

COMMON SENSE CONSTRUCTION:

THE ECONOMIC IMPACTS OF INDIANA'S COMMON CONSTRUCTION WAGE

[REPORT SUMMARY]

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Frank Manzo IV, MPP
Midwest Economic Policy Institute

Robert Bruno, PhD
University of Illinois at Urbana-Champaign

Scott Littlehale
Smart Cities Prevail



The full Research Report is available at:

- <http://www.faircontracting.org/studiesandreports/>
- http://www.ler.illinois.edu/labor/applied_research.html
 - <http://illinoisepi.org/policy-briefs-countryside>

REPORT SUMMARY: TEN FACTS ABOUT THE COMMON CONSTRUCTION WAGE

1. **The Common Construction Wage keeps Hoosier jobs local.** Prevailing wage laws reduce the probability of an out-of-state contractor winning a bid by about 5 percent. Furthermore, in Indiana, 90.5 percent of all construction work was completed by in-state contractors. This compares favorably to nearby Iowa, which does not have a prevailing wage law, where the in-state share is just 88.1 percent. Indiana's in-state percentage is also better than the 89.2 percent share for all states without a prevailing wage law. CCW repeal would hurt local businesses in Indiana.
2. **The Common Construction Wage does not increase total construction costs for public projects.** A thorough review of economic research finds no evidence that local, state, or federal prevailing wage laws increase the cost of construction. Instead, CCW produces better-skilled, more productive workers who complete the job on-time the first time. CCW repeal would not save money for Indiana taxpayers.
3. **The Common Construction Wage promotes an upwardly-mobile, high-road economy for working families.** By paying living wages and compressing worker incomes, CCW creates a pathway into the middle class for blue-collar workers where they can support a family and achieve the American Dream. CCW repeal would increase income inequality and put thousands of workers onto government assistance programs.
4. **The Common Construction Wage supports almost 2,000 non-construction jobs and \$246 million in total worker income throughout the state.** Industries that are indirectly affected by the policy include retail trade, health care, professional services, food and drinking services, and manufacturing. CCW repeal would come at the expense of job losses in these industries.
5. **The Common Construction Wage boosts the Indiana economy by \$696 million.** The policy increases construction worker wages by between 4.5 percent and 10.7 percent and, as a result, lifts consumer demand in the economy. CCW repeal would shrink the Indiana economy.
6. **The Common Construction Wage increases tax revenues for all levels of government.** Due to higher worker incomes and increased consumer spending, the law supports \$21 million in total state and local tax revenues in Indiana. The policy also supports \$66 million in federal tax revenues. CCW repeal would fiscally restrain public sector budgets and decrease their ability to provide further infrastructure investments.
7. **The Common Construction Wage fosters safer workplaces for Indiana construction workers.** Injury rates are 12 to 15 percent lower in states with a prevailing wage law than in states without such a law. In Indiana, the policy helped to prevent 5 worker deaths from 2008 to 2010. CCW repeal would result in more workers' compensation and temporary disabilities claims, which cost the taxpayer.
8. **The Common Construction Wage increases the benefits package paid to workers by around 20 percent.** In 2007, construction workers in states with a prevailing wage law earned \$1,481 more in legally-required and fringe benefits than their counterparts in states without such a law; for public works construction employees, the benefits premium was \$2,565 annually. CCW repeal would generate unhealthy construction workers, thus reducing overall productivity.
9. **The Common Construction Wage produces a highly-skilled, highly-productive workforce.** There are nearly twice as many construction apprentices in states with a prevailing wage law as there are in states without a law. Upon repeal, registered apprentices have been found to fall by 38 percent. CCW repeal would lead to a poorly trained, low-skill workforce that would reduce the quality of Indiana's infrastructure.
10. **The Common Construction Wage does not favor union contractors over nonunion contractors.** There is no evidence that union contractors are more costly or that they submit higher bids than nonunion contractors. After Indiana raised its threshold for CCW coverage, union contractors in fourteen northern counties were just as likely to be awarded a bid as the year before. CCW repeal would hurt both union and nonunion contractors in Indiana.

Ultimately, the Common Construction Wage provides substantial economic benefits for workers, contractors, and the overall Indiana economy. Repeal of the Common Construction Wage would result in job losses, would shrink the economy, and would reduce tax revenues in Indiana. The Common Construction Wage supports a dynamic, high-road economy that promotes worker productivity and improves public safety.