



**Prevailing Wage  
A+  
For The  
Illinois Economy**

# HISTORY

**1931 U.S. Govt. Enacts Davis-Bacon Act. This and other Prevailing Wage Laws are rooted in a philosophy of economic growth and stability. They were enacted to:**

- ✓ Promote the use of the local labor force over cheaper labor that can be found elsewhere.
- ✓ Encourage contractors to compete for contracts based on skill, safety and efficiency, rather than cutting wages.
- ✓ Keep labor costs low by employing skilled labor avoiding cost overruns and safety problems.
- ✓ Promote a strong local economy by allowing local contractors to compete on an equal playing field with out of region firms.
- ✓ Improve working conditions for all workers.

## OPPONENTS CLAIMS WITHOUT FOUNDATION

**Huge savings based on Opponents assumption that prevailing wages are the higher union wages.**

- ✓ The truth is there is no factual data to support such a claim. Wages in non PW states solidly reflect survey results of area standard wages and reflect local economies.
- ✓ University of Utah professor, Dr. Peter Philips study affirms the disastrous consequences of repealing the Kansas City prevailing wage law in 1987. Workers wages, Health Ins., Pensions, and Minority opportunities all fell drastically. Injury rates rose 21%. Training fell 38%.

✓ Dr. Philips 1998, 15 state study proves that the average square foot cost for school construction in non prevailing law states and states with the law were not statistically significant. In one case only .66 cents per sq. ft. between the two.

## **HIGH WAGE WORKERS MORE PRODUCTIVE**

**Several studies document the efficiency of high skilled workers.**

✓ A 1983 study at North Carolina State concluded that high wage workers are considerably more productive than their low wage counterparts.

✓ Another study using data from the Fed. Highway Dept. in 1992 looked at highway construction costs in high wage states vs. low wage states.

✓ The conclusion showed the high wage states completed the work in 56 percent fewer hours. Therefore the projects in low wage states did not save taxpayers any money.

## **APPRENTICESHIP TRAINING PROVIDES SKILLED LABOR**

**12/21/94 BNA reports acute skilled labor shortage across U.S. This shortage will persist in the year in 2000 and beyond.**

✓ By requiring training as part of prevailing wage a constant source of skilled workers is renewed and maintained.

✓ Collectively bargained apprenticeship funds accounted for over \$300 million in new skills training across the country.

✓ Government programs have done little to improve training or skills of minorities, even though the law requires minority participation.

✓ Non-union contractors have little or no certified training program, one study shows 61 percent of non-union apprentices drop out of training, further complicating skill shortages.

## **PREVAILING WAGE LAW FOSTERS BETTER SAFETY RECORDS**

**Construction experts agree, \$ billions lost every year due to poor safety.**

✓ OSHA data shows construction the most dangerous occupation.

✓ Research finds contractors using skilled crafts had fewer cited violations in the workplace.

✓ By mandating safety in all its training components, union apprenticeship and journeyman training add value, not cost to the workplace.

## **LAW LENDS STABILITY TO THE INDUSTRY:**

**Critics claim \$ million in savings by cutting prevailing wages of Illinois workers...**

✓ Labor cost are typically 25 percent to 30 percent of total building construction, less on streets and highways.

- ✓ Wage reductions would have to approach 70 percent to save the millions claimed by laws detractors.
- ✓ Laws enforcing fair labor standards actually improves labor market stability in construction industry.
- ✓ Lower wages do not translate into lower costs for owner, more likely in inferior quality and higher profits for contractors paying substandard wages.

## **MORE FLEXIBLE WORK RULES**

**National agreements and Project Labor Agreements are working:**

- ✓ Many prevailing wage projects are PLA's.
- ✓ Work assignments more flexible with all crafts.
- ✓ Shift pay and specialty pay reduced or abolished.
- ✓ PLA's upheld by supreme court as beneficial to government bodies and taxpayers. 30 of 36 challenges have been upheld by courts in favor of PLA's.
- ✓ National agreements help conformity on projects using multiple crafts.
- ✓ No strike, no lockouts, assures job timeliness and productivity, promoting good government policy.

## **NON-UNION WORKERS ARE HELPED TOO**

**Law gives purchasing power to all workers on public construction sites.**

- ✓ Prevailing Wage Law does not discriminate against non union contractors or workers.

- ✓ All contractors can compete in an equal bidding environment.
- ✓ All workers benefit by receiving prevailing wages that then become the community standard, and a living wage.

## **A LAW WORTH PRESERVING**

- ✓ What Illinois needs is more, not fewer, well paying jobs.
- ✓ Attracting high paying jobs through tax abatements at taxpayer expense have not worked.
- ✓ Using tax dollars to raise the quality and salary of some jobs while undercutting the value of construction jobs doesn't make economic sense.
- ✓ If enhancing the vitality of manufacturing jobs with tax dollars is good public policy, then preserving excellence in construction jobs seems even wiser.

**For Additional Information, Contact, Terry Bobell, Illinois Foundation for Fair Contracting (IFFC) at 309-681-5107.**