



Prevailing wage law benefits all Missourians, new study shows

Repealing the law would cost Missouri between \$317.8 million and \$384.2 million annually in loss of income and revenue, UMKC economists estimate

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A new study published by the UMKC economics department is now being used in Jefferson City, MO, to decide whether or not the State of Missouri will exempt rural counties from the Prevailing Wage Law (PWL).

Missouri's PWL establishes a minimum wage rate that must be paid to workers on public works construction projects in Missouri, such as bridges, roads and government buildings. Private construction projects are exempt from the PWL. Opponents of the PWL claim that it increases the cost of public construction in the State of Missouri, a cost that is ultimately a burden on taxpayers.

The repeal of the PWL "would cost the residents of Missouri and their families between \$294.4 million and \$356.0 million annually in lost income," said the UMKC study.

	Annual loss of income and revenue due to repeal of the PWL (in millions)
Income for MO residents	\$294.4 to \$356.0
MO sales taxes	\$5.7 to \$6.9
MO income tax revenues	\$17.7 to \$21.4
MO total annual economic loss	\$317.8 to \$384.2

There are 10 States that have either repealed their PWL (like Kansas in 1987) or invalidated it by court decision. There are 8 States, however, that never had a PWL.

The UMKC study looked at Great Plains States (1993-2002) trying to identify differences between states with PWL versus states without PWL. "The presence of a prevailing wage statute did not result in any statistically significant difference in construction costs," the study said. The study then concludes that whether or not the construction occurs in a prevailing or a non-prevailing wage state, "the cost differential between public and private construction projects is statistically significant."

The study highlights that the PWL promotes better compensation packages for workers. "By 1991-92, average total compensation for states that kept prevailing wages laws was 20.2% higher than for those states that repealed their laws after 1982-3."

From 1982-83 to 1991-92	PW States	Non-PW States
Compensation for construction workers	No change	16.6% decline
Real average total benefits per construction worker	32.4% increase	53.5% decline
Real average pension benefits	5% increase	66.6% decline

The UMKC study put forward an extensive amount of statistical tables and charts documenting the economic benefits of the PWL for both urban and rural areas in Missouri. It also quantifies other benefits such as compensation packages for workers, pension benefits, health care benefits, employee turnover, number of injuries per worker, job training and apprenticeship

programs.

Over the next few weeks, Missouri legislators will continue their debate on the economic impact of repealing the PWL, and will invite the authors of the UMKC study to testify before the State Senate and House of Representatives.

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