been required. You should note that this figure takes into consideration not only our work, but our subcontractors as well.

B. Administrative cost by the State. If this law is passed, then the State had better be ready to enforce it. If there is anything worse than a prevailing wage law, it's one that it is not enforced. Failure of the State to insist on wage compliance would only breed unfair bidding practices and litigation. So be prepared to set up a department to do nothing but review wage determinations and to "police" payroll certification reports from every general contractor and subcontractor you do business with, regardless of size of project or companies involved. I can assure you this will carry no small price tag. And by the way, I am sure the taxpayers will be anxious to hear their bureaucracy is being expanded because of this law.

On a philosophical note, I must tell you that all I have heard over the last few years from trade associations and from the Unions is that the construction industry is rapidly approaching a time when there will be a shortage of skilled workers - that in the not too distant future we as contractors will have difficulty manning our projects. If that be the case, why is there so much concern about us paying sub-standard wages?

3/28/91  
Att VI

I'm not an economics expert, but history has taught me that if there is a shortage of something, the cost of that item goes up naturally. We, as in any other industry, deal in the "law of supply and demand", and right now we must pay competitive wages or the good workers will walk across the street to our competitors.

For years, Unions have talked about so-called "fair" wages, and that prevailing wage laws guarantee "fair" wages. What is the definition of "fair"? Is it fair to pay the extremely skilled and hard workers the same wage as a less productive worker doing the same class of work? If it is, then pass HB 2278. Is it fair to the less productive worker to lose his job because he can't keep up, when the contractor might have kept him on the payroll if he had the opportunity to pay him what he is actually worth? If that's fair, then pass HB 2278.

This bill is restrictive to production and is inflationary to costs. It is not a good deal for our industry and it's definitely not a good deal for this State. I urge you to vote "no" to House Bill No. 2278. I thank you for the opportunity to meet with you.

3/28/91  
Att VI



# LOWER HEATING & AIR CONDITIONING, INC.

501 EAST 17th STREET P. O. BOX 1693 TOPEKA, KANSAS 66601 - PHONE 357-5123

TESTIMONY BEFORE SENATE LABOR AND INDUSTRY COMMITTEE

ON H.B. 2278

Chuck Lower, President, Lower Heating & Air Condi., Inc.

March 28, 1991

I am Chuck Lower, President of Lower Heating & Air conditioning, Inc., a Mechanical Contractor, located in Topeka, Kansas. I want to thank each of you for the opportunity to appear before you today.

I have been in business in Kansas for 20 years and associated with the construction industry for almost 30 years. I am active in the Associated General Contractors of Kansas and several other Contractor Trade Associations in the State.

I would like to first give you an example of how my company's work force is made up. We hire individuals that have very little or no experience in the mechanical contracting business. The starting salary is primarily in the \$6.00 to \$7.00 an hour range. These individuals are required to attend classes offered by us, Contractor Trade Associations, or Vo-Tech Schools to advance their skills in their selected trades. After 4 years of various training classes and on the job training, an individual can pass a State or City test and become licensed in his or her trade. These individuals are then paid between \$12.00 - \$16.00 per hour based on their skills and work habits.

If House Bill #2278 were to become law, our company and many other companies would be required to pay approximately \$20.00 per hour to all of these employees, regardless of their experience or skill level. I think this very clearly shows why House Bill #2278 would increase the cost of construction on public work projects drastically.

We just completed a Federally funded job here in Topeka on a low income housing project that required Davis Bacon wages. We contracted this project at \$109,000.00. Without Davis Bacon wages our price would have been \$98,000.00.

We have just recently started a project at Fort Leavenworth that requires Davis-Bacon wages. Our contract price is \$392,000.00, but without the Davis-Bacon wage requirement our price would have been \$364,000.00. These numbers do not lie.

*CL + LB.*  
*3/28/91*

*Attachment VII*

I feel that H.B. #2278 is totally inconsistent with the legislatures goals of reducing spending and lowering taxes.

In closing, I feel that it is only good business for Kansas to oppose House Bill #2278.

Thank you,

A handwritten signature in cursive script that reads "Chuck Lower".

Chuck Lower  
President

3/28/91  
Att VIII



## Midwest Acoustics and Drywall, Inc.

532 PILLSBURY DR. • P.O. BOX 1389 • MANHATTAN, KANSAS 66502 • 913-776-7037

March 28, 1991

The Senate, Industry, and Small Business Committee  
Alicia Salisbury, Chairwoman

Re: Opposition of HB2278  
Davis-Bacon wages on all State construction projects

Dear Ms. Salisbury:

We are voicing our opposition to HB2278 and wish to address the negative effects we feel this ruling will have on the construction industry.

We are an open shop contractor and participate in many state construction projects. While employing between 140-200 people in interior trades and roofing, we often contribute 9-15% of the total building contract involved on each project.

As an open shop contractor we motivate the advancement of employees by paying them according to productivity. We also team trainees with experienced craftsmen to maintain lower costs and to provide on the job training, which in turn provides employment opportunities for the unskilled to enter the construction industry.

Imposed Davis-Bacon wage rates do not allow the hiring of new trainees at a wage rate comparable to their productivity. The ruling itself is unfair to new employment opportunities.

The wage rates demote productivity by creating a lack of incentive. A highly productive employee will naturally and sometimes unknowingly reduce his productivity when he sees others obtaining the same wage rate with less effort.

The imposed wage rates also cause a false sense of security for the employee to deal with after coming off a Davis-Bacon job and returning to a stipulated and achievement based wage rate.

Attached are two case studies of Davis-Bacon wage controlled projects. These projects are the Human Development (Dole Building), Lawrence, KS, and Roubidoux School, St. Joseph, MO. The case studies will show a comparison between estimated material and labor dollars based on a normal bidding process and actual dollars spent to complete the Davis-Bacon projects. Our past experience has shown the Davis-Bacon projects to be 25-35% higher in costs than necessary.

