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Report online at http://keystoneresearch.org/NHprevailingwage

New Study: Prevailing Wage Law Would Boost New Hampshire Jobs, the State Economy, and In-State Contractors

Concord – A new study released today by leading national researchers on the construction industry finds that a proposed New Hampshire prevailing wage law would boost the state economy by at least $300 million, create several thousand jobs, and increase state and local tax revenue by up to $17 million.

The report, published by the Keystone Research Center (KRC), an independent non-partisan economic policy group, was released in advance of hearings in Concord next week on the proposed prevailing wage law. New Hampshire is the only state in New England and the Northeast that does not have such a law.

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 for skilled construction industry trades on the New Hampshire economy as a whole and on construction workers’ wages, benefits and reliance on taxpayer-funded public benefit programs.

“Comparing data from prevailing wage and non-prevailing wage states shows that a prevailing wage law would be a great bargain for New Hampshire taxpayers,” said report co-author Kevin Duncan, a Professor of Economics at Colorado State University. “A prevailing wage law would boost productivity, the efficiency of materials use, and worker skills, while enabling more New Hampshire contractors to recapture business from low-wage out-of-state contractors. Every sector of the economy and every part of the state would benefit as the gains for local contractors and construction workers ripple through New Hampshire.”

Using conservative assumptions grounded in national and regional data, the study authors find that a prevailing wage law would result in:

- A net gain of 1,710 to nearly 4,000 jobs across all industries, the precise number depending on how much market share is recaptured by in-state contractors once out-of-state contractors can no longer win state business by undercutting local standards;
- An increase in economic activity across all industries of $298 million to $681 million;
- An increase in state and local tax revenues in the range of $7.3 million to $17 million;
- 2,515 more New Hampshire construction workers receiving health benefits through their jobs and 1,422 more receiving pension benefits; and,
- About 600 fewer construction workers needing public food assistance and another 600 fewer receiving the Earn Income Tax Credit (EITC).

Report co-author Frank Manzo IV of the Illinois Economic Policy Institute noted that, “More economic activity and fewer people working for lower wages translates into less reliance on public assistance programs. Taxpayer savings and additional tax revenue free up resources for tax cuts or more state funding of education and vital public services.”

The new study also surveys a growing body of rigorous academic research which finds that these laws do not increase construction costs but do increase productivity, investment in training, safety, and worker experience, as well as wages and benefits.

The report highlights that it is critical to enact a prevailing wage law now because, after shrinking by a quarter from 2006 to 2010, the industry is now poised for significant hiring and faces potential skill shortages. “Will construction contractors expand by rebooting apprenticeship training and taking the high-skill, efficient high road,” said report co-author Dr. Stephen Herzenberg, executive director of KRC. “Or will they seek out low-wage, low-skill labor, leading to more loss of market share to out-of-state firms that specialize in tapping vulnerable workers? A prevailing wage law can help ensure that more of the industry takes the high road with benefits for the New Hampshire economy, taxpayers, in-state contractors and construction workers.”

“Prevailing wage laws are proven, evidence-based policies that have stood the test of time and the scrutiny of the best economic research,” concluded Professor Duncan. “New Hampshire should enact a prevailing wage law to strengthen its economy and its middle class.”

*The Keystone Research Center (KRC) (www.keystoneresearch.org) was founded in 1996 to broaden public discussion on strategies to achieve a more prosperous and equitable economy.*