

FIVE REASONS WHY PREVAILING WAGE WORKS IN MCHENRY COUNTY

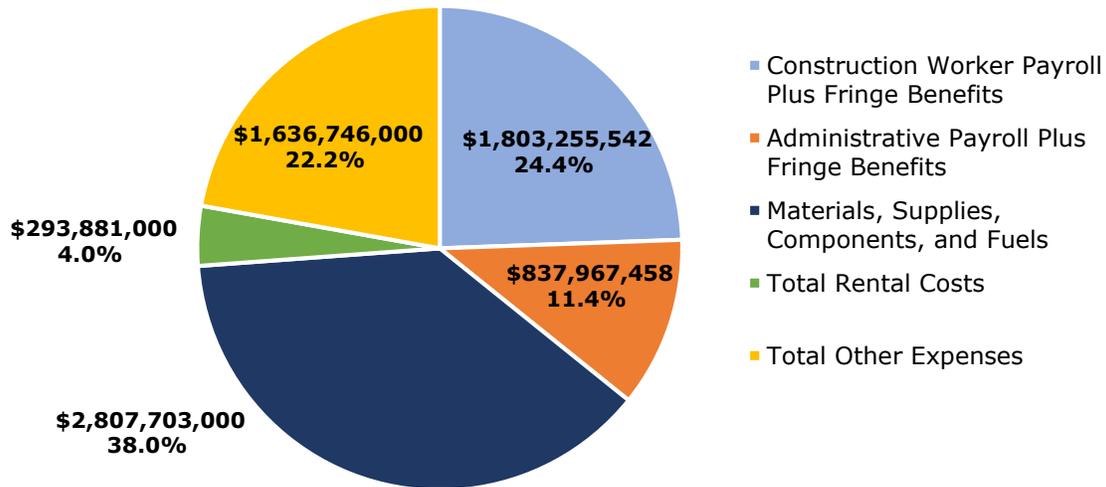
By Jill Manzo



Prevailing wage rates reflect local market conditions in McHenry County.

- Craft labor costs account for just 24 percent of total costs on heavy and civil engineering projects in Illinois.** Materials, components, supplies, and fuel costs account for the bulk of spending on public projects.

Total Heavy and Civil Engineering Construction Costs in Illinois, 2012 Economic Census



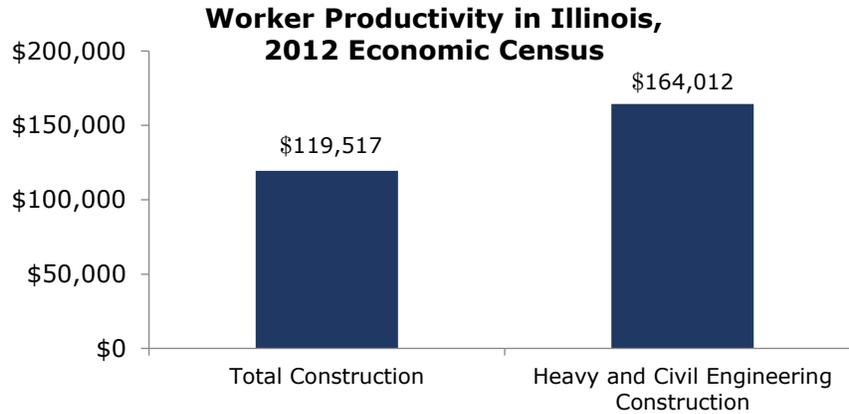
- Payroll costs for workers on public construction projects in McHenry County reflect the wages paid in the regional labor market and the higher cost of living in the Chicago area.** With 1,600 hours of prevailing wage work– which is typical for construction, which is a seasonal and cyclical industry– a laborer would earn \$62,720 in base wages.

McHenry County Prevailing Wage	Hourly Rate	1,600 Annual Hours	Percent of Income
Base Wage	\$39.20	\$62,720	60.9%
Fringe Benefits	\$24.70	\$39,520	38.4%
Training	\$0.50	\$800	0.8%
Total Compensation	\$64.40	\$103,040	100.0%

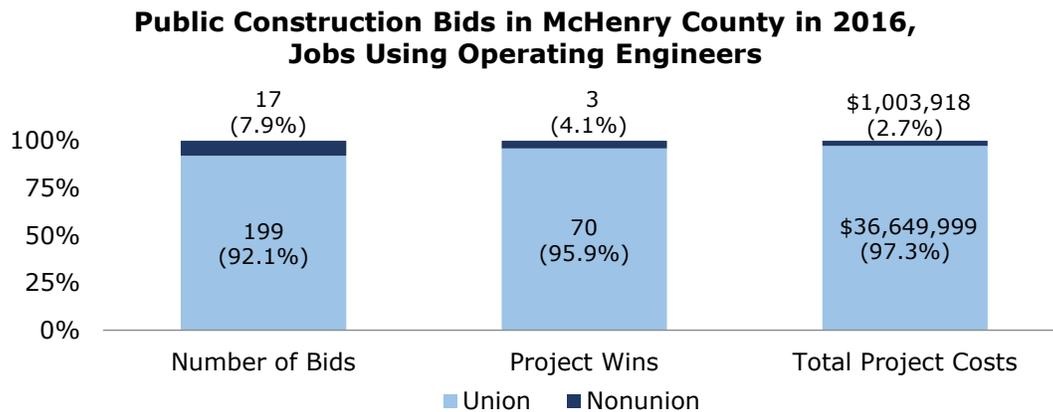
- Median housing costs are 36 percent of the typical income for a laborer earning the prevailing wage in McHenry County.** The median home value in McHenry County is \$203,800 and median monthly homeowner costs– which include payments for mortgages, property taxes, insurance, and utilities and fuels– are \$1,873. This would exhaust 36 percent of a typical laborer’s take-home income.

2015 McHenry County Value	Monthly	Annual
Laborer Income from Wages	\$5,227	\$62,720
Median Homeowner Costs	\$1,873	\$22,476
Homeowner Costs as Share of Income from Wages	36%	36%

4. **Public works construction workers are very productive.** Public works projects require skilled workers who complete over 6,400 hours of classroom and on-the-job training. Due to their training, heavy and civil engineering construction workers contribute \$164,000 to the Illinois economy per worker, 37 percent more than the average worker in the overall construction industry.



5. **Prevailing wage reflects local market decisions made by private actors.** It is *not* a union wage, but union wages prevail in McHenry County because nonunion contractors are not bidding on public projects. In 2016, union contractors submitted 92 percent of bids and completed 97 percent of all construction work on public projects in the county.



Prevailing wage is the best deal for McHenry County taxpayers. 75 percent of peer-reviewed studies indicate that construction costs are not affected by prevailing wages. Prevailing wage laws encourage the use of local contractors, promote worker training, and ensure that jobs are completed right, on-time, the first time. Additionally, research shows that prevailing wages increase construction worker incomes, boost consumer spending, and reduce reliance on government assistance programs – generating millions of dollars in state and local tax revenues per year.