



NYS Building & Construction Trades Council

Prevailing Wages Build Strong Middle Class Communities.

Workers who receive the prevailing wage are productive members of the middle class, capable of buying homes, raising families, supporting local businesses, and paying taxes. They are also more self-sufficient, more likely to have health insurance and retirement benefits, and less likely to rely on government subsidies.

- For every dollar spent on a prevailing wage project, \$1.50 in economic activity is generated locally.
- States that have no or weak prevailing wage laws spend \$360 million more per year on food stamps and Earned Income Tax Credits for blue collar construction workers than states with average or strong prevailing wage laws.
- Construction workers in states with strong/average prevailing wage laws contribute over \$5.3 billion more in federal income taxes (on average after credits and deductions) per year than their counterparts in states with weak or no prevailing wage laws.

Prevailing Wages Support a Safe, Skilled Workforce

The prevailing wage attracts highly trained individuals, most of whom have spent years in apprenticeship programs perfecting their skills. It also means they work safer, and build superior products with lower maintenance costs. The prevailing wage also translates to safer work places, superior products, lower maintenance costs.

- States with prevailing wage laws show up to 13-15% more value-added per worker, a factor which lowers overall construction costs and debunks the argument that prevailing wage projects cost more.

Prevailing Wages Support Quality Apprenticeship Training

The prevailing wage supports in-state contractors who are committed to training the workforce of tomorrow through well-run apprenticeship programs that attract women and minority workers.

- Prevailing wage policies increase the probability a non-white will work in construction by 6%.
- Eliminating the prevailing wage reduces apprenticeship and construction training opportunities by up to 40% and reduces minority apprenticeship opportunities by 54%.
- Nationally, military veterans work in construction at substantially higher rates than non-veterans. In states with prevailing wage laws, veteran construction employment is even higher and poverty amongst veterans employed in the skilled trades decreases by as much as 31%.

Prevailing Wages Supports Local Hiring and the use of In-State Contractors.

Prior to the enactment of prevailing wage laws, government-funded projects encouraged a “race to the bottom” model which incentivized the use of low-skilled, low-wage workers and out-of-state contractors. The prevailing wage creates a level playing field for *all* contractors by removing “labor cost” from the equation and requiring contractors to bid based on their experience and efficiency and NOT on how low they can drive down wages. As an example, when Michigan and Wisconsin considered weakening their prevailing wage laws, the research showed that the amount of construction work that would have leaked to neighboring states would have cost 9,700 and 6,700 jobs, respectively; \$55M and \$40M in tax revenue, respectively; and reduced each state’s economy by \$1.5B and \$1.1B, respectively.

- Based on the 2012 Economic Census Data, states without prevailing wage laws export 2% of their total construction investments out of state, leading to job losses and substantial reductions in overall economic output. That means New York’s prevailing wage law prevented \$1.74M from being exported to out-of-state contractors in 2012. Imagine what a stronger law could do.