*L. J. & L. B.*  
*3/28/91*

Human Development (Dole Building) Contract amount \$910,327

Cost Comparison:	With Davis-Bacon Wages	Without Davis-Bacon Wages
Est. Material	\$321,194	\$321,194
Estimated Labor	339,600	237,720
Labor tax & ins. 23%	<u>78,108</u>	<u>54,676</u>
Total Est. Cost	\$738,902	\$613,590
12% overhead & 10% pro.	<u>171,425</u>	<u>142,352</u>
TOTAL BID	\$910,327	\$755,942

Roubidoux School Contract amount \$535,520

Est. Material	\$106,880	\$106,880
Est. Labor	266,500	186,625
Labor tax & ins. 23%	<u>61,295</u>	<u>42,924</u>
Total Est. Cost	\$434,675	\$336,429
12% overhead & 10% pro.	<u>100,845</u>	<u>78,051</u>
TOTAL BID	\$535,520	\$414,480

Based on these cost comparisons, the savings by not using Davis-Bacon wage rates is \$154,385 for Human Development and \$121,040 for Roubidoux school.

With these thoughts in mind and these facts made available, we do hereby state our opposition to HB2278 and would appreciate you opposing it also.

Yours truly,

MIDWEST ACOUSTICS & DRYWALL, INC.

*Charles E. Reynolds*

Charles E. Reynolds  
President

CER/dr

3/28/91  
Att VIII  
8-2



**CONCRETE  
PLACEMENT  
CONTRACTORS**

March 27, 1991

Madam Chairman, Committee Members:

My name is Joe Conroy. I am President and Owner of Joe Conroy Contractor Incorporated. My company is a second generation construction company with my father starting his business in 1949. My company is based in Topeka and performs primarily concrete and excavation work employing up to 100 people. I am also representing the Home Builders Association of Kansas which has approximately 1,100 members accross the state of Kansas.

I am here to speak against House Bill 2278. My company does not only perform road building work but also does commercial concrete and excavation work. I feel that House Bill 2278, if passed, would impose undue hardships on the taxpayers of Kansas. As we all know todays tax dollars do not stretch as far as they use to. This bill would act as imposing yet another tax on the great people of Kansas.

*L.V.A.B.  
3/28/91*



9-1 Attachment IX



Case in point:

Last year my company performed the reconstruction of 21st Street from Fairlawn Road to Gage Boulevard in west Topeka. This construction endeavor was composed of two contracts with the Kansas Department of Transportation. These two projects were completed ahead of schedule and my company received awards from two trade associations recognizing our accomplishments.

WAGES: These projects were both under the Davis-Bacon guidelines. The dollar amount of each classification of employee was stipulated in the contract documents. My company compiled 36,978 manhours on these projects for a total payroll of \$496,238.78. The contract total for these two projects was \$2,214,934.00. Labor, as a percentage of total contract price on these two projects was 22.4%.

If these two projects were not under the Davis-Bacon umbrella our labor costs would have been \$354,613.04, or a savings of \$141,625.74. This 40% increase in wages had to be added to our bid to comply with the Davis Bacon section of the contract documents. This labor savings (\$141,625.74) as a percentage of total contract price on these projects (\$2,214,934.00) equates to 6.4%.

DAVIS-BACON WAGES - The methodology utilized in determining the Davis Bacon wages on projects is performed by the United States Department of Labor. The process is started by a survey being taken in different counties. The downfall of this procedure is that say 40 respondants of the survey list laborers, if 37 of the respondants paid the laborers between \$6.50 to \$11.00 and only 3 of the respondants paid the laborers \$11.05/hour then the Davis-Bacon wage for laborers would be the \$11.05. This procedure does not recognize the other 37 of laborers or the wages they are paid.

3/28/91  
Att IX  
9-2

The correct method of determining a Davis-Bacon wage would be to add all the hourly rates together and divide by the total number of respondents. This would be the true Davis-Bacon Wage.

A Public Relations Officer for the Kansas Department of Transportation provided me with the information that a construction laborer for KDOT is paid \$5.58/hour base wage plus \$1.67/hour fringe benefits for a total hourly rate of \$7.25. I have attached the wage decisions for these projects and they show I had to pay \$8.75/hour base wage plus \$2.30/hour fringe benefits for a total hourly rate of \$11.05. As you can see by this comparison I have to pay my construction laborers 52.5% higher wages than KDOT pays their construction laborers.

Another example is heavy equipment operators. KDOT pays their operators from \$7.86 to \$9.50/hour base wage plus \$2.36 to \$2.85/hour fringe benefits for a total hourly rate of \$10.22 to \$12.35/hour. The wage decisions for these projects show I had to pay \$12.87/hour base wage plus \$2.70/hour fringe benefits for a total hourly rate of \$15.57/hour. Again by comparison, I have to pay from 26% to 52.5% higher wages to my operators than KDOT pay their operators. This Davis-Bacon wage should not be paid by contractors if the Kansas Department of Transportation is not required to pay their laborers and operators the same wage. Why does KDOT not pay their laborers and operators the Davis-Bacon wage? The answer is very simple - they cannot afford to pay the Davis-Bacon wage or it would be a budget buster on their payroll. If you could follow this analysis to all construction employees of KDOT over the entire State then you could see what additional payroll effects it would truly have.

KDOT awarded \$299,849,000.00 in contracts last year. If we use my previous percentage on labor savings of 6.4% then we would discover that \$19,190,366.00 was paid out in additional labor costs.

3/28/91  
Att TX

This practice has got to be stopped and it needs to be stopped right here in the committee room today.

Thank you for the opportunity to testify and I will try to answer any questions you might have at this time. I have also listed my telephone number and address in case you might have any questions in the future.

