

# **The Economic, Fiscal, and Social Effects of Ohio's Prevailing Wage Law**

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## **Report Fact Sheet**

### **Repealing Ohio's prevailing wage law would increase costs for taxpayers.**

- 76% of peer-reviewed research indicates no significant cost savings with prevailing wage repeal.
- Lower wages and benefits mean more construction workers qualify for public assistance.
- Repeal would adversely affect veterans who are more likely to work and own businesses in construction.
- Repeal means fewer resources for privately funded apprenticeship training programs.
- More of the Ohio's tax dollars would be used to employ out-of-state contractors and workers.

### **Research specific to Ohio finds that repeal of prevailing wage would not result in cost savings.**

- Federally-assisted school construction in Ohio between 2013 and 2016 provides recent evidence that Davis-Bacon prevailing wage requirements:
  - Do not increase construction costs, but do *increase* bid competition.
  - Result in more work for Ohio-resident contractors and their employees.
  - Without prevailing wages, more of Ohio's tax dollars are used to employ contractors and workers from other states, such as Indiana, Iowa, Kentucky, Michigan, and Pennsylvania.
- Five other studies of Ohio schools find that prevailing wages do not increase construction costs.
  - This includes the 2002 study by the Ohio Legislative Service Commission that finds no statistically significant effect of prevailing wages – when results are correctly interpreted.
- Labor costs are a low percentage of total construction costs (about 23% nationally).
- Only minor changes in productivity and other costs are needed to offset the effect of prevailing wages.

### **Prevailing wage repeal means lower wages and more reliance on public assistance in Ohio.**

- Repeal would lower the income of all construction workers by 16%.
- An estimated 3,900 blue-collar construction workers would lose their employer-provided health insurance coverage and another 21,700 would lose their employer-provided pension plan.
- An estimated 16,000 Ohio construction workers would fall below the poverty line due to the severity of the wage cut, qualifying them for food stamps and Earned Income Tax Credit benefits.

### **Repeal of prevailing wage disproportionately hurts military veterans.**

- Ohio veterans work in construction at higher rates than non-veterans.
- Repeal would result in 4,100 blue-collar veterans separating from their construction jobs.
- At least 3,900 veterans would lose their employer-provided health coverage.
- The market share of veteran-owned construction companies would decrease.

### **Repeal of prevailing wage undermines workforce development in Ohio.**

- The completion rate for Ohio's building trades training programs is 21% higher than nonunion programs.
- 83% of Ohio's apprentices graduated from building trades programs. 94% of female apprentices and 88% of minority apprentices are enrolled in these programs that spent \$48 million on training in 2015.
- Building trades programs provide training for the full-range of crafts, while nonunion programs in Ohio offer limited training opportunities.
- Ohio's building trades and their signatory contractors contributed \$1.75 billion in worker fringe benefits and training in 2015.
- Research for other states finds that apprenticeship training falls by 40% after prevailing wage repeal.

### **By undercutting local wage rates, repeal of prevailing wage would harm Ohio's economy.**

- Repeal would reduce work for Ohio-resident contractors and increase work by out-of-state contractors.
- Repeal would reduce economic activity by about \$1.4 billion annually and cause an employment decline of 9,700 jobs – including 5,500 construction jobs and 4,200 retail and service industry jobs.
- The decrease in economic activity would reduce state and local tax revenue by \$45 million.