

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.