

The Impact of Prevailing Wage Laws on Military Veterans: An Economic and Labor Market Analysis



Report Fact Sheet for Illinois

Veterans are more likely to work in construction than non-veterans. Veterans account for 5.8% of the overall workforce nationwide but comprise 6.9% of all blue-collar construction workers. In Illinois, veterans make up 7.4% of all blue-collar construction workers.

The United States military promotes skilled trade apprenticeship. The United States Military Apprenticeship Program (USMAP) now accounts for 21.4% of all registered apprentices. Active military members are 3.7 times more likely to be enrolled in a registered apprenticeship program than civilian workers. As the construction industry replaces retiring workers, apprentices from the military are a source of skilled labor.

A veteran who returns home to become a construction worker or a contractor benefits substantially from prevailing wage. Prevailing wage establishes local construction standards and ensures that blue-collar construction workers earn livable wages that reflect the markets where they live. Prevailing wage creates a level playing field for local businesses competing with out-of-area or foreign companies. More than 75% of recent, peer-reviewed academic studies conclude that prevailing wage does not raise construction costs.

Prevailing wage improves economic outcomes for veteran workers. Prevailing wage standards make construction employment more attractive for veterans. Strong or average prevailing wage laws at the state level:

- Increase veteran employment in blue-collar construction occupations;
- Increase the annual incomes of veteran blue-collar construction workers by 7-11%;
- Increase employer-provided health coverage for veterans in construction by 11-15%;
- Reduce veteran poverty by 24-31% for those working in construction;
- Support 8,000 veteran-owned construction firms that would go out of business if the laws were repealed.

The economic outcomes of veterans would be significantly altered if all states with strong or average prevailing wage legislation repealed their laws. If state prevailing wage laws were repealed:

- The job separations and earnings losses would result in \$3 billion lost in veteran incomes in construction;
- The number of veterans without health insurance would increase by 24,000 uninsured; and
- Approximately 5,000 employed veterans would now earn incomes below the official poverty line.

If Illinois were to repeal its prevailing wage law, as many as 4,300 blue-collar veterans would separate from their jobs in construction occupations. The total income of all veterans employed in construction jobs would decline by \$216 million, approximately 1,700 veterans would lose their employer-provided health plan, and over 300 veteran workers would fall into poverty.

There are significant costs to repealing state prevailing wage laws for veterans. Repealing prevailing wage standards reduces the attractiveness of employment in a construction occupation for veteran workers. By reducing the number of veterans with employer-provided health insurance, worsening veteran poverty, and shrinking the market share of veteran-owned construction companies, repealing state prevailing wage laws increases taxpayer burdens while reducing the incomes of veteran workers who served their country.

Full Report: http://b.3cdn.net/votevets/62350ae9afd6c4c714_0jm6bsc5b.pdf