

PREVAILING WAGE

BOOSTING LOCAL ECONOMIES

Michigan's Prevailing Wage Act is designed to ensure that workers who build our public works projects are paid a fair and decent wage so they can provide for their families. Public projects that pay decent wages attract skilled, safe and productive workers who contribute to the local economy. At a time when Michigan's economy is struggling, we need to do more to attract skilled workers to help build our 21st century infrastructure.

In search of an economic panacea, some powerful special interests want to repeal Michigan's successful Prevailing Wage Act. Michigan policymakers should not make the same mistake Kansas did when it repealed its Prevailing Wage law in 1987.

Eleven years after the Kansas repeal, University of Utah economist Peter Philips released an academic study proving that Kansas taxpayers did not see the savings they were promised by those who pushed to repeal the Prevailing Wage.¹ Among Philips' findings:

- **Wages and benefits dropped for working families after Kansas' Prevailing Wage law was repealed** — whether or not they belonged to a labor union.
- **Workplace safety worsened following the Prevailing Wage repeal**, as worker injuries increased 19 percent. Lost time means project delays and additional cost to taxpayers by way of more workers' compensation claims.
- **Kansas' Prevailing Wage repeal drastically cut the size of the skilled workforce**, particularly among minorities; apprenticeship training fell by 38 percent, and minority apprenticeship training plummeted by 54 percent.

Hiring cheap, unskilled or undocumented labor might on the surface appear to cost less, but as it was demonstrated in Kansas, doing it "cheap" ends up costing taxpayers more than doing it right. Michigan should take notice of what happened in Kansas, and retain its Prevailing Wage law.



¹ University of Utah economist Peter Philips' study on the damaging effect of Kansas' repeal of its Prevailing Wage law can be found at www.prevailingwage.org/pdf/kanprwg.pdf.