ILEPI
ILLINOIS ECONOMIC POLICY INSTITUTE

ILLINOIS INSIGHTS

FALL ISSUE | SEPTEMBER 2021

STATE-LEVEL "FEDERAL-AID SWAP" PROGRAMS HURT WORKERS AND FAIL TO SAVE MONEY ON INFRASTRUCTURE

As congressional leaders in both parties consider trillions of dollars in new infrastructure investment, a new report finds that state-level accounting schemes (called "federal-aid swap" programs) that bypass federal construction standards fail to save any money—even though they result in fewer projects being covered by prevailing wages, Disadvantaged Business Enterprise goals, and Buy America provisions.

The study, *The Effects of 'Federal-Aid Swap' Programs on Highway Construction Costs, Contractor Diversity, and Out-of-State Contractors: Evidence from Iowa*, found that Iowa's "federal-aid swaps" resulted in 10% fewer projects covered by Davis-Bacon prevailing wages, 4% fewer covered by Disadvantaged Business Enterprise goals, an estimated $2 million wage cut for the state's blue-collar construction workers, and an estimated $9 million siphoned out of the state's economy by increasing the number of out-of-state contractors winning project bids.

"If the goals of infrastructure investment include creating good-paying jobs and spurring economic growth in communities, the data from Iowa strongly suggests that 'federal-aid swap' programs can actively undermine both of these objectives," said study co-author Frank Manzo IV.

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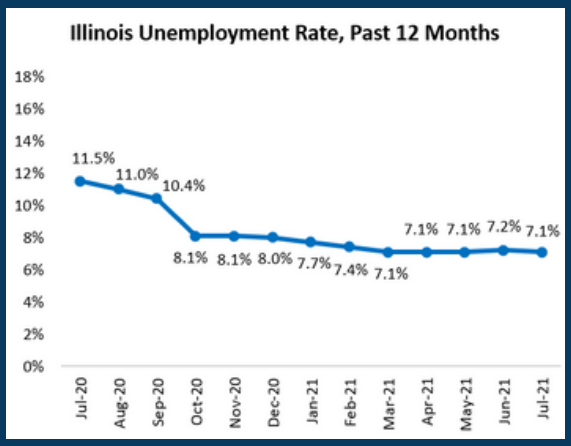
ILLINOIS ECONOMIC INDICATORS



Jobs added (rank), Jul-20 to Jul-21 = 231,100 jobs (9)

State unemployment rate (rank), Jul-21 = 7.1% (43)

Average private sector wage (rank), Jul-21 = $31.32 (13)

Private sector wage growth from Jul-20 to Jul-21 (rank) = +5.2% (13)

Illinois Flash Index (as of Aug-21) = 105.6

UNION CONSTRUCTION DELIVERS SUPERIOR VALUE TO MINNESOTA

A new study finds that union construction workers deliver great value to state economies. The report, *Building a Strong Minnesota: An Analysis of Minnesota's Union Construction Industry*, finds that Minnesota's unionized construction sector is no more costly than its non-union alternative—though it produces higher wages, greater equality, safer worksites, and less reliance on social assistance while training more than 90% of the state's skilled trade apprentices. This comes at a time when 68% of Americans support labor unions, which is the highest approval rating since 1965.

ORGANIZATION NEWS

ILEPI is excited to announce the hiring of TWO new researchers!

Grace Dunn is our new Research Associate. Grace graduated from the University of Michigan with a Bachelor of Arts in Public Policy with a Minor in Writing. She has worked as a Jury Research Analyst at Donoghue & Associates and as an intern for U.S. Senator Dick Durbin.

Andrew Wilson is our new Policy Analyst. Andrew graduated from Michigan State University with a Master of Human Resources and Labor Relations. He also holds a Master of Arts in Sociology from George Mason University and a Bachelor of Arts in Sociology from Western Michigan University. He has worked at the North America's Building Trades Unions and the National Alliance for Fair Contracting as a Research and Policy Intern.

"WORKERS' RIGHTS AMENDMENT" ON BALLOT FOR ILLINOIS VOTERS

Bipartisan majorities in the Illinois General Assembly voted overwhelmingly to place a Constitutional Amendment before voters in November 2022 that would permanently ban "right-to-work" laws. The Workers' Rights Amendment would constitutionally protect the right of any Illinois employee to collectively bargain.

A recent report, *Protecting Workers' Rights in Illinois: Illinois Fares Better than "Right-to-Work" States on 10 Important Economic Outcomes*, finds states that have enacted so-called "right-to-work" laws underperform Illinois on a range of core economic metrics —including wages, income growth, workforce productivity, poverty, and workplace safety.

In addition, economic growth in "right-to-work" states has lagged behind free collective-bargaining states by nearly 3% over the last decade. Right-to-work laws have negatively impacted both workers and the broader economy.

WORKERS RIGHTS AMENDMENT

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