

Spring Issue  
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# Illinois Insights

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## RECENT RESEARCH DEMONSTRATES THE BENEFITS OF PREVAILING WAGE IN ILLINOIS

The Illinois Economic Policy Institute (ILEPI) is a nonprofit organization which supports research and provides, timely, candid, and dynamic analyses on policies affecting Illinois' economy, specializing in the construction industry. ILEPI has released over 130 reports since its inception in 2013, with over 75 reports pertaining to the construction industry, transportation infrastructure investment, right-to-work laws, and prevailing wage laws.

Repealing prevailing wage laws negatively impact veterans. In a recent [peer-reviewed study](#) authored with professors at the University of Illinois and Colorado State University, ILEPI found that veterans are more likely to work in construction than non-veterans. In Illinois, veterans comprise 7% of the construction workforce in Illinois, despite only accounting for 5% of overall employment in the state. The researchers find that as many as 4,300 veterans employed in construction would become displaced from their jobs if Illinois were to repeal prevailing wage. Furthermore, the total wage and salary income of all veterans employed in blue-collar construction jobs would decline by over \$200 million in Illinois, approximately 1,700 veterans would lose their employer-provided health insurance plan, and over 300 veteran workers would fall into poverty.

This aligns with a [previous economic study](#) which found that repealing Illinois' prevailing wage law would be detrimental to the state's economy. Researchers from the University of Illinois, Michigan State University, and ILEPI estimated that a statewide repeal of Illinois' prevailing wage law would shrink Illinois' gross domestic product (GDP) by \$1.1 billion per year and reduce state and local tax revenues by \$44 million annually.

Two recent ILEPI studies also demonstrate how prevailing wage ensures that workers are paid a locally competitive rate. Using data for 32 counties along the state line of (CONT'D BELOW)

## ILLINOIS ECONOMIC INDICATORS

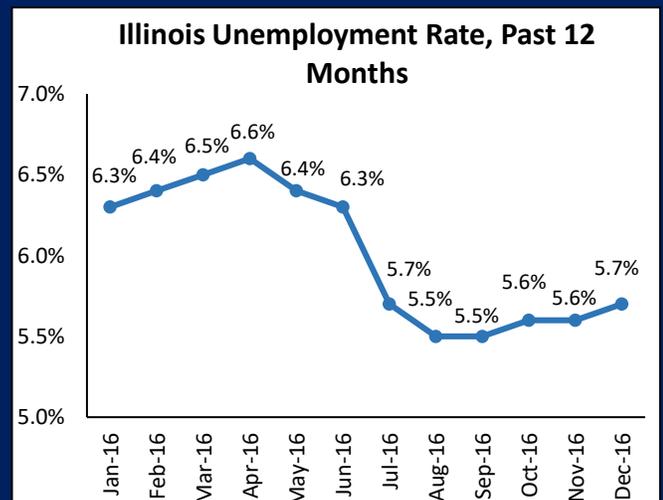
Jobs added (rank), Dec. 2015 - Dec. 2016 = **+45,000 jobs (19)**

Unemployment rate (rank), Dec. 2016 = **5.7% (45)**

Median hourly wage (rank) = **\$17.94 (17)**

Private sector wage growth = **+1.9% last year**

Philadelphia Federal Reserve "state coincident index" rank = **39**



## RECENT RESEARCH (CONTINUED)

Illinois compared to 33 border counties, [ILEPI finds](#) no evidence that prevailing wage “inflates” wages for highway, street, and bridge construction workers. Similarly, [a case study](#) from southern Indiana illustrates how the weakening and eventual repeal of Indiana’s prevailing wage law negatively impacted local contractors. Public works construction employment in the southernmost Indiana counties decreased by over 800 jobs after the wage policy was weakened. Over the same period, public works construction employment grew by nearly 800 jobs in border counties across the river in Kentucky. Weakening prevailing wage resulted in greater usage of lower-wage, out-of-state workers.

Research has also found that prevailing wage supports long-term apprenticeship training in construction. States that have prevailing wage laws have 65% more enrolled apprentices and 60% more graduating apprentices per hour of construction work compared to states without prevailing wage laws. The weakening or repealing of Illinois’ law would cause a drop in apprenticeship training and result in more work-related deaths among construction workers.

Due to the state’s prevailing wage law, construction workers are highly-skilled and earn good, middle-class incomes in Illinois. As a result, they treat their craft as a lifelong *career*, rather than a temporary job. Prevailing wage prevents government from undercutting local standards, supports in-state contractors, provides a competitive level of compensation to workers, promotes apprenticeship training, and supports veterans in particular. Recent research concludes that Illinois must continue this high-road public policy to support the middle class and the economy.

## ORGANIZATION NEWS

The Illinois Economic Policy Institute (ILEPI) has grown substantially over the past year. As of 2017, ILEPI now has four full-time employees. We hope our growth will continue as we research policies that support workers.



Left to right: Mary Craighead (Transportation Policy Analyst), Frank Manzo IV (Policy Director), Allison Taylor (Comptroller), and Jill Manzo (Midwest Researcher).

## INSIGHTS FROM ILEPI REPORTS

- Construction is the fastest-growing industry in Illinois. For many young Illinois workers, enrolling in a registered apprenticeship program is a better option than attending college. Our report finds that registered apprenticeship programs in Illinois’ construction industry provide \$1.25 billion in long-term economic benefits to the state. Over the careers of program participants, the total return on investment from construction apprenticeship programs is \$11 per dollar invested in worker training [[Read More](#)].
- Nuclear energy is Illinois’ most significant electricity contributor, producing over 49% of Illinois’ electricity in 2014. If all nuclear power generation was removed from the state, Illinois’ energy production would become dirtier and consist of 84% coal, 10% renewables, and 5% natural gas [[Read More](#)].
- As the 5th-largest exporter state in the nation, Illinois is particularly exposed to international trade. Since 2006, Illinois has lost over 100,000 manufacturing jobs. Even with job and economic loss, there has been a net \$1.2 billion increase in Illinois’ economy every year due to free trade. This is the paradox of international trade: While trends in manufacturing have caused total employment losses in Illinois, they have expanded the state’s economy [[Read More](#)].
- It is no secret Illinois faces significant financial challenges. Together, pension contributions, transportation and water infrastructure needs, and the almost year-long budget impasse have plagued Illinois with high uncertainty. Ultimately, Illinois needs to increase revenue by \$3.03 billion annually to cover pension contributions over the next decade and increase revenue by \$2.75 billion annually to maintain and modernize its infrastructure over the next decade. The costs of continued inaction are economic stagnation, further job and population loss, threats to public safety, increased environmental risks, and cuts essential government functions such as education [[Read More](#)].