3/28/91  
Att IX  
9-4



GENERAL WAGE DECISION NO. KS89-6

Supersedes General Wage Decision No. KS88-6 Dated 1-6-89

State: KANSAS  
Area 4

County(ies): Douglas, Jefferson, Leavenworth, Miami and Shawnee

Construction  
Type: Highway

Construction  
Description: Highway Construction

Modification Record: No.	Publication Date	Page No.(s)
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Att TX  
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KS89-6



Basic Hourly Rates Fringe Benefits

AREA IV

CARPENTERS & PILEDRIVERMEN:

Zone 1	11.70	1.80
Zone 2	17.20	3.33
CARPENTERS (Zone 3)	15.175	3.33
PILEDRIVERMEN (Zone 3)	17.20	3.33

CEMENT MASONS:

Zone 1	16.42	2.48
Zone 2	12.50	1.05
Zone 3	12.20	1.05

ELECTRICIANS:

Zone 1	18.74	3.95+ 3%
Zone 2	15.55	2.13+ 3%

IRONWORKERS

Leavenworth County	18.41	3.87
Douglas, Jefferson, Miami, and Shawnee Counties	15.41	3.87

LINE CONSTRUCTION:

Zone 1:		
Lineman	18.79	1.25+ 11%
Lineman Operator	17.53	1.25+ 11%
Groundman Powderman	13.16	1.25+ 11%
Groundman	12.54	1.25+ 11%
Zone 2:		
Lineman	17.31	1.25+ 3.5%
Cable Splicers	18.18	1.25+ 3.5%
Groundman	11.07	1.25+ 3.5%
Powderman	14.25	1.25+ 3.5%
Line Truck & Equipment Operator	14.25	1.25+ 3.5%

LABORERS:

Zone 1		
Group 1	7.95	2.30
Group 2	8.20	2.30
Zone 2		
Group 1	8.75	2.30
Group 2	9.00	2.30
Zone 3		
Group 1	9.10	2.40
Group 2	9.35	2.40
Zone 4		
Group 1	7.95	2.30
Group 2	8.20	2.30

POWER EQUIPMENT OPERATORS

Zone 1: Leavenworth County		
Group 1	16.50	4.52
Group 2	16.25	4.52
Group 3	15.55	4.52
Group 4:		
Oiler	11.53	4.52
Oiler, Driver, all types	14.55	4.52

Zone 2: Jefferson, Miami, Douglas & Shawnee Cos.:

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 Alt TX  
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Group 1	12.87	2.70
Group 2	12.62	2.70
Group 3	12.37	2.70
Group 4	12.02	2.70
Group 4A	12.12	2.70
<b>TRUCK DRIVERS</b>		
Zone 1: Leavenworth & Miami Counties:		
Group 1	15.07	5.00
Group 2	14.92	5.00
Group 3	14.61	5.00
Group 4	14.41	5.00
Group 5	14.19	5.00
Zone 2: Douglas, shawnee & Jefferson Cos.		
Group 1	9.40	1.75
Group 2	9.50	1.75
Group 3	9.65	1.75

**ZONE DESCRIPTIONS**

**CARPENTERS AND PILEDRIVERMEN:**

- Zone 1: Douglas, Shawnee and Jefferson Counties
- Zone 2: Leavenworth County
- Zone 3: Miami County

**CEMENT MASONS:**

- Zone 1: Leavenworth and Miami Counties
- Zone 2: Douglas and Shawnee Counties
- Zone 3: Jefferson County

**ELECTRICIANS:**

- Zone 1: Leavenworth County (Delaware, High Prairie & Kickapoo Townships) City of Leavenworth & Fort Leavenworth Military Reservation
- Zone 2: Douglas, Jefferson, Miami, Shawnee and the remainder of Leavenworth County

**LINE CONSTRUCTION:**

- Zone 1: Leavenworth County, north of Fairmont; Strainger, and Tanganoxie Townships
- Zone 2: Douglas, Jefferson, Miami, Shawnee Counties, and remainder of Leavenworth County

**LABORERS:**

- Zone 1: Jefferson County
- Zone 2: Douglas and Shawnee Counties
- Zone 3: Leavenworth County
- Zone 4: Miami County

**TRUCK DRIVERS**

- Zone 1:
  - Group 1 - Mechanics and Welders
  - Group 2 - A-frame lowboy - boom truck drivers
  - Group 3 - Material Trucks, Tandem Two Teams; Semi-trailers; Winch Trucks-Fork Trucks; Distributor Drivers and Operators; Agitator and Transit Mix, Tank Wagon Drivers, Single Axle; Tank Wagon

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 Att IX  
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Drivers; Tandem or Semi-trailer; Isley Wagons; Dump Trucks, Excavator, 5 cu. yds. and over; Dumpsters; Half-tracks; Speedace; Euclids and other similar excavating equipment  
 Group 4 - One Team; Station Wagons; Pickup Trucks; Material trucks, single axle; Tank Wagon Drivers, single axle  
 Group 5 - Oilers and Greasers

## Zone 2:

Group 1 - Pickups; Panel Trucks; Station Wagons; Flat Beds; Dump and Batch Trucks, single axle  
 Group 2 - Tandem Trucks; Warehousemen or Partsman; Mechanic Helpers and Servicemen  
 Group 3 - Lowboys; Semi-trailers; all Transit Mixer Trucks (single or tandem axle); A-frame and Winch Trucks when used as such; Euclid, End and Bottom Dump; Tournarockers, Atheys, Dumpsters and similar off-road equipment and mechanics on such equipment

## CLASSIFICATION DEFINITIONS

## LABORERS

1. Board Mat Weavers & Cable Tiers, Georgia Buggy (Manually operated), Mixerman-No Skip Lift, Salamander Tenders, Track Men, Tractor Swamper, Truck Dumper, Wire Mesh Setter, Water Pump up to 4 inches, and all other general laborer including Flagman.
2. Air tool Operators, Cement Handlers (Bulk), Chain Saw, Georgia Buggy (Mechanically Operated), Graderman, Hot Mastic Kettleman, Crusher Feeder, Joint Man, Jute Man, Mason Tender, Material Batch Hopper & Scale Man, Mixer Man, Pier Hole Man (working 10 Feet Deep), Pipelayer - Drainage (Concrete and/or Corrugated Metal, Signal Man (Crane), Truck Dumper - Dry Batch, Vibrator Operator, Wagon & Churn Drill Operator, Asphalt Raker, Barco Tamper, Concrete Saw, Creosote Material - Handling & Applying, Nozzle Burner (Cutting Torch and Burning Bar), Conduit Pipe, Water and Gas Distribution Lines, Tile and Duct Line Setter, Form Setter & Liner on Concrete Paving, Powderman, Sandblasting & Gunite Nozzlemans, Sanitary Sewer Pipe Layer, Steel Plate Structure Erectors, Screed Man.

