

# Union Contractors Should Know



## ▶ History of prevailing wage:

- First enacted by Kansas in 1891 to promote development of local construction industry and protect the local economy from cut-rate, out-of-state contractors.
- Enacted by the Federal government in 1931.
- From 1891-1978 prevailing wage laws were passed by 41 states, the federal government, and countless local governments.

## ▶ Prevailing wage laws were enacted regardless of political affiliation:

- Prevailing wage was enacted by 9 states controlled by Republicans and was introduced at the federal level by Congressional Republicans and signed into law by a Republican president.
- Democrats enacted Prevailing Wage Laws in 24 states.
- The same laws were enacted in 8 states with bipartisan control.

## ▶ What does prevailing wage do?

- Protects workers and local contractors from cut-rate contractors, often from outside of the area, who erode local standards with a low wage, unskilled workforce.
- Encourages local economic development and strengthens the tax base by ensuring that public projects promote good, middle-class jobs. These contractors and workers often live and spend money in the communities where they work. A study of school construction in Minnesota found that school construction projects with prevailing wage requirements were 10% more likely to employ local contractors than those that did not.
- Allows highly skilled and trained construction workers to earn enough in their careers to support their families and live a middle class lifestyle.
- Helps promote veterans' careers. Veterans work at high rates in construction, and prevailing wage helps them access skilled apprenticeship programs and good careers where they can earn enough to support their families.
- Protects project owners from a "dollar store" mentality that can emerge in a low-bid environment, where only the initial bid is considered.

## ▶ Prevailing wage...

- DOES NOT increase costs. The vast majority of peer-reviewed research finds that prevailing wage laws do not impact project costs. Research suggesting that prevailing wage results in significant cost increase is, frankly, not credible. Additionally a study of school construction costs in Minnesota finds that prevailing wage requirements do not result in higher bids.
- DOES NOT only benefit union contractors and workers. Prevailing wage benefits all contractors and workers who want to build and invest in the communities they live in. Prevailing wages are set by surveys reflecting the wages of those actually performing the work in a community. Many prevailing wage rates in Minnesota are set by non-union contractors.

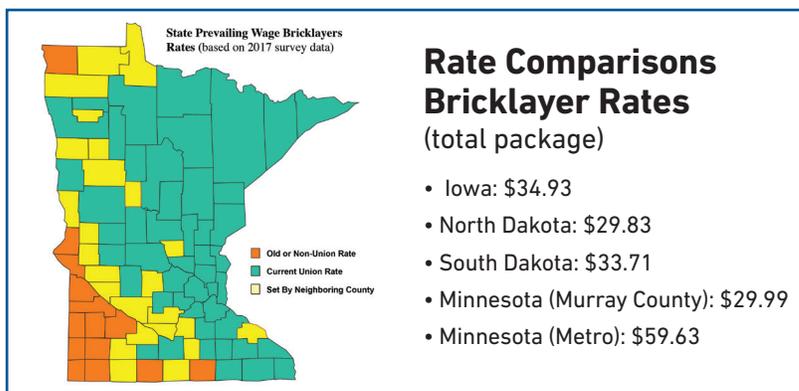
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## ▶ Prevailing wage under attack:

- Prevailing wage laws are increasingly under attack, unfortunately often strictly along party lines.
- The number of states with prevailing wage laws has declined to 26 since 1978.
- Six states have repealed prevailing wage since 2015, with significant negative consequences for the local construction industry, and prevailing wage laws are in danger in Missouri.
- Bills to weaken or repeal federal prevailing wage laws are introduced annually in Congress.

## ▶ A recent study of Prevailing Wage in Minnesota finds:

- Prevailing wage requirements did not increase costs for school projects compared to projects without prevailing wage requirements.
- Minnesota's Prevailing Wage law increases blue-collar construction worker earnings by 5.2 percent.
- Minnesota's Prevailing Wage law expands health insurance and pension coverage in the construction industry, allowing workers to earn benefits, as opposed to relying on social safety net programs.
- Compared to Indiana, which recently repealed its prevailing wage law, worker productivity grew 7.7% faster in Minnesota, and worker turnover rates have fallen further in Minnesota.



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