

Prevailing Wage Study
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Summary of Findings

In 2004 and 2011, we conducted an in-depth study of the impact of the repeal of the prevailing wage in Missouri. In 2004 and 2011, we showed that the repeal of the prevailing wage statute in Missouri would not save dollars on construction costs but rather would result in a negative impact on families, taxpayers, and the state and regional economics in Missouri. Utilizing data from the F.W. Dodge Company on construction costs in the North Central States Region, we updated our previous two reports for the period 2011-2015 on the impact of the prevailing wage statute in Missouri. Our update has shown that Missouri's prevailing wage laws do not raise the cost of construction. Our examination of both the short- and long-term effects of prevailing wage show positive and substantial impacts on construction workers, their families, other industry participants and their families, and state, county, and local revenue streams.

Findings included the following:

- The total economic loss due to the repeal of the prevailing wage law in Missouri would be a loss of income and revenue between \$225.3 million and \$360.7 million annually.
- The repeal of the prevailing wage statute would cost the residents of Missouri and their families between \$216.5 million and \$346.6 million annually in lost income.
- The repeal of the prevailing wage statute would cost the State of Missouri between \$2.3 million and \$3.7 million annually in lost sales tax collections.
- The repeal of the prevailing wage statute would cost the State of Missouri between \$6.5 million and \$10.4 million annually in lost income tax revenues.
- For the period 2011-2015, the mean square foot cost of construction in prevailing wage states that were studied was \$132.10; for non-prevailing wage states, the mean square foot cost of construction was *higher* at \$180.77.
- There is no statistical difference in the mean square foot costs of public construction in prevailing and non-prevailing wage states.

- For elementary and secondary schools and libraries' construction, there is no statistical difference in the mean square foot costs of construction in Missouri versus the non-prevailing wage states in the North Central States Region.
- For university school construction, the mean square foot cost of construction is \$34.35 per square foot *cheaper* in Missouri than in the non-prevailing wage jurisdictions in the region studied.
- The repeal of the prevailing wage statute in Missouri will not result in any cost savings in school construction costs as alleged by the opponents of prevailing wage.
- In terms of the total number of on the job training (OJT) and apprenticeship programs in 2008, six of the eight prevailing wage states in the region were ranked in the top ten. These states include, Indiana, Wisconsin, Michigan, Ohio, Missouri and Minnesota. No non-prevailing wage state in the North Central Region was in the top ten.
- Real compensation packages are higher in prevailing wage states than in non-prevailing wage states.
- Real health benefits per construction worker are higher in prevailing wage states than in non-prevailing states.
- Real pension benefits per construction are higher in prevailing wage states than non-prevailing wage state.
- Productivity is higher in prevailing wage states than non-prevailing wage states. The value added per worker in the prevailing wage states in the North Central States Region is 16.2% higher than in the non-prevailing wage states.
- The prevailing wage statute provides for (1) a better compensation packages for construction workers and their families, (2) a safer working environment that results in less injuries and fatalities and (3) a more productive workforce. This results in more efficient outcomes in the construction sector.

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