## POWER EQUIPMENT OPERATORS

## Zone 1: Leavenworth County:

Group 1 - Asphalt Paver and Spreader; Asphalt Plant Console Operator; Auto Grader; Back Hoe; Blade Operator, all types; Boiler, 2; Booster Pump on Dredge; Boring Machine (truck or crane mounted); Bulldozer Operator; Clamshell Operator; Compressor Maintenance Operator, 2; Concrete Plant Operator, Central Mix; Concrete Mixer Paver; Crane Operator; Derrick or Derrick Trucks;

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KS88-6

Ditching Machine; Dragline Operator; Dredge Engineman; Dredge Operator; Drillcat with compressor mounted on cat; Drilling or Boring Machine; Rotary, self-propelled; High Loader-Fork Lift; Locomotive Operator, standard gauge; Mechanics and Welders; Maintenance Operator; Mucking Machine; Pile Driver Operator; Pitman Crane Operator; Pump, 2; Quad-trac; Scoop Operator, all types; Scoops in Tandem; Self-propelled Rotary Drill (Leroy or equal-not Air Trac); Shovel Operator; Side Discharge Spreader; Sideboom Cats; Skimmer Scoop Operator; Slip-form Paver (CMI, REX, or equal); Throttle Man; Truck Crane; Welding Machine Maintenance Operator, 2; Hoisting Engine, 2; Active Drums

Group 2: "A" Frame Truck; Asphalt Hot Mix Silo; Asphalt Plant Fireman, drum or boiler; Asphalt Plant Mixer Operator; Asphalt Plant Man; Asphalt Roller Backfiller Operator; Chip Spreader; Concrete Batch Plant, dry power operated; Concrete Mixer Operator; Skip Loader; Concrete Pump Operator; Crusher Operator; Elevating Grader Operator; Greaser, hoisting engine, 1 drum; Latourneau Router; Multiple Compactor; Pavement Breaker, self-propelled of the Hydra-hammer or similar type; Power Shield; Pug Mill Operator; Stump Cutting Machine; Towboat Operator; Tractor Operator, over 50 H.P.

Group 3: Boilers, 1; Chip Spreader (Front Man); Churn Drill Operator; Compressor Maintenance Operator, 1; Concrete Saws, self-propelled; Conveyor Operator; Distributor Operator; Finishing Machine Operator; Fireman, Rig; Float Operator; Form Grader Operator; Pump; Pump Maintenance Operator, other than Dredge; Roller Operator, other than high type asphalt; Screening and Washing Plant Operator; Self-propelled Street Broom or Sweeper; Siphons and Jets; Sub-grading Machine Operator; Tank Car Heater Operator, combination boiler and booster; Tractor, 50 H.P. or less without attachments; Vibrating Machine Operator, not hand; Welding Machine Maintenance Operator, 1

Group 4:  
Oilers  
Oiler driver, all types

**Zone 2: Jefferson, Miami, Douglas & Shawnee Counties:**

Group 1 - Asphalt Paver & Spreader; Backhoe; Boring Machine; Blades, all types; Clanshell; Concrete Mixer Paver Operator; Concrete Plant Operator (automatic); Crane; Truck Crane; Pitman Crane; Hydro Crane or any machine with power swing; Derrick or Derrick Trucks; Dragline Operator; Dredge Operator; Dozer; Ditching Machine; Euclid Loader; Hoist, 2 active drums; Loader, all types; Mechanic or Welder; Mixermobile; Multi-unit Scraper; Piledriver Operator; Power Shovel Operator; Quad Track; Scoop Operator, all types; Sideboom Cat, Cherry Picker; Skimmer Scoop Operator; Pushcat Operators

Group 2 - Asphalt Plant Operator; Elevating Grader Operator

Group 3 - A-frame Truck; Asphalt Roller Operator; Asphalt Plant Boiler Fireman; Backfiller Operator; Barber Green Loader; Boiler, other than asphalt; Bull Float Operator; Churn Drill

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Operator; Compressor Operator (1); Concrete Central Plant Operator; Concrete Mixer Operator, Skip; Concrete Pump Operator; Crusher Operator; Distributor Operator; Finish Machine Operator, concrete; Fireman, other than asphalt; Flex Plane Operator; Fork Lift; Form Grader Operator; Greaser; Hoist, 1 drum; Jeep Ditching Machine; Pavement Breaker, self-propelled (of the Hydra Hammer or similar type); Pump Operator, 4" or over, two; Pump Operator, other than Dredge Screening and Wash Plant Operator; Small Machine Operator; Spreader Box Operator, self-propelled; Tractor Operator, over 50 H.P.; Self-propelled Roller Operator, other than Asphalt Siphons and Jets; Subgrading Machine Operator; Tank Car Heater Operator; Combination Booster and Boilers; Towboat Operator; Vibrating Machine Operator, not hand

Group 4 - Concrete Gang Saw, Self-propelled (con-cut); Conveyor Operator; Harrow, disc. Seeder; Oiler; Tractor Operator, 50 H.P. or less without attachments

Group 4A - Oiler; Motor Crane

FOOTNOTE:

HOURLY PREMIUMS

FOLLOWING CLASSIFICATIONS SHALL RECEIVE (\$.25) ABOVE GROUP 1 RATE Clanshells, 3 yd. capacity or over; crane or rigs, 80 ft. boom or over (including jib); draglines, 3 yd. capacity or over; pile drivers, 80 ft. of boom or over (including jib); shovels & backhoes, 3 yd. capacity or over.

Unlisted classifications needed for work not included within the scope of the classifications listed may be added after award only as provided in the labor standards contract clauses (29 CFR, 5.5 (a)(1)(11)).

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*P. Callan*

I am opposed to forcing Kansas tax payers to pay an artificially inflated price for construction services.

The "prevailing wage law" makes absolutely NO provision to assure that the tax payer receives a fair return for his or her tax dollar. One excuse for imposing this law is the flawed argument that if you pay VERY high wages, you will automatically be assured of getting high quality and production.

There is absolutely no proof that this is true. In fact the opposite is true. If a person knows his wage scale can not be effected by his effort or lack of effort, their incentive to be productive is gone

The main purpose of Davis Bacon is to rig the wage scale in favor of a few and at the expense of many . If this were done in the business world, it would violate laws forbidding collusion, price fixing, bid rigging and other anti trust laws.

