

Right-to-work debate

State overpays for inflated construction costs

Editor's note: The following three articles are from the Mackinac Center for Public Policy based in Midland. Each takes a look at an aspect of the current right-to-work debate going on in Lansing and throughout the state from the center's perspective.

By PAUL KERSEY
Of the Mackinac Center for Public Policy

A study by the Mackinac Center for Public Policy estimates that Michigan's prevailing wage law, which requires union wages to be paid on state construction projects, costs state taxpayers about \$250 million per year.

The main effect of this extra cost is to boost the wages of construction workers, most of whom earn compensation well above the average for Michigan residents, according to the study.

Michigan's prevailing wage law also appears to decrease the number of construction jobs in the state.

This amounts to a trifecta of bad public policy.

Michigan's prevailing wage law effec-

tively boosts construction wages by 40 percent to 60 percent whenever the state pays for or helps finance construction.

Construction workers' median wages are now 28 percent higher than those for Michigan workers as a whole. This boost for mostly above-average-wage workers increases the cost of state-financed construction, including many schools and roads, by 10 percent to 15 percent. It's a questionable use of taxpayer money.

Because state guarantees on school district construction bonds trigger prevailing wage requirements, the prevailing wage law also applies to most public school construction.

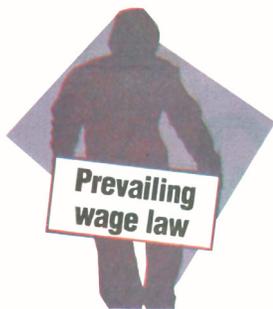
Exempting public school districts alone from the law's requirements would likely save state taxpayers around \$125 million annually.

Michigan's prevailing wage law assumes that union wages prevail in the marketplace, even though unions represent less than a quarter of the construction work force in the state.

Consequently, what Michigan law calls a "prevailing" wage is actually an above-market wage paid to a shrinking minority of construction workers.

The prevailing wage law should be repealed. The Mackinac study also provides alternative measures that sever the link between "prevailing wage" mandates and union rates, allowing contractors to pay their workers wages that are closer to those found in the market.

Paul Kersey is a senior labor policy analyst for the Mackinac Center for Public Policy in Midland.



Study shows less restrictive states are magnets for jobs

By PAUL KERSEY
Of the Mackinac Center for Public Policy

Right-to-work states continue to outperform states that allow for forced unionism — Michigan in particular — in every significant measurement of economic performance, according to a new policy brief released by the Mackinac Center for Public Policy.

The report, which updates a 2002 study by William T. Wilson, found that over the last five years, states with right-to-work laws experienced stronger economic growth and created more jobs than states, such as Michigan, that lack such laws.

Right-to-work laws establish that workers cannot be forced to join or pay union dues as a term of employment. Employees do, however, retain the right to bargain collectively in a right-to-work state.

The most surprising finding is that not only do right-to-work states have a better record than Michigan in economic growth and job creation, but they are poised to overtake Michigan in income as well.

If current trends continue, most right-to-work states will have higher per-capita disposable income than Michigan by 2010.

The policy brief finds that from 2001 to 2006, right-to-work states created jobs at

twice the rate of non-right-to-work states, while Michigan actually lost jobs during that same period. Right-to-work states also saw their economies expand faster and had lower unemployment rates.

A right-to-work law would improve the job climate in Michigan without complicating already difficult budget negotiations or creating environmental risks.

If anything, the advantages of right-to-work laws increased over the last five years.

Right-to-work appears to be a magnet for employers, and the pull is only getting stronger.



Proposed amendment would ban compulsory union fees

By PATRICK J. WRIGHT
Of the Mackinac Center for Public Policy

The Mackinac Center for Public Policy released model language for a Michigan constitutional amendment that would recognize

Michigan workers' rights to hold any job in the public or private sector regardless of whether they belonged to a workplace union or paid union fees.

Similar amendments are in the nation's 22 right-to-work states. Such an amendment has been discussed recently by opinion leaders as a means of attracting businesses to Michigan.

The right-to-work amendment would grant Michigan workers new workplace freedom in plain and simple language that

would withstand legal challenge.

The law change is in the form of a constitutional amendment, rather than a statute, because the permanence of an amendment would send a more meaningful message about the state's business climate and the importance of workers' rights.

A review of other states' right-to-work provisions have resulted in the Mackinac center including three clauses in its model amendment:

- A clear guarantee of right-to-work protections for public employees, such as police officers and teachers, since two courts have ruled that government workers must be mentioned directly to be covered.

- A broad and explicit ban on requiring union fees of any kind as a condition

of employment, since one court recently allowed an onerous fee that had not been specifically prohibited.

- A prohibition on employers' discrimination against union members, thereby honoring the U.S. Constitution's "equal protection" clause and ensuring that union and nonunion employees are treated equally under the law.

The model language for a right-to-work amendment is posted on the Web at www.mackinac.org/8973, and the 17-page study (which also includes the language) can be found at www.mackinac.org/8961.

Patrick Wright is a former Michigan Supreme Court commissioner and a former Michigan assistant attorney general.

