

# New Study: Michigan Prevailing Wage Repeal Will Kill Jobs and Hamper Economy

LANSING, Mich., June 29, 2015 (SEND2PRESS NEWSWIRE) – Just completed research by the Midwest Economic Policy Institute, Colorado State University Economist Kevin Duncan and Smart Cities Prevail – a leading construction industry research organization – has revealed that Michigan’s proposed prevailing wage repeal would eliminate more than 11,000 jobs, \$1.7 billion in economic output, \$28 million in local and state tax revenue, and will export nearly \$700 million in construction investments out of state every year.

The report, entitled “The Cost of Repealing Michigan’s Prevailing Wage Policy: Impacts on Total Construction Costs and Economic Activity,” can be downloaded here (PDF): <http://goo.gl/SifCGc>.

The study uses a growing body of peer reviewed research, data from the Economic Census of Construction, and industry standard IMPLAN software to analyze the impact of prevailing wage standards on overall project costs and model the economic impact of spending shifts that would result from repeal of Michigan’s prevailing wage law. These spending shifts ultimately impact job creation, as well as local and state tax revenue and rates of in-state contracting.

“Comparing data from prevailing wage and non-prevailing wage states shows repeal of the standard in Michigan will be a bad bargain for taxpayers,” said study co-author Frank Manzo of the Midwest Economic Policy Institute. “There are no savings because reductions in construction wages are offset by decreases in workforce productivity, less worksite efficiency, and increased spending on energy and materials.”

The study also demonstrates a significant economic “ripple effect” that would result from repeal. Not just from lower wages and less spending by Michigan’s construction workers, but also because non-prevailing wage states utilize more out-of-state contractors.

“Every sector of the economy would feel the impact of prevailing wage repeal,” said study Co-Author and Colorado State University Economist Kevin Duncan. “This would be a self-inflicted wound that suppresses economic activity, exports hundreds of millions of construction dollars out of state, and puts thousands of people out of work.”

Dr. Duncan noted that these impacts would ultimately create additional burdens for state and local government, and by extension, Michigan’s taxpayers.

“Less economic activity and fewer people working for lower wages translates to more reliance on public assistance programs and lower tax revenues,”

Duncan added. “There are only two ways to close that gap-raising taxes or making even deeper cuts to vital public services.”

This is the third prevailing wage economic impact study in as many months that Dr. Duncan has co-authored, along with Smart Cities Prevail Researcher Alex Lantsberg.

“There is a reason why prevailing wage policies have stood the test of time and have long been embraced by leaders in both political parties-including Michigan’s Republican Governor Rick Snyder,” added Lantsberg. “Our goal is to ensure that voters and policy makers have the facts they need to make informed decisions that reflect the best interests of taxpayers and the economy as a whole-and our research shows that repeal of prevailing wage falls far short of that standard.”

Recent polling shows that Michigan’s prevailing wage law is supported by 60% of voters, including a majority of Democrats and Independents and a plurality of Republicans.

Frank Manzo IV, MPP is the Policy Director of the Midwest Economic Policy Institute, a division of the Illinois Economic Policy Institute.

Kevin Duncan, Ph.D. is a Professor of Economics in the Hasan School of Business at Colorado State University – Pueblo and Senior Economist at BCD Economics, LLC.

Alex Lantsberg, MCP, AICP is a Researcher with Smart Cities Prevail and a member of the American Institute for City Planning.

The Midwest Economic Policy Institute is a non-profit, non-partisan research and education organization focused on issues affecting Midwestern economies, including infrastructure investment and the construction industry. Learn more at <http://illinoisepi.org/midwest-economic-policy-institute/>.

Smart Cities Prevail is a leading construction industry research and educational organization, specializing in studying the costs and benefits of prevailing wage policies. Learn more at <http://www.smartcitiesprevail.org/>.

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