

# Prevailing Wage Laws

## Building a Better Economy

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Prevailing wage law equally benefits both union and non-union workers in the construction industry, their families, and the broader economy. The law stipulates on public projects, construction workers will be paid a standardized local-area wage for their craft. The rate of wage is set by compiling annual surveys of contractors, who report the wage rates they currently pay to the majority of their workers, broken down by craft, worker classification and locality. (ORS 279C.800; ORS 279C.815)

### Prevailing Wage Laws Build a Skilled Workforce

- The 31 states with prevailing wage laws have more construction training programs and trainees have a higher rate of completion.
- Low-paid, inexperienced, and injury-prone workers are a burden on state resources. **Better-trained workers are not only more productive, but contribute more to state revenue.**
- In prevailing wage states, construction workers earned an average of 15% more in wages and about 25% more in Social Security, unemployment insurance, and worker's compensation.

**“The prevailing wage fairly reflects the local community’s standard wage for each building trade. In addition, communities benefit when these workers reinvest their earnings in their local areas and support their schools. ”**

*-- Dan Gardner, Former  
Oregon Labor Commissioner*

### Prevailing Wage Laws are More Cost-Effective

- *Why?* Because inexperienced workers are expensive: In the decade following the 1981 repeal of prevailing wages in Utah, cost overruns tripled.
- States with prevailing wage laws were measured to have higher productivity, with about 13% to 15% more value-added per worker.
- **Non-prevailing wage states create an environment where contractors cut corners on safety, training, and payroll regulations in an attempt to offer lower bids.** In Iowa, an estimated 2,500 workers were misclassified as independent subcontractors in order to save on payrolls.

### Prevailing Wage Laws Promote a Safer Workforce

- Prevailing wage laws foster the hiring and proliferation of workers who are better-trained, more experienced, and more invested in the practices of a safe workspace.
- Construction-related fatality rates were measured to be 25% lower among workers in states with prevailing wage laws. (*U.S. Bureau of Labor*)