Spring Issue

May 2018

Illinois Insights

NEW STUDIES HIGHLIGHT THE EFFECTS OF PREVAILING WAGE

Two new reports from the Illinois Economic Policy Institute (ILEPI) look at the economic and social impacts of prevailing wage laws.

One report, *The Effects of Repealing Common Construction Wage in Indiana: Impacts on Ten Construction Market Outcomes*, finds that the 2015 repeal of Indiana's prevailing wage law, called Common Construction Wage, has already had negative consequences for Indiana. After repeal, blue-collar construction workers suffered a substantial pay cut of more than 8%, with relative wages being slashed even more for the lowest-paid workers– worsening inequality in the state. In addition to decreases in worker incomes, the skills shortage worsened in Indiana and worker productivity lagged behind neighboring states. These negative impacts occurred without any construction cost savings.

Employment growth in public works construction was also 1.5 percentage-points slower in Indiana than in neighboring Midwest states following repeal, and evidence suggests that repeal has resulted in more out-of-state workers employed on public projects in Indiana.

Another report, *State Prevailing Wage Laws Reduce Racial Income Gaps in Construction: Impacts by Trade, 2013-2015*, finds that prevailing wage laws reduce income inequality between African-American and white construction workers by as much as 53% and help more blue-collar workers access ladders into the American middle class. While prevailing wage boosts African American worker incomes by 24%, the effect on their white counterparts is just 17%– helping to reduce racial income inequality. In fact, if states without prevailing wage enacted these laws, the income gap between white construction workers and African American construction workers would close by at least 7%!

Ultimately, prevailing wage is good for the construction industry, good for taxpayers, and good for America's middle class.

ILLINOIS ECONOMIC INDICATORS

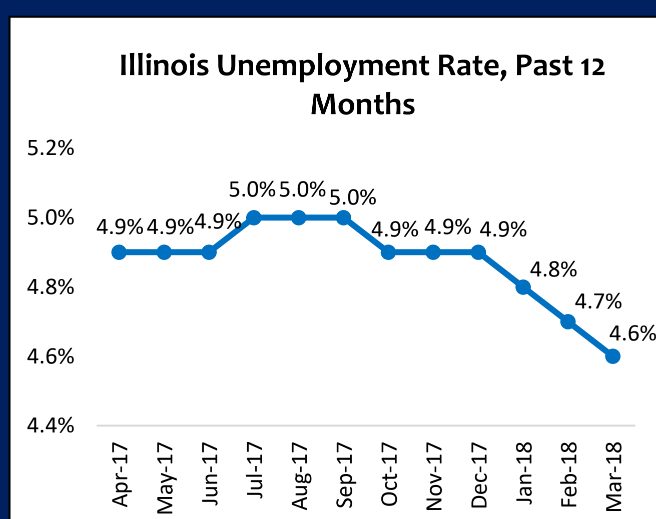
Jobs added (rank), Mar-17 to Mar-18 = **+39,200 jobs** (**20**)

Unemployment rate (rank), Mar-18 = **4.6%** (**40**)

Average private sector wage (rank) = **$27.30** (**14**)

Private sector wage growth, Mar-17 to Mar-18 = **+2.6%**

Philadelphia Federal Reserve "state coincident index" rank (as of Mar-18) = **38**



ILLINOIS NEEDS OVER $4 BILLION PER YEAR FOR FAILING TRANSPORTATION SYSTEMS

The rapidly deteriorating condition of Illinois roads, bridges, and transit systems is producing increased congestion and vehicle maintenance costs for Illinois residents. According to a new study released by ILEPI, *Forecasting Bumpy Roads Ahead: An Assessment of Illinois Transportation Needs*, Illinois needs an additional $4.6 billion per year to repair and modernize its transportation systems.

Illinois' roads, bridges, and transit systems are badly in need of repair. The number of "backlog" Illinois Department of Transportation (IDOT) roadway miles – indicating deterioration that requires immediate maintenance – has increased by 85%, from 1,700 in 2000 to over 3,300 in 2015. Today, 20% of all IDOT roadways are currently in "poor condition." In addition, commuters in the Chicago region experience 61 hours of delay annually due to congestion.

ORGANIZATION NEWS

ILEPI is proud to announce the addition of Mike Mullen to our Board of Directors as an At Large Director.

Unsustainable funding sources have led to the poor condition of Illinois's roads, bridges, and transit systems. The state motor fuel tax generated nearly $1.8 billion in 1999, but only $1.3 billion in 2015 (2017$). On average, each Illinois driver paid $158 in motor fuel taxes per year in 2015, $65 less than in 1999 (in 2017$) – a 29% decrease. In addition, Illinois residents pay four times more on cable and electricity than on transportation fees.

If nothing changes, the situation will worsen dramatically. With the Trump Administration's infrastructure proposal offering few federal funds and emphasizing state and local revenue streams, Illinois would need to generate more than $4.6 billion per year to bring all statewide transportation systems into a state of good repair.

Illinois must put infrastructure and transportation investment at the forefront. The state's transportation network is too important to allow it to continue to deteriorate. It is time for lawmakers to seriously discuss viable funding options to address these severe shortfalls so that all current and future Illinois residents can count on a dependable and efficient transportation network that serves their needs.

INSIGHTS FROM ILEPI REPORTS

- Equal representation of men and women in high-ranking positions is typically in the best interests of businesses, workers, and the economy. Businesses with more balanced gender representation tend to be more successful. Yet despite significant progress, women make up only 26 percent of all private-sector CEOs in Illinois. Illinois would have 5,261 more female CEOs if women were represented equitably in the top ranks of businesses. [Read More]

- What if construction becomes the next manufacturing? An estimated 2.7 million construction workers could be replaced or displaced by automation by 2057, causing $32 billion in lost wages. The drop in consumer demand among middle-class construction workers would cause a $45 billion loss in gross domestic product across the United States (2017$). [Read More]

- Tax Day was two weeks ago. The median full-time Illinois worker earns $45,000 annually. The average full-time Illinois worker earns $62,370 annually. The top 1 percent of full-time Illinois workers take home at least $502,000 per year, over 11 times as much as the median worker. How did you do in 2017? [Read More]

- The construction industry has been disproportionately impacted by the opioid epidemic. The injury rate for construction workers is 77% higher than the national average for other occupations, and construction workers have often relied on prescription opioids for treatment of injuries they sustain on-the-job, such as a fall or a pulled muscle. Based on available data sources, nearly 1,000 construction workers across the Midwest are estimated to have died from an opioid overdose in 2015. [Read More]

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