



# PREVAILING WAGES RAISE THE BAR FOR WORKING FAMILIES

TEXANS, WHETHER BLACK, BROWN, OR WHITE, ARE UNITED IN OUR VALUE OF FAIRNESS.

IT'S ONLY FAIR THAT TEXAN CONSTRUCTION WORKERS EARN THE WAGES THEY DESERVE FOR THEIR VALUABLE WORK.

Fortunately, there are research-based ways to raise wages and standards for construction workers on public works projects while simultaneously improving our local economies. Prevailing wage laws require covered government contractors to pay a wage and benefit rate based on similarly employed workers in a given geographic area.

Research on prevailing wages shows how these policies improve worker health, safety, and equality; build a strong middle class of all backgrounds; build a resilient and skilled workforce for a thriving local economy; and provide a stronger local economy for Texans living in the community. District, municipal, and city governments in Texas can enforce prevailing wages on their public works projects and simultaneously support more broadly shared prosperity for our communities.

## WHAT ARE PREVAILING WAGES?

As noted in a report by the **Illinois Economic Policy Institute**, “prevailing wages are minimum wages for public works construction that reflect local market standards for different skilled trades.” Since 1931, the **Davis-Bacon Act** has required local prevailing wages on federally funded and assisted construction projects. Twenty-eight states have “little Davis-Bacon Acts” that require prevailing wages on projects funded by state or local government. Prevailing wage rates include base pay, fringe benefits, and training investments.

The Texas prevailing wage law states that political subdivisions (county, municipality, or district) shall determine the prevailing wage either by using Davis-Bacon rates or by conducting a survey. There is no contract wage threshold in Texas (see the State of Texas government code here). Local governments can adopt prevailing wages based on surveys done in their market. Community members, local businesses, and working families of all backgrounds get a fairer shot at prosperity when local governments conduct surveys and establish a prevailing wage rate.

## PREVAILING WAGES BUILD A RESILIENT, SKILLED WORKFORCE

Prevailing wages incentivize crucial workforce training that communities need to build viable workforce pipelines. Local governments can include training costs in their prevailing wage, which in turn mitigates future skilled labor shortages and provides a steady apprenticeship pipeline. The apprenticeship share of the construction workforce is 14.4% in states with prevailing wage laws, compared to 7.7% in states without prevailing wage laws.

Joint management-labor apprenticeship programs deliver middle-class careers and rival bachelor's degree programs in expected lifetime earnings. In joint management-labor construction programs, the average first-year apprentice earns **\$19.15 per hour** and the average journeyworker earns **\$40.40 per hour**. In employer-only construction programs, the average entry wage is \$16.54, and the average exit wage is \$23.46.



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## PREVAILING WAGES STRENGTHEN PRODUCTIVITY, SAFETY, AND EFFICIENCY

Prevailing wages increase apprenticeship training and supply a strong workforce to communities and businesses. As a result of built-in apprenticeship training, prevailing wages boost worker productivity from 14 to 33%. They also ensure well-trained workers on job sites have the appropriate safety equipment. In states with prevailing wage laws, injury rates are 13% lower than in states without them. Texas is one of the deadliest states to work in construction nationally. According to the Workers Defense Project, a construction worker dies in Texas every three days. Texas is the state with the highest workplace injuries and death: 5,179 workers, of whom two-thirds were Latino, died on construction sites in Texas from 2010-2020.

Peer-reviewed research shows that **prevailing wages do not increase total construction costs** – they stabilize them. This is because well-trained and skilled local workers increase overall project efficiency. Project sites with prevailing wages are more likely to finish on time and within budget, and they produce less waste on materials, fuel, and rental equipment. According to research, “the cost-reducing effect of increased bid competition is stronger on projects covered by prevailing wage policy.”

## PREVAILING WAGES CAN STRENGTHEN TEXAS COMMUNITIES AND WORKING FAMILIES

### LOCAL ECONOMIES AND COMMUNITIES

Prevailing wages create a fairer bidding process by leveling the playing field between contractors. Too often, public works projects go to the lowest bidder with the lowest pay for their workers. Prevailing wages ensure an equal baseline between contractors so that bids go to the contractor with the highest-quality work. Prevailing wages increase the hiring of local contractors and workers, resulting in a boost for the local economy.

### BUILD A MULTI-RACIAL MIDDLE CLASS AND STRENGTHEN OPPORTUNITIES FOR VETERANS

State prevailing wage laws increase construction worker earnings by up to 17% and reduce the construction worker poverty rate by 3%. They also increase construction worker housing wealth by 13%, and for Black families housing wealth increases by 18%. Construction workers earning prevailing wages are less likely to need Supplemental Nutrition Assistance Program (SNAP) and are more likely to have health insurance coverage.

