



OPEN SHOP GAZETTE

Volume XV, 2007

I was reading the Editorial Section of the *Orange County Register*, the September 14, 2007 edition, and this headline caught my eye: “*Unions sue to preserve inflated wages*”. This editorial was written by Mr. Kevin Dayton, a labor union expert with Pacific Research Institute.

In the State of California there are what are known as Charter cities and counties which means **they operate largely under their own charters, instead of being “general law” cities and counties** which operate largely under state law. When a city or county has its own charter, it gains more control over its municipal affairs. The right of citizens in cities and counties to adopt a charter comes from Article 11 of the California Constitution and there are now 109 Charter Cities and 14 Charter Counties.

Many of California’s charter cities and counties have exempted themselves from state prevailing wage laws for projects funded solely with local money. The reason is financial because in California, prevailing wages are artificially inflated union wages based on collective bargaining agreements that cover large geographic areas for specific construction trades.

These so-called prevailing wages are in effect union wages and can be much higher than local wages, especially in rural areas where the cost of living is lower than major cities. A 2004 study produced by the California Institute for County Government at Cal State Sacramento showed that state prevailing wage requirements increase construction costs by an average of 11 percent. A 2005 federally funded study produced by the Program on Housing and Urban Policy at UC Berkeley estimated that new California prevailing wage requirements signed into law in 2001 increased costs on state-subsidized low-income housing from 9 percent to 37 percent, cutting the construction of more than 3,100 housing units each year.

Earlier this year, the Vista (located in San Diego County) City Council recognized that it could save money by bidding a planned \$100 million of local construction projects without the state mandated prevailing wage requirements. On June 5, 2007, about 67 percent of the voters approved a proposition converting Vista to a charter city, despite an opposition campaign funded by construction unions. Three other cities in San Diego County are also considering becoming charter cities to save money on their local construction projects.

The State Building and Construction Trades Council, a lobbying group for construction unions, is now going to court to force Vista and other charter cities and counties to surrender their local authority over contracting by challenging their right to make contracting decisions independent of state law.

If the unions win, it will mean fewer fire stations, police stations, senior centers and other public amenities for many Californians.