

Senators fight to change 'prevailing wage'

by Heidi Bradner
for the Tundra Times

JUNEAU — "Prevailing wage" and true local hire are crucial issues to Alaskans living in rural areas where unemployment is severe.

Although no concrete gains were made during the last legislative session between rural leaders and the Alaska Department of Labor on how prevailing wage is to be determined, significant ground was broken in sparking debate on the real issue — employment of rural Alaskans on projects in their own communities.

"We went round and round with the commissioner for most of the session. We had quite a confrontation," said Sen. Willie Hensley, D-Kotzebue.

Hensley worked with Sen. John Binkley, R-Bethel, last legislative session to change the way prevailing wage is determined.

They believe the current system results in lost jobs for rural residents.

"It's often a situation of taking two steps forward and one step back," Hensley said. "It's hard to change prevailing wage legislation because there is always someone winning or losing."



Sen. Willie Hensley

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Hensley was referring to Senate Bill 244, a bill which has been in the Senate Labor and Commerce Committee since it was introduced in early April. The bill would create six zones of prevailing wage regions — twice the number the Department of Labor has currently. The bill was opposed by unions and the department.

The conflict originates in a federal law — the Davis-Bacon Act, which Alaska adopted on a state level.

According to the law, contractors performing public construction in the state must pay a local "prevailing wage" as a minimum.

In addition, the act set up a means to calculate prevailing wage by region, trade and craft. It declared three "prevailing wage" regions in the state. They are roughly: north of Fairbanks, south of Fairbanks and Southeast.

The intent of the law was to prevent Outside bidders from "low-bidding" projects, and then bringing in cheap Outside labor.

"However, what it's become over the years is: instead of the local prevailing wage, it's become the union wage," Binkley said.

"The key is, if you allow contractors to pay the going wage in the village, rather than this artificially set Davis-Bacon wage, the money will go a lot further," he said. "You can get a good job that's done by a contractor who knows what they're doing, the



Sen. John Binkley is concerned about employment in rural Alaska.

local people working on it and you're not going to pay those union wages where it costs you so much more to complete the job."

Union leaders, however, are trying to get their own workers off the union benches. They disagree with Binkley and Hensley, claiming the rural leaders' proposals will result in a lower standard of living.

Rural workers are as entitled to union wages as anybody else, they say.

"Even among our own people there was some confusion about what I was trying to do," Hensley says.

"But the truth of the matter is, when we have state-funded projects out in rural areas, if you're paying a prevailing wage, which is, in present circumstances, much higher than even union scales, then you draw in all the unemployed union people from Anchorage and Fairbanks to do a job in a small community because of a high prevailing wage," he said.

Hensley said residents of Alaska villages would prefer to see 20 people working for \$10 an hour than 10 people for \$20 an hour. That spreads the jobs.

"What we were trying to do was to bring the prevailing wage down so that it wouldn't be so attractive to the urban unemployed," Hensley said.

He pointed out that under his proposal, the commissioner of the Department of Labor would have been required to do a prevailing wage rate study by July 1. The resolution passed the Senate, but not the House.

"We've had minimal success in that we did get the Commissioner of Labor to scale down the prevailing wage rate some, but not for all crafts," he said.

Hensley said Labor Commissioner Jim Sampson's job should not be to protect unions, but to protect workers — union or non-union.

Binkley said he hopes Sampson will begin favoring at least more research on the issue.