

# Prevailing Wage in Minnesota

## Local wages for local work

Minnesota prevailing wage laws advance regional economic policy by ensuring that workers on Minnesota's publicly funded construction projects are paid local wages. "The main purpose of a prevailing wage law is to protect local construction labor standards in the competitive bidding process."<sup>1</sup>

### What are state prevailing wages?

Prevailing wages are established by the Minnesota Department of Labor and Industry through an annual survey of actual wages paid to construction workers in the local community.

### When do prevailing wage laws apply?

State prevailing wages are paid on:

- State-funded road, highway, street, airport, bridge, power plant, water treatment and utility construction projects.
- State-funded building construction projects.
- State-funded economic development construction projects.
- Locally-funded construction projects where the prevailing wage has been required by local law or contract.

*"It is in the public interest that public buildings and other public works be constructed and maintained by the **best means and highest quality** of labor reasonably available and that persons working on public works be compensated according to the real value of the services that they perform."*

*It is therefore the policy of this state that wages of laborers, workers, and mechanics on projects financed in whole or part by state funds should be comparable to wages paid for similar work in the community as a whole."*

*Minn. Stat. §177.41*



<sup>1</sup> Manzo IV, Frank and Kevin Duncan. (2018) *An Examination of Minnesota's Prevailing Wage Law: Effects on Costs, Training and Economic Development*. Midwest Economic Policy Institute; Colorado State University – Pueblo.

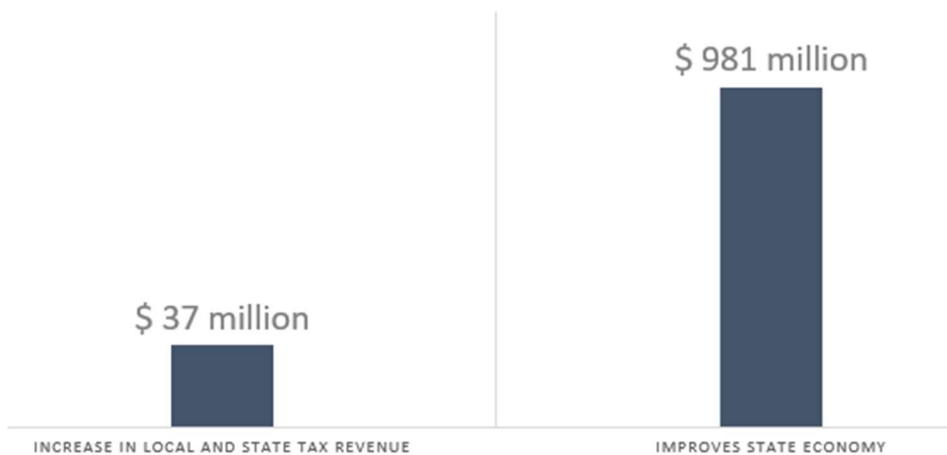
# Economic benefits

*Prevailing wage laws keep construction costs stable while benefiting construction workers and local communities. The most comprehensive studies have found no impact on public construction costs while also finding that prevailing wage laws have the following positive economic impacts:<sup>2</sup>*

- Local contractors are more likely to win bids on local construction projects.
- Increases annual incomes for construction workers by 5.2%.
- Expands health insurance coverage for construction workers by 5%.
- Reduces construction worker reliance on food stamps by 2.1%.

*“Studies indicate that prevailing wage laws increase the wages and benefits of all construction workers, not just those working on prevailing wage projects.”*

## PREVAILING WAGE IMPACT ON MINNESOTA'S ECONOMY



## Prevailing Wage results in increased participation in Registered Apprenticeship

Registered Apprenticeship, the formal earn-while-you-learn training system of the construction industry, is funded privately with over \$30M annually provided through member and contractor funds. Over 50 Union Construction Registered Apprenticeship programs train Minnesota's future, diverse construction workforce.<sup>3</sup>

- 20% of Registered Apprentices in the construction industry are people of color.
- 6% of Registered Apprentices in the construction industry are women.
- 7% of Registered Apprentices in the construction industry are Veterans.

<sup>2</sup> Ibid., also see Office of the Legislative Auditor State of Minnesota (2007) *Evaluation Report: Prevailing Wages*

<sup>3</sup> Statistical Data from the Minnesota Department of Labor and Industry, Division of Apprenticeship