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CONSTRUCTION WAGE THEFT COSTS WI, MN, AND IL TAXPAYERS $362 MILLION PER YEAR

Nearly one-in-five construction workers in the Upper Midwest states of Wisconsin, Minnesota, and Illinois face some form of wage theft at an **annual cost to taxpayers of more than $362 million**, according to a new report, *The Costs of Wage Theft and Payroll Fraud in the Construction Industries of Wisconsin, Minnesota, and Illinois: Impacts on Workers and Taxpayers*.

Wage theft includes a range of illegal practices, from improperly classifying employees as independent contractors and not making required payroll tax, unemployment insurance, and workers compensation contributions to paying workers less than legally required "under the table" in cash. Wage theft annually costs the State of Illinois $186 million in lost tax revenues.

Misclassified workers lose access to basic labor protections, including minimum wage, overtime pay, unemployment insurance, and workers' compensation insurance. In fact, misclassified construction workers earn **29-36% less** in wages and fringe benefits.

Wage theft is a crime that causes a multi-billion drain from the pockets of working families, local governments, and state budgets—at a time when our communities can least afford it.

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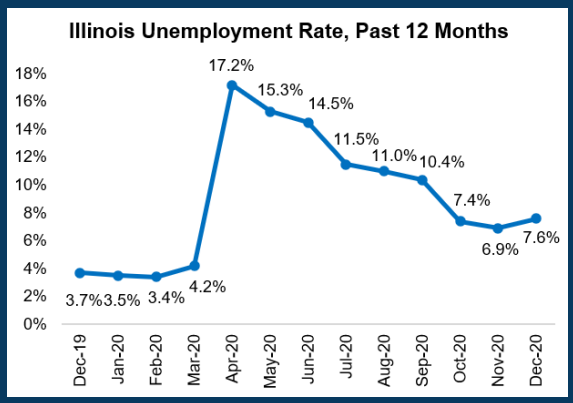
ILLINOIS ECONOMIC INDICATORS



Jobs added (rank), Dec-19 to Dec-20 = -423,400 jobs (45)

State unemployment rate (rank), Dec-20 = 7.6% (41)

Average private sector wage (rank), Dec-20 = $30.45 (13)

Private sector wage growth from Nov-19 to Nov-20 (rank) = +3.2% (30)

Illinois Flash Index (as of Dec-20) = 95.9

COLLECTIVE BARGAINING AGREEMENTS STRENGTHEN COMMUNITIES IN ERA OF UNCERTAINTY

An analysis of 8 construction industry collective bargaining agreements (CBAs) in the Chicago metropolitan area details how unionization extends benefits far beyond the paychecks of represented workers in the study, *The Economic and Fiscal Impacts of Collective Bargaining Agreements in Construction A Northeastern Illinois Case Study*.

In northeastern Illinois alone, construction union contracts aren't just reducing poverty, they are creating jobs and spurring growth across all sectors of the economy while providing state and local governments with a reliable tax base to fund schools, police, fire, and other vital public services.

Overall, construction industry CBAs add more than **$8.2 billion** to the region's economic output, **creating nearly 50,000 additional jobs** across other sectors paying an average wage of over **$58,000 per year**. All told, the direct and induced effects of the agreements generated over **$1.6 billion** in income, sales, and property taxes for state and local government, which have been strained by the COVID-19 pandemic.

Policymakers should consider the construction industry's experience with CBAs as a way to promote more family-sustaining careers, economic growth, and improved social and community outcomes.

OREGON'S PREVAILING WAGE RATE LAW

A new study, *The Impact of Oregon's Prevailing Wage Rate Law: Effects on Costs, Training, and Economic Development*, finds that Oregon's prevailing wage law boosts construction worker earnings by 8%, increases bid competition by 19%, expands work for in-state contractors by 12%, and **improves the state economy by $752 million.**

ON-DEMAND WORKERS, SUB-MINIMUM WAGES

A new study, *On-Demand Workers, Sub-Minimum Wages: Evidence from Transportation Network Provider Trips in the City of Chicago*, reveals that Uber and Lyft drivers struggle to earn the minimum wage in the City of Chicago. After vehicle expenses, Uber and Lyft drivers **average between $12.30 and $13.62 per hour**. Drives also only receive tips after 14% of rides.

ILEPI'S 4TH ANNUAL FUNDRAISER GOES VIRTUAL!

Please join us virtually for our upcoming fundraiser on Monday, February 22nd at 5pm.

Visit ***www.illinoisepi.org/fundraiser*** for tickets and sponsorship opportunities. We appreciate your support!

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