Data from architects doing school design work in the Kansas City area, show that a school in Kansas (without a "prevailing wage law") cost about \$67.50 per square foot. The same school in Missouri (with a "prevailing wage law") cost about \$82.00 a square foot. Experience has shown the quality to be equal. So, what is the Kansas tax payer getting for this added expense? NOTHING.

The "prevailing wage" in no way represents an AVERAGE wage for working people in Kansas. The construction trades have attained these unrealistic amounts through 50 years of strong arm tactics that border on extortion, often using violence to achieve their goals.

Attached to each transcript you have a copy of the prevailing wage rates for North East Kansas. This shows the base wage and the mandatory benefit packages. Wages for other areas of the state are a little lower than the one made available to us. Shown below are comparisons of wages for various occupations. First column of numbers to the right of a typical occupation is the prevailing wage rate. The second column to the right is the free market average, the third column is for Kansas state employee wage rate, after 13 years employment.

*L. J. + S. B.*  
*3/28/91*

As is clearly evident the so called prevailing rate in no way reflects the average wage for a given occupation.

OCCUPATION	PREVAILING WAGE	FREE MARKET (St. avg.)	KANSAS ST. EMPLOYEE ( after 13 years )
Carpenter	\$17.50	\$11.12	\$12.18
Plumber	20.46	15.07	14.10
Electrician	19.19	13.52	14.10
Sheet Metal Worker	18.66	12.16	12.18
Painter	17.99	8.66	12.18
Heavy Eqp. Operator	16.83	9.24	13.43
Welder _ pipe	20.30	15.07	13.43

OTHER SKILLED OCCUPATIONS:

Auto Mechanic	10.60
Aircraft Mechanic	12.41
Telephone & T.V. line installer	9.85
Quarry Worker	8.89
Foundry Worker	7.17
Machine Assemblers	8.79
Stationary Engineer	12.40
Chemical Plant Operator	13.84

SOURCE:	Ks Dept of personnel serv.	Ks Dpt Human Resources	Fed wage survey
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The wages reported on the Davis Bacon Prevailing Wage list are not, and never have been based on reliable information. The very first and only wage survey conducted by the Federal Department of Labor in Kansas since the law was written in the 1930's was done last summer. I am told by the Department of Labor that the findings of that survey will not even be reviewed for two more years. When the survey becomes available to the public, the absurd inaccuracy of the old prevailing wage rates will be evident. If this law is passed, it would force Kansas tax payers to squander millions of dollars extra for public works projects.

I am sure you have heard from a few construction employers who speak in favor of this law. They most likely used the tired old phrase, "they want a level playing field". The playing field is level now. The great American leveler is, the free market system. As soon as you start "rigging" any part of it, it fails to work well.

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One of the hidden cost in the prevailing wage law is the requirement to adhere to restrictive work rules. One incredibly expensive rule, allows employment of only 1 apprentice for each 3 journeymen. The only purpose for this rule is to force employers to hire more journeymen classification.

At a time when every agency and group associated with construction, forecast huge shortages of man power in the next 10 years, Davis Bacon restricts entry level employees. The majority of jobs sight tasks are performed by 2 man teams. That is a perfect arrangement for training the new and less experienced worker. Davis Bacon forbids that 1 to 1 arrangement. They usually require 3 to 1.

While we are on the subject of entry level employees (doing public works projects) please note that if the Davis Bacon / prevailing wage law is implemented, young entry level people can not simply be hired as apprentices. They must be registered with the Federal Bureau of Apprenticeship and Training. Without spending a lot of time talking about the incredible amount of restrictions involved in that, please note that another stumbling block has been thrown in front of younger workers. Isn't that just what young Kansas families need!

Please allow me to point out another hidden cost in the Davis Bacon / prevailing wage law. Which is, the thorny issue of using "helpers". This classification of worker is not effectively recognized by Davis Bacon. What this means is, that only journeyman and federally registered apprentices can work on a job sight regardless of the task, no matter how simple, only those 2 classifications are allowed to do the work.

A good example is the installation of a typical 2' x 4' light fixture in a school or office building. From the time the delivery truck pulls onto the construction sight, to the final installation of the light, takes approximately 3 man hours. The only portion of that 3 man hours that requires electrical skill is the actual "termination" of the wiring at the light fixture. That requires about 15 to 30 minutes. All the other time is handling; unloading the truck, unpacking and delivery to the general area for the final installation. The Davis Bacon / prevailing wage law mandates that all the work be done by journeymen electricians ONLY. NO HELPERS! That means paying electrician wages for unskilled labor 75% of the time.

I am not an electrician, but I can not see where most of that work requires electrical skills.

The use of helpers is consistently being thwarted in court challenges by the AFL-CIO.

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If Kansas saddles it's self with this unreasonable law, we will guarantee higher construction cost. It will in no way increase the quality or quantity of what we receive for our tax dollar.

Let's not be fooled by the notion that the "prevailing wage law" looks out for working people. The only purpose of this unfair law is to advance a privileged few at the expense of everyone else.

In a time when the state is struggling to stretch it's limited funds, why are we searching for ways to increase the cost of public buildings.

AMERICA IS A FREE MARKET SYSTEM. LET'S LEAVE IT THAT WAY!

Thank you.