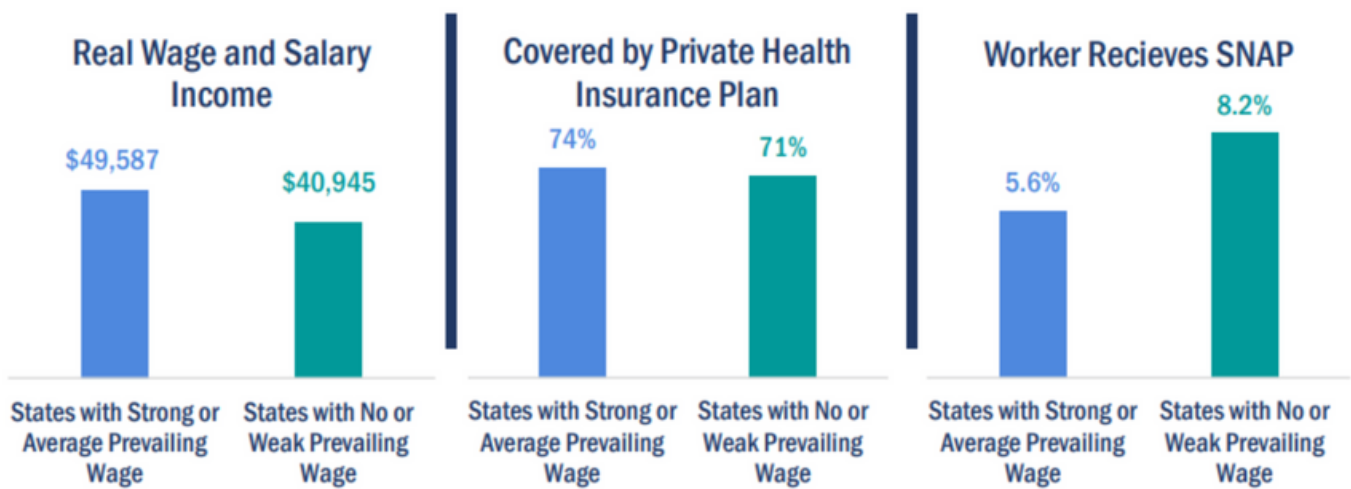


In a prevailing wage system, wages are based on the actual local market’s comparable values for similar work and craftsmanship. The overall level of bid competition is not affected by prevailing wages. A recent study from Ohio on 669 bids for 113 school construction projects found that the number of bids was no different from projects that are not covered by a prevailing wage.



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Construction workers in prevailing wage states have better wages, are more likely to have health insurance, and are less likely to rely on government assistance.



Source: Illinois Economic Policy Institute <https://faircontracting.org/wp-content/uploads/2018/07/mepi-csu-examination-of-minnesotas-prevailing-wage-law-final.pdf>, page 25

**REGARDLESS OF OUR RACE, GENDER, OR PLACE, TEXANS OF ALL BACKGROUNDS DESERVE DIGNIFIED JOBS WITH WAGES THAT SUPPORT SECURE LIVELIHOODS.**

Prevailing wages are a tool Texan city and county officials can enforce to build a strong multi-racial middle class in their communities. Enforcing a prevailing wage ensures that workers get a wage reflective of the local market. Prevailing wages also increase worksite safety, build a skilled workforce pipeline, and stimulate local economies by increasing the use of local contractors. Together, we can build a more just and equitable Texas by ensuring the workers building our schools, roads, and public buildings are fairly compensated, safe, and able to contribute to our communities.





# BUILDING ECONOMIC EQUITY WITH TEXANS OF ALL BACKGROUNDS

## PREVAILING WAGE LAWS HELP VETERANS

**Veterans work in construction at much higher rates than non-veterans.**



Source: Manzo, Frank IV, MPP, Bruno, Robert, PhD, Duncan, Kevin, PhD. The Impact of Prevailing Wage Laws on Military Veterans: An Economic and Labor Market Analysis, May 2016.



### VETERANS ARE DISPROPORTIONATELY EMPLOYED IN THE CONSTRUCTION INDUSTRY

Prevailing wages can boost their wages by up to 11% while also increasing their rate of health care coverage and **reducing poverty rates by as much as 31%.**

## Without prevailing wage, construction jobs become more inefficient.

**Material use goes up**

5%



**And productivity goes down**

12%



States with weak or no prevailing wage laws spend **\$367 million more** per year on food stamps and Earned Income Tax Credits.

**PREVAILING WAGE LAWS SAVE TAXPAYERS MONEY.**



Source: "The Economic, Fiscal and Social Impacts of State Prevailing Wage Laws: Choosing Between the High Road and the Low Road in the Construction Industry," February 2016, Frank Manzo IV, MPP, Alex Lantsberg, MGP, AICP, and Kevin Duncan, PhD.



Source: "Building the Golden State: The Economic Impacts of California's Prevailing Wage Policy," Kevin Duncan, Ph.D., Professor of Economics, Colorado State University and Alex Lantsberg, MGP, AICP, Research Analyst, Smart Cities Prevail, March 2015

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2. See State of Texas Government Code: <https://statutes.capitol.texas.gov/Docs/GV/htm/GV.2258.htm>

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