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### Bad development

Fostering economic development in Ohio is challenging enough without throwing up roadblocks, such as saddling an increasing number of construction projects with inflated labor costs. Gov. Ted Strickland should heed the concerns of Senate Republicans and reconsider the impact of his new guidelines on **prevailing-wage** law.

The rules, issued by the Ohio Department of Commerce, expand the universe of projects on which contractors would be required to pay above-market union **wages**, by decreeing that those **wage** rules apply even to projects with only a small portion of public funding.

That means higher costs for work done in Ohio -- hardly an invitation for companies to do business here. It unwisely insulates unionized construction companies from competition, in effect forcing lower-cost nonunion companies to submit higher bids, eliminating the price advantage they otherwise could offer.

Senate President Bill M. Harris, R-Ashland, is right that the expansion will "kill jobs, kill growth and kill economic development" in Ohio.

If Strickland's goal is to bring clarity and consistency to the **prevailing-wage** law, he could do that with simple rules, such as a percentage threshold for the amount of public funding that would trigger the law.

He also could seek a law change to allow parts of projects -- those portions paid for with tax dollars -- to be subject to **prevailing-wage** law while allowing the parts paid for with private funds to be bid at market labor rates. Ohio law forbids such segmenting.

The best course would be for Strickland and lawmakers to join in commissioning an independent, comprehensive review of how **prevailing-wage** law affects Ohioans. Such an assessment, controlled neither by labor nor business interests, would give lawmakers and the Strickland administration a solid foundation on which to build the best policy.

Under Strickland's new guidelines, **prevailing-wage** obligations kick in for any construction project for which public dollars cover more than \$73,891 and for any reconstruction or renovation project with public funding exceeding \$22,166.

Along with shrinking the pool of contractors competing for every job, thus ensuring higher costs, expanding **prevailing-wage** rules could undermine the creative public-private partnerships that do so much to encourage redevelopment in urban areas and on brownfield sites.

This is an especially destructive burden as the state asks Ohioans to approve a \$400 million bond-issue package to renew the Clean Ohio Fund, which in its first go-round has immeasurably improved the state by providing money to clean up old industrial sites, preserve farmland, provide recreation and parks and allow for environmental conservation.

Under the Commerce Department's new rules, using Clean Ohio Fund money for environmental restoration associated with a private redevelopment project would trigger **prevailing-wage** rules for the entire project. That would make those funds and all partnerships with public entities far less appealing to

developers and blunt a key tool for economic development.

Strickland's **wage** rules likely are a peace offering to his organized-labor supporters. He made these groups unhappy by taking a principled stance against the proposed mandatory-sick-leave ballot initiative, because he knew it would deal a major blow to Ohio's efforts to attract jobs.

Expanding the **prevailing-wage** rules is similarly destructive. Strickland should show he seeks the best course for all Ohioans.

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