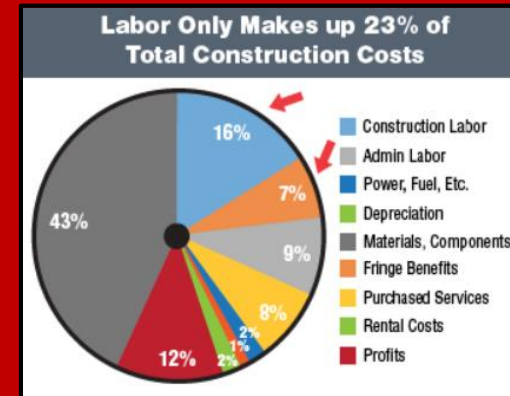


Prevailing Wage and Total Construction Costs

ALL 10 THINGS YOU NEED TO KNOW ABOUT PREVAILING WAGE AND... TOTAL CONSTRUCTION COSTS

- 1. The Truth:** Prevailing wage laws DO NOT raise total project costs.
- 2. Fast Fact:** 75% of economic studies find NO impact of prevailing wage on total construction costs.
- 3. Fast Fact:** Prevailing wages do not alter the level of bid competition.
- 4. Fast Fact:** When wages increase, contractors utilize high-skilled workers.
- 5. Fast Fact:** When wages increase, contractors reduce material, fuel, and rental equipment costs.
- 6. This Quote:** *“The evidence on prevailing wage effects generally range from relatively small effects to no statistically significant effects.”*
–Wisconsin Legislative Fiscal Bureau (March 27, 2015)

7. This Chart:



Labor costs (wages and benefits) represent only 23 percent of total construction costs.

- 8. This Study:** [*An Analysis of Davis-Bacon Prevailing Wage Requirements: Evidence from Highway Resurfacing Projects in Colorado*](#) by Kevin Duncan, Colorado-State University (2011).
- 9. This Study:** [*Prevailing Wage Laws and Government Contracting Costs: A Review of the Research*](#) by Nooshin Mahalia, Economic Policy Institute (2008).

10. The Takeaway: There is no valid evidence that prevailing wage increases construction costs.