Fair Contracting Research: Prevailing Wage, Responsible Bidder Ordinances, and Apprenticeship Training

Frank Manzo IV, MPP | Illinois Economic Policy Institute | www.illinoisepi.org
HISTORIC CHANGE FOR ILLINOIS

1. TAX RELIEF FOR 97% OF ILLINOIS ON 2020 BALLOT

2. $45 BILLION IN NEW INFRASTRUCTURE INVESTMENT

3. RAISE MINIMUM WAGE TO $15

4. LEGALIZE, TAX, & REGULATE CANNABIS

5. LEGALIZE & TAX SPORTS BETTING

PANIC RESEARCHED BY ILEPI

“The research is clear and consistent: A strong America is built locally by highly-trained workers.”

—ILEPI Policy Director, Frank Manzo IV, discussing prevailing wage standards
1. Levels the playing field for contractors
2. Boosts productivity and improves safety
3. Promotes ladders into the middle class
4. Provides great value for taxpayers
5. Builds quality infrastructure and strong communities
ILEPI Findings on State Prevailing Wage Laws

Prevailing Wage in Minnesota:

93% of all apprentices are trained at joint union-management programs

5% increase in construction incomes and health coverage due to prevailing wage

$981 million added to state’s economy every year due to prevailing wage

PREVAILING WAGE PROMOTES THE AMERICAN DREAM

- Expands the construction worker homeownership rate by 2%, resulting in 61,000 more families owning homes
- Improves construction worker housing wealth by 13%
- Boosts property tax revenue by more than $500 million

Indiana After Prevailing Wage Repeal

1. Blue-collar construction workers’ wages decreased by 8% after repeal.

2. The share of workers without a high school diploma increased by 5% after repeal.

3. Construction worker productivity growth was 5% slower than in Illinois, Ohio, & Michigan.

4. Construction worker turnover increased after repeal.

5. Slower public works construction growth after repeal.

6. Repeal has had NO impact on school construction costs.
"We got rid of prevailing wage and so far it hasn't saved a penny."

- Republican Indiana State Representative, Ed Soliday

**FACT:** Repeal has had no impact on school construction costs in northern Indiana.

“Middle class wage cuts were never good politics, but this report underscores the more important fact that they are not good policy either. I hope my colleagues in other states will learn from our experience and avoid making the same mistake.”

-Rep. Ed Soliday (R- Valparaso)
Wages have fallen for construction workers in West Virginia since repeal of prevailing wage.

Hourly wages have fallen up to 8% relative to neighboring states with prevailing wage laws.

Repealing prevailing wage has reduced apprenticeship training in West Virginia.

The number of registered apprentices has fallen by 28%.

West Virginia's construction worker injury rate has increased **26%** since the repeal of prevailing wage.

**FACT:**
Repealing prevailing wage has NOT reduced school construction costs in West Virginia.

<table>
<thead>
<tr>
<th><strong>6 (\rightarrow) 44 RBOs</strong></th>
<th>Growth in local RBOs in Indiana between 2010 and 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Most RBOs require</strong></td>
<td>Proof of participation in apprenticeship programs, proof of insurance, and compliance with all local, state, and federal laws</td>
</tr>
<tr>
<td><strong>8% increase</strong></td>
<td>8% increase in earnings for public works construction workers in counties with RBOs</td>
</tr>
<tr>
<td><strong>Lower turnover</strong></td>
<td>Lower turnover in counties with RBOs (-1.6 percentage points)</td>
</tr>
</tbody>
</table>

RBOs are an effective policy to uphold local construction standards without raising costs for taxpayers.
January 2020: The Apprenticeship Alternative

Apprenticeships are the Bachelor's Degree of the Construction Industry

<table>
<thead>
<tr>
<th>ILEPI</th>
<th>JOINT CONSTRUCTION PROGRAMS</th>
<th>PUBLIC UNIVERSITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training Requirements</td>
<td>7,300 hours</td>
<td>5,800 hours</td>
</tr>
<tr>
<td>Graduation Rate</td>
<td>54%</td>
<td>61%</td>
</tr>
<tr>
<td>African American Graduates</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>Latinx Graduates</td>
<td>11%</td>
<td>12%</td>
</tr>
<tr>
<td>Lifetime Earnings</td>
<td>$2.4 million</td>
<td>$2.5 million (after loans)</td>
</tr>
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</table>

Joint Labor-Management Apprenticeship Programs Are the Gold Standard

<table>
<thead>
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<th>ILEPI</th>
<th>JOINT CONSTRUCTION PROGRAMS</th>
<th>EMPLOYER-ONLY PROGRAMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Apprentices (2000-2016)</td>
<td>74,500</td>
<td>1,900</td>
</tr>
<tr>
<td>Training Requirements</td>
<td>7,300 hours</td>
<td>6,300 hours</td>
</tr>
<tr>
<td>Completion Rate</td>
<td>54%</td>
<td>31%</td>
</tr>
<tr>
<td>African American Completion</td>
<td>52%</td>
<td>18%</td>
</tr>
<tr>
<td>Military Veteran Completion</td>
<td>60%</td>
<td>27%</td>
</tr>
<tr>
<td>Journeyworker Wage</td>
<td>$40 per hour</td>
<td>$23 per hour</td>
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</table>
THANK YOU!

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