

The Impact of Prevailing Wage Laws on Military Veterans: An Economic and Labor Market Analysis

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Report Fact Sheet

This study is a first-of-its-kind statistical exploration of the economic impact of state prevailing wage laws on veterans in the construction industry. The results are based on publicly available information and are reproducible.

Veterans are more likely to work in construction than non-veterans. Currently, veterans are more likely to be employed as blue-collar construction workers than non-veterans: Veterans account for 5.8 percent of the overall workforce nationwide but comprise 6.9 percent of all blue-collar construction workers. In 2014, an estimated 443,938 veterans were employed as blue-collar construction workers.

The United States military promotes skilled trade apprenticeship: From 2014 to 2024, construction is expected to be the second-fastest growing industry in America. The U.S. military has responded to these employment projections through the United States Military Apprenticeship Program (USMAP). USMAP now accounts for 21.4 percent of all registered apprentices in the United States. Active military members are over 3.7 times more likely to be enrolled in a registered apprenticeship program than civilian workers. As the construction industry grows and replaces retiring workers, apprentices from the military will become an increasingly important source of skilled construction labor.

A veteran who returns home to become a blue-collar construction worker or to open a construction business benefits substantially from prevailing wage policies. Prevailing wage laws establish local construction standards and ensure that blue collar construction workers earn livable wages that reflect the markets where they live. By preventing the government from undercutting privately-negotiated local wages, prevailing wage laws create a level playing field for local businesses competing with out-of-area or foreign companies for bids. More than 75 percent of recent, peer-reviewed academic studies have concluded that prevailing wage laws do not increase the total cost of construction. Prevailing wage laws result in higher productivity and taxpayer savings on materials, fuel, and equipment costs.

Prevailing wage improves economic outcomes for veteran workers. Prevailing wage standards make construction employment more attractive for veterans. Strong or average prevailing wage laws at the state level:

- Increase veteran employment in blue-collar construction occupations;
- Increase the annual incomes of veteran blue-collar construction workers by 7.0 to 10.7 percent;
- Increase employer-provided health coverage for veterans in construction by 11.2 to 14.6 percent;
- Reduce veteran poverty by 23.7 to 31.4 percent for those working in construction;
- Support 7,767 veteran-owned construction firms that would go out of business if the laws were repealed.

FIGURE: FORECAST OF THE ECONOMIC IMPACTS OF REPEALING PREVAILING WAGE LAWS ON VETERANS, NATIONAL

| Economic Impact on U.S. Veterans | Current Value | Projected Value | Total Change |
|---|----------------|-----------------|-----------------|
| Employed as Blue-Collar Construction Worker | 240,489 | 175,714 | -64,775 |
| Total Wage and Salary Income | \$9.61 billion | \$6.53 billion | -\$3.08 billion |
| Total without Health Insurance Coverage | 82,693 | 105,559 | +23,866 |
| Total Earning Less than the Official Poverty Line | 11,903 | 16,628 | +4,725 |
| Veteran-Owned Construction Businesses | 165,331 | 157,564 | -7,767 |

The economic outcomes of veterans would be significantly altered if all states with strong or average prevailing wage legislation weakened or repealed their laws. If state prevailing wage laws were repealed:

- There would be a 65,000-job drop in the number of veterans employed as construction workers nationally;
- The job separations and earnings losses would result in a \$3.1 billion decline in veteran incomes in construction;
- The number of veterans without health insurance would increase by 24,000 uninsured; and
- Approximately 5,000 employed veterans would now earn incomes below the official poverty line.

If Illinois were to repeal its prevailing wage law, as many as 4,300 blue-collar veterans would separate from their jobs in construction occupations. The total income of all veterans employed in construction jobs would decline by \$216 million, approximately 1,700 veterans would lose their employer-provided health plan, and over 300 veteran workers would fall into poverty. The largest impacts would be experienced in Cook County, St. Clair County, and Sangamon County.

Since 2014, at least 11 states altered or have considered changing their prevailing wage laws: California, Illinois, Indiana, Kentucky, Michigan, Missouri, Nevada, New Mexico, New York, West Virginia, and Wisconsin. If all 11 of these states were to weaken or repeal prevailing wage, an estimated 38,700 blue-collar veterans would separate from their construction jobs, over 13,000 veterans would lose their employer-provided health insurance coverage, and nearly 2,600 additional veterans would earn poverty-level wages while working. State efforts to weaken or repeal prevailing wage policies, if successful, would increase poverty for men and women who served the country and upend an opportunity to achieve a middle-class lifestyle for those veterans who are unable to earn a college degree.

There are significant costs to repealing state prevailing wage laws for veterans. Weakening or repealing prevailing wage standards reduces the attractiveness of employment in a construction occupation for veteran workers. By reducing the number of veterans with employer-provided health insurance, worsening veteran poverty, and shrinking the market share of veteran-owned construction companies, repealing state prevailing wage laws increases taxpayer burdens while reducing the incomes of veteran workers who served their country. Introducing or strengthening a prevailing wage law, on the other hand, promotes a middle-class, self-sufficient lifestyle for veterans choosing to work in construction.