

Supporters of prevailing wage maintain that lower cost labor results in substandard construction, more injuries, and economically insecure workers, which ultimately drives up costs. Dr. Peter Philips, an economics professor, argues in his paper, *Kentucky's Prevailing Wage Law: Its History, Purpose and Effect*, that doing away with Kentucky's prevailing wage would amount to a race to the bottom among contractors for the cheapest workers. According to Dr. Philips, cheap workers from Kentucky or elsewhere endanger workmanship and productivity. Further, he asserts that poor construction results in cost overruns and increased maintenance expenses. Finally, Dr. Philips claims that low cost workers suffer more injuries which increases pressure on the workers' compensation system; and they have reduced or no worker health or pension coverage which increases costs on social services.

When considering the costs and benefits of repealing prevailing wage, it is estimated that the benefits outweigh the costs.

Data Source(s): Labor Cabinet; Legislative Research Commission, Research Report No. 304; Peter Philips, Ph.D., Kentucky's Prevailing Wage Law: Its History, Purpose and Effect; Bluegrass Institute, Kentucky's Prevailing Wage Policy: Plan B.

Preparer: Jennifer Hays **Reviewer:** JWN **Date:** 1/6/17