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Crafts	Basic Hourly Rates	Over-Time Rates	Fringe Benefit Payments				
			H & W	Pen.	Vac.	Appr. Trg.	Others
Asbestos Workers	19.79	1	1.57	3.82		.09	
Bollemakers	19.65	4	2.25	1.35		.10	(b)
Bricklayers-Stone Masons	15.70	4	1.85	2.40	1.50		
Carpenters	17.50	5	1.60	2.05		.15	
Cement Masons	15.30		1.735	1.30	1.25	.18	SD .40
Electricians(Inside Wireman)	19.19	13	2.00	2.20	.71	.20	NEFF .31
Elevator Constructors	18.28	1	3.145	1.99	(a)	.085	
Engineers-Portable & Hoisting:							
Group I	16.83	5	2.00	1.50	1.05	.15	SD .73
Group II	16.02	5	2.00	1.50	1.05	.15	SD .73
Group III-(See Note A Below)							
Group IV							
Pipe Fitters	20.30	1	2.21	2.55		.10	
Glaziers	15.76	5	2.67	2.10	2.43	.04	
Laborers(Building):							
General	13.60	5	1.80	1.00	1.05	.20	
Semi-Skilled	13.90	5	1.80	1.00	1.05	.20	
Hod-Carriers	13.75	5	1.80	1.00	1.05	.20	
Plasterers Tenders	13.75	5	1.80	1.00	1.05	.20	
Sewer-Pipe Layers(Estimation)							
Lathers-Metal, Wood-Use Carpenters Rate							
Insolium Layers & Cutters	14.03	9	1.85	1.40	V&H-10	.18	
Marble Masons	18.17	3	.71	.51			
Millwrights-Use Carpenters Rate							
Iron Workers	18.41	5	2.25	2.10		.12	
Painters:							
Brush	16.99	5	1.65	1.40		.15	
Spray	17.99	5	1.65	1.40		.15	
Plasterers	19.90	4					
Plumbers	20.46	4	2.10	1.75		.20	
Pile Drivers-Use Carpenters Rate							
Roofers	15.83	4	1.82	2.20		.14	
Sprinkler Fitters	20.88	1	2.05	2.57		.20	
Tile Setters	19.41	3	1.65	1.30			
Truck Drivers, Teamsters	15.135	5	2.00	2.00			SD .50
Well Drillers							
Welders - Acetylene & Electric*							
Note A: Group III							
Oiler	11.42	5	2.00	1.50	1.05	.15	SD .73
Oiler Driver-all types	12.22	5	2.00	1.50	1.05	.15	SD .73
Fork Lift-Masonry & Maintenance Operator	14.58	5	2.00	1.50	1.05	.15	SD .73
A Frame Trucks, Fork Lift-all types and sizes(except Masonry), Mixers w/Side Loaders, Pumps(w/well points) dewatering systems, test or pressure pumps, Tractors(except when hauling material) less than 50 H.P.	14.87	5	2.00	1.50	1.05	.15	SD .73

\*Welders receive rate prescribed for craft performing operation to which welding is incidental.

OVERTIME RATE NO. 1: Means double-time shall be paid for all work in excess of eight (8) hours per work day. Saturdays, Sundays and holidays shall also be paid at the double time rate.

OVERTIME RATE NO. 2: Means time and one-half shall be paid for all work in excess of eight (8) hours per work day.

OVERTIME RATE NO. 3: Means time and one-half shall be paid for all work in excess of eight (8) hours per work day. Saturdays, Sundays & holidays shall be paid at the double time rate.

OVERTIME RATE NO. 4: Means time and one-half shall be paid for all work in excess of eight (8) hours per work day, Monday thru Friday. Time and one-half applies to all work on Saturdays. Sundays & holidays shall be paid at the double time rate.

OVERTIME RATE NO. 5: Means time and one-half shall be paid for all work in excess of eight (8) hours per day (if working five 8-hour work days), or in excess of ten (10) hours per day (if working four 10-hour work days), for work on Friday (if working 4-10's) and work on Saturdays. Sundays & holidays shall be paid at the double time rate.

OVERTIME RATE NO. 9: Means time & one-half shall be paid for all work in excess of eight (8) hours per work day, Monday through Friday. Saturdays & Sundays shall be paid time & one-half unless they fall on a designated holiday, then double time is paid. All designated holidays shall receive double time pay.

OVERTIME RATE NO. 13: Means the first four (4) hours of overtime after the normal work day, each day Monday through Friday and the first ten (10) hours of overtime on Saturdays shall be paid for at one & one-half times the regular straight time rate of pay. All other work performed outside of the regularly scheduled working hours & outside of the first (10) hours worked on Saturdays shall be paid for at a double time rate of pay.

OVERTIME RATE NO. 14: Means the 9th & 10th consecutive hours worked Monday through Friday are paid at time & one-half. The first eight (8) hours on Saturdays between 7:00 a.m. and 5:30 p.m. are paid at time & one-half. All other overtime hours, Sundays & holidays are paid at a double time rate of pay.

OVERTIME RATE entitled "FED": Minimum requirement per Fair Labor Standards Act means time and one-half (1½) shall be paid for all work in excess of forty (40) hours per work week.

FOOTNOTES

- (a) Vacation: Employees under 5 years - 6%, over 5 years - 8%.
- (b) Annuity Trust - 65¢.

Off X  
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Testimony Before Senate Labor and Industry Committee

on HB 2278

Thomas E. Slattery

Associated General Contractors of Kansas

March 28, 1991

I am Tom Slattery, executive vice president of the Associated General Contractors of Kansas. AGC of Kansas represents 250 general contractors, subcontractors and associate members who are directly engaged in or provide services for the commercial and industrial building construction industry in Kansas.

Since the early 1980s AGC of Kansas has had a policy against the concept of "prevailing wage" laws at all levels of government. We believe that the free market system should be allowed to operate in the area of public works the same as it does in the private sector.

Kansas had a state prevailing wage law from the early 1890s until 1987. The law, originally enacted to protect local workers from low wages paid to immigrants, lay dormant for many years unnoticed and not enforced. During the early 1980s there was only philosophical debate over the law. In 1985, the Governor, through executive order, called for wage rates to be determined and published in specifications for state projects. This action brought about much criticism of the method by which wages were determined, sometimes

reflecting huge variances on jobs where counties might be adjacent to each other.

In April of 1987 the legislature repealed this 96 year old law. Similar laws or Little Davis Bacon laws have been repealed in many other states in recent years.

The proposal you consider today, HB 2278, is worse than its predecessor. The reason it is worse is that it would rely on federal Davis Bacon wages and job classifications to determine what kind of craftsman would get paid what amount in wages.

Davis Bacon wage rates are determined by the United States Department of Labor. The DOL must determine and maintain prevailing wages for more than 3,000 counties in at least 19 trades. That's 50,000 wage determinations. Multiply that by the four types of construction (heavy, highway, building and residential), and the figure increases to 228,000. There is simply no way the DOL can maintain accurate determinations of what the prevailing wage would be in the 105 counties in Kansas.

