Prevailing Wage and The Local Market Rate
1. **The Truth**: Prevailing wages are based on records of what local contractors *actually* pay workers on public works and similar projects.

2. **Fast Fact**: Prevailing wages prevent government from using its huge purchasing power to undercut privately-established wages in a community.

3. **Fast Fact**: Prevailing wages are market wages set by local standards and competitive practices.

4. **Fast Fact**: Prevailing wages do not alter the level of bid competition.

5. **Fast Fact**: Using data from the Bureau of Labor Statistics to set prevailing wage rates would *significantly* underreport actual market wages.

6. **This Quote**: “We have no role in setting prevailing wages nor in determining what data are appropriate for that purpose.”  –Bureau of Labor Statistics Commissioner Erica Groshen (2013)

7. **This Figure**: 

\[
\text{Project Bid} = \text{Labor Costs} + \text{Quality} + \text{Productivity} + \text{Materials} + \text{Technology} + \text{Management Practices} + \text{Profit}
\]

Contractors pay the prevailing rate and compete over all other areas of construction efficiency.

8. **This Study**: *The Effect of Prevailing Wage Regulations on Contractor Bid Participation and Behavior* by Jaewhan Kim, Chang Kuo-Liang, Peter Philips at the University of Utah (2012).

9. **This Study**: *Problems with using Occupational Employment Statistics in the Determination of Prevailing Wage Rates* by Kevin Duncan and Peter Philips at the University of Utah (2015).

10. **The Takeaway**: Prevailing wage ensures that workers can afford to live where they work.