Often times, the Davis Bacon rate reflects the wages stated in a collective bargaining agreement. For example, some collective bargaining agreements cover 20 or more counties, often times in rural areas. When a wage survey is conducted it may well be that there has been no contractor active in that

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area for sometime. However, the collective bargaining agreement is made available to the DOL and that may be the figure they use to determine a prevailing wage.

As was mentioned yesterday, the wage in a collective bargaining agreement also includes fringe benefits such as health and welfare and pension contributions.

Numerous studies through the years show that Davis Bacon wage rates increase the cost of construction projects.

The American Enterprise Institute study determined that it raised costs from 4% to 7%.

The General Accounting office issued nine reports on Davis Bacon between 1962 and 1979, all negative, with the final one urging repeal.

The Government Accounting office estimated the 1977 administrative cost of the Davis Bacon Act had increased \$201.6 million and that Davis Bacon inflated covered construction costs in 1977 between \$288 and \$513 million. The Grace Commission study indicated Davis Bacon rates increased costs from 3.4% to 37.7%.

The Congressional Budget office study showed that costs were increased by 3.7%. An Oregon state study showed

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that Davis Bacon rates increased costs from 26.1% to 37.7% in rural areas.

Regardless of the amounts of increases these studies show the bottom line is that Davis Bacon wages do increase the cost of construction.

At a time when the legislature is totally preoccupied with trying to reduce costs, increase revenue and give tax relief, it seems inconsistent to consider a proposal such as HB 2278.

In summary, we oppose the use of Davis Bacon wage rates for state construction projects for the following reasons:

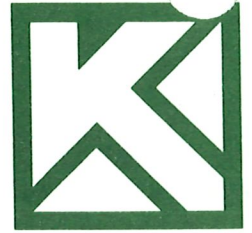
- 1) It would directly increase the cost of construction of state projects and indirectly boost private sector costs.
- 2) It generates paper work and can limit female and minority job opportunities.
- 3) It is impossible to administer properly and accurately.
- 4) It restricts work force flexibility.
- 5) It can turn many capable contractors away from bidding state projects, thus reducing competition and increasing costs.
- 6) It can upset local wage rates but does not necessarily protect local contractors or workers.
- 7) It is not necessary.

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# LEGISLATIVE TESTIMONY

## Kansas Chamber of Commerce and Industry

500 Bank IV Tower One Townsite Plaza Topeka, KS 66603-3460 (913) 357-6321



A consolidation of the  
Kansas State Chamber  
of Commerce,  
Associated Industries  
of Kansas,  
Kansas Retail Council

HB 2278

March 28, 1991

KANSAS CHAMBER OF COMMERCE AND INDUSTRY  
Testimony Before the  
Senate Committee on Labor, Industry and Small Business  
by

Terry Leatherman  
Executive Director  
Kansas Industrial Council

Madam Chairperson and members of the Committee:

I am Terry Leatherman, with the Kansas Chamber of Commerce and Industry. Thank you for the opportunity to present the reasons why KCCI is opposed to HB 2278, which calls for the imposition of federal Davis-Bacon prevailing wages for employees performing work on public works projects in Kansas.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 3,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 55% of KCCI's members having less than 25 employees, and 86% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

*TLSB*  
3/28/91

12-1 Attachment XII

During appearances before the Kansas Legislature, KCCI attempts to reflect the views of the over 3,000 businesses which support the Kansas Chamber. Achieving that challenge is difficult, since the diversity of KCCI's membership often leads to opposing viewpoints on business issues before the Kansas Legislature. However, the issue of imposing a prevailing wage in Kansas has universal opposition in the business community. When KCCI members were asked about this issue last fall, 97% of the 700 members who responded to the survey indicated they oppose the concept of requiring employers to pay a prevailing wage to employees on public works projects. There are several fundamental reasons for the universal opposition of Kansas business men and women to this issue.

HB 2278 is tied to the federal Davis-Bacon Act, which was passed by Congress in 1931 as a Depression-era attempt to prevent roving construction labor from flooding a labor market and undercutting local wage rates. However, in the decades which have passed since its passage, significant problems have been identified regarding federal Davis-Bacon prevailing wages. These problems will come home to roost in Kansas, if HB 2278 is passed.

First, there is an overwhelming body of evidence to support the contention that requiring the payment of Davis-Bacon prevailing wages will drive up the cost of public works construction projects. As early as 1971, the General Accounting Office estimated the Davis-Bacon Act inflated wages by about 15%. In 1983, the Congressional Budget Office estimated the repeal of the Davis-Bacon Act would save the federal government \$1.1 billion of its \$30 billion budget for federal construction projects. Three factors figured into the Congressional Budget Office's \$1.1 billion cost saving estimate. They were wage-related cost increases, the elimination of work practice restrictions inherent with the Act, and the elimination of contractor paperwork requirements. The costs associated with the Act was recognized by Congress in the mid-80's, when it passed legislation placing thresholds on the size of federal contracts required to comply with the Davis-Bacon Act. However, these cost-cutting reforms of Davis-Bacon were removed from the final versions of federal legislation.

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Another problem which Kansas should expect if HB 2278 is approved is the administrative maladies which have developed during the 60 year history of the Davis-Bacon Act. To appreciate the enormity of determining a prevailing wage, consider all of the factors the Department of Labor must consider. The Department of Labor must develop a "to the penny" wage rate for each job on a construction project, which could include hundreds of different job descriptions. The Department of Labor must factor into its determinations the type of construction work being performed, which ranges from the building of a dam to the construction of a high-rise office building. In addition, where the work is being performed is another important element in the equation.

The administrative nightmare of the Davis-Bacon Act was best illustrated in a 1979 study of the Department of Labor's prevailing wage determinations by the United States Comptroller General. The study indicated the Department of Labor's prevailing wage for a worker classification was wrong 87% of the time. To be kind to the Department of Labor, it should be pointed out the Comptroller General's study adopted Davis-Bacon testing standards in reaching its conclusion. However, it is a testament to inaccuracy to note that two departments of the federal government, following the same standards, disagreed on what a prevailing wage should be 87% of the time.

Since HB 2278 is tied to the federal Davis-Bacon Act, KCCI believes there are ample financial and administrative reasons to reject this legislation. However, it is perhaps even more important to point out some common sense reasons why the concept of requiring a prevailing wage be paid for work on public works projects is not a course Kansas should take.

1. The concept behind prevailing wage legislation is to abandon the principle of competition. The state of Kansas feels it is proper to seek the lowest possible bid, yet expect a quality product, when it purchases supplies or contracts with individuals to perform a service, yet seeks to eliminate this important element for workers on public works projects.

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2. The concept of "you pay for what you get" when prevailing wages on construction projects is flawed. When Davis-Bacon rates are higher than the typical pay offered by contractors, it will have no effect on productivity, since there is not motivation for receiving the higher wage.

3. Public works projects represent around 20% of the construction marketplace. The remaining 80% of the marketplace, private construction contract work, manages to produce a quality product without the necessity of a prevailing wage.

4. The federal Davis-Bacon Act was a product of the Depression. Since its passage in 1931, there have been numerous labor laws which have been passed which make further protection of the worker in this area unnecessary.

5. National studies dispute the notion that prevailing wage legislation protects local contractors. Studies by Oregon State University and the federal General Accounting Office in 1980 indicated a higher percentage of public works contracts were awarded to construction companies outside the "home" county than private contracts for construction projects.

Thank you for this opportunity to express KCCI's opposition to HB 2278. I would be happy to attempt to answer any questions.

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# NFIB Kansas

National Federation of  
Independent Business

## TESTIMONY

on House Bill 2278

Senate Committee on Labor, Industry and Small Business

Madam Chairman, and members of the committee, my name is Jim Yonally, Director of the Kansas chapter of the National Federation of Independent Business. I am pleased to speak on behalf of over 7,500 small businesses in Kansas who are members of our organization, and express our opposition to House Bill 2278. Our legislative program is determined by a vote of our membership, and our members have consistently opposed this type of legislation.

It seems clear to us that the purpose for this bill is to require contractors to pay workers a higher salary if the contractor is performing work on some capital improvement project for the state, than he would if the same work were being performed for a private entity. To us, this makes no sense. Just because we, as taxpayers, don't have to reach in our pockets for more money, or write a bigger check, when the project is completed doesn't mean that we won't pay more at some point. We will pay when it comes time to collect taxes.

We urge your defeat of House Bill 2278.

State Office  
10039 Mastin Dr.  
Shawnee Mission, KS 66212  
(913) 888-2235



The Guardian of  
Small Business

*L. J. B.*  
*3/28/91*

*Attachment XIII*  
*13-1*

# Dry Wall Construction, Inc.

4830 S. Topeka  
Topeka, Kansas 66609

March 28, 1991

TO THE SENATE INDUSTRY, AND SMALL BUSINESS COMMITTEE.

REFERENCE; HB2278

My name is Harold Smith. I am Vice President of Drywall Construction, Inc. We are an interior partition, acoustical ceiling, curtain wall subcontractor doing work in the Topeka, Manhattan, Lawrence, Olathe, and Lenexa area. We are presently working 35 people. Our wage structure is from \$6.00 per hour for the beginner to \$14.00 per hour for the fully qualified. We use an average wage of \$11.00 per hour when we bid on a job. Drywall Construction, Inc. was a union contractor until 1981, at which time the men voted the union out.

There are two misconceptions about the Davis Bacon Wage Law that I feel must be addressed:

1. We constantly hear that wage rates make no difference on the total price of the bid. The union general contractor can bid as cheap as the non union general contractor. The only reason he can is because under the present system, the union general contractor can use the low prices of the non union subcontractors. Subcontractors furnish 90% of the labor on projects. Most of the general contractors in the state subcontract their work. What this means is the base bid of the union and non union general contractor can be in the same range.

How does Davis Bacon Wage Laws affect the projects? We just completed the Snow Hall Renovation on the KU Campus. We estimated 19,622 hours to do the job. The Davis Bacon Law, based on present conditions, would have increased our hourly rate \$3.30 per hour. This would have been \$68,550.00. Add the labor taxes, or an additional \$83,661.00 would have to be added to our estimate. This increase would have been given to all general contractors. This increase does not include our overhead and profit or the general contractors mark-up. Our contract price was \$488,680.00. This would have been a 17% increase on the total amount of our bid.

We are now doing the Flint Hills Job Corp Center at Manhattan, Kansas. This is a Davis Bacon Job. Again the wage determination was based on union wages, and not the average wage of the area. Our estimate for labor on the project was 25,912 hours. Add the \$3.30 per hour Davis Bacon increase, plus the labor taxes and the taxpayer had to pay \$104,320.00 more for our part of the work. This did not include our overhead and profit increase or the general contractors mark-up. Our contract price is \$958,757.00. This was a 11% increase on the total amount of our bid.

*L.J.V.A.B.*

*3/28/91*

*Attachment XIV*  
*14 - 1*



# *Dry Wall Construction, Inc.*

4830 S. Topeka  
Topeka, Kansas 66609

Davis Bacon Legislation makes the subcontractors bid higher, which does increase the costs of the project. The bids the general contractors submit will not necessarily show the percentage's indicated above in differences between their bids.

2. The union would have you believe that paying higher wages gets more production and better quality, because of more skill, and therefore does not increase costs - totally untrue. What happens is that the taxpayer pays a tremendous amount for inefficiency when we are forced to use artificially higher Davis Bacon Wages.

If a person is only capable of producing X number of units on Friday, how can he produce 30% more on Monday because his pay is increased 30%. It is a known fact that not all people are the same. That is why we pay on Ability, Knowledge, and Dependability.

We face a problem at the Flint Hills Job. What do we do with the \$8.00, \$9.00, \$10.00 per hour people who still need work? If we do not have other work on non scale jobs for their ability, we must lay them off. We are limited to the highest producers we can find. If we must pay \$14.30 per hour for the \$8.00 per hour output, then the taxpayer pays for the inefficiency I talked about.

Davis Bacon Wage Legislation is very prejudicial against the average worker, the unskilled worker and the taxpayer.

If it is true what we read in the papers about the state being short of money, then we should let the free enterprise system work. Free competition helps to hold the prices down because it keeps the costs down.

I URGE YOU TO VOTE NO ON HB 2278.

3/28/91  
Att XIV