
No. 127126

**IN THE
SUPREME COURT OF ILLINOIS**

ILLINOIS ROAD AND TRANSPORTATION BUILDERS ASSOCIATION,
FEDERATION OF WOMEN CONTRACTORS, ILLINOIS ASSOCIATION OF
AGGREGATE PRODUCERS, ASSOCIATED GENERAL CONTRACTORS OF
ILLINOIS, ILLINOIS ASPHALT PAVEMENT ASSOCIATION, ILLINOIS READY
MIXED CONCRETE ASSOCIATION, GREAT LAKES CONSTRUCTION
ASSOCIATION, AMERICAN COUNCIL OF ENGINEERING COMPANIES
(ILLINOIS CHAPTER), CHICAGOLAND ASSOCIATED GENERAL
CONTRACTORS, UNDERGROUND CONTRACTORS ASSOCIATION OF
ILLINOIS, AND ILLINOIS CONCRETE PIPE ASSOCIATION,

Plaintiffs-Petitioners,

v.

COUNTY OF COOK, a body politic and corporate,

Defendant-Respondent.

On Petition for Leave to Appeal from the Illinois Appellate Court,
First Judicial District, No. 1-19-0396.

There Heard on Appeal from the Circuit Court of Cook County, Illinois,
County Department, Chancery Division, No. 18 CH 02992.
The Honorable Peter Flynn, Judge Presiding.

**BRIEF OF *AMICI CURIAE* INTERNATIONAL UNION OF OPERATING
ENGINEERS, LOCAL 150, AFL-CIO, CHICAGO REGIONAL COUNCIL OF
CARPENTERS, AND CONSTRUCTION & GENERAL LABORERS'
DISTRICT COUNCIL OF CHICAGO AND VICINITY**

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STATEMENT OF INTEREST

Amicus Curiae Local 150 of the International Union of Operating Engineers, AFL-CIO (“Local 150”), represents 23,000 construction workers and other employees in northwest Indiana, northern Illinois, and eastern Iowa. Approximately 19,000 of those Union members and their families are Illinois voters, residing in Cook County and 22 other counties in Illinois. James M. Sweeney is Local 150’s President-Business Manager. As such, he is the Union’s chief negotiator of collective bargaining agreements with construction industry and other employers and employer bargaining associations.

Throughout its history, Local 150, its members, and signatory contractors have zealously advocated in support of infrastructure spending. Obviously, public investment in construction projects provides jobs for union members. Building safe roads, sturdy bridges, and more efficient transportation benefits the public at large as well.

Local 150 has an interest in this case and the matters asserted in this brief are relevant to its disposition because Local 150 and its members devoted substantial financial and political resources to promote and pass the Safe Roads Amendment. To require them to redo the Amendment in order to safeguard transportation tax revenue would be unfair to the Union, its members, and the public at large who voted overwhelmingly to protect transportation tax revenues with no exceptions for Home Rule entities.

Amicus Curiae Chicago Regional Council of Carpenters is comprised of 19 affiliated local unions and over 30,000 members who perform construction, millwright, pile driving, and industrial manufacturing work throughout the state of Illinois. With well over 1,000 collective bargaining agreements, the Carpenters Union has a long tradition of fighting for fair wages and benefits for its members and their families. The Union shares

a strong working relationship with its management partners who collectively provide secure healthcare and retirement benefits to working and retired carpenters and their families throughout our state. Through its collective efforts, the Carpenters Union has elevated the construction industry through its four-year apprentice training program and skill advancement training at nine separate training centers and by providing career opportunities in not only traditional building trade positions, but also in emerging markets involving clean energy and new technology.

Members of the Carpenters Union are routinely employed on publicly funded infrastructure projects throughout our state. This work includes public highways, roads, streets, bridges, mass transit, ports, and airports. The members of the Carpenters Union, as well as the contractors who hire them, have a significant stake in the Safe Roads Amendment by ensuring that the tax revenue intended for transportation projects in the state of Illinois is, in fact, used for its intended purpose.

Amicus Curiae Construction & General Laborers' District Council of Chicago and Vicinity ("Laborers' District Council") represents members of local unions who are affiliated with the Laborers' International Union of North America ("LIUNA") and employed by signatory contractors to perform work on projects, including those involving public infrastructure, throughout the following nine Illinois counties: Cook, Will, DuPage, Lake, Kane, Kendall, Boone, Grundy, and McHenry. A sizeable portion of these public infrastructure projects are, and will be, created, funded, and implemented as a result of the Safe Roads Amendment.

The Laborers' District Council therefore has a fundamental interest in this matter, which will have a substantial impact on the local union members represented by the Laborers' District Council.

STATEMENT OF THE CASE

On November 8, 2016, the voters of Illinois passed the Safe Roads Amendment with 3,796,654 votes for and 1,014,461 against the ballot provision—a mandate from nearly 80 percent of Illinois voters. The Amendment prohibited transportation tax revenues from being used on non-transportation projects. Formally known as the Illinois Transportation Taxes and Fees Lockbox Amendment, the Safe Roads Amendment ballot provision resolution was passed by the Illinois House on April 22, 2016, and by the Illinois Senate on May 5, 2016.

On March 6, 2018, the Illinois Road and Transportation Builders Association and others (“the Associations”) filed suit for declaratory and injunctive relief against Cook County. The Associations alleged that the County was impermissibly using funds safeguarded by the Safe Roads Amendment on non-transportation programs. Plaintiffs identified six sources of revenue: Use Tax; Retail Sale of Gasoline and Diesel Fuel Tax; New Motor Vehicle and Trailer Excise Tax; Use Tax for Non-Retailer Transfers of Motor Vehicles; Wheel Tax; Parking Lot and Garage Operations from which funds had been diverted to non-transportation-related purposes. The County moved to dismiss the suit, arguing the Associations lacked standing and failed to state a claim.

On February 22, 2019, the Chancery Division of the Circuit Court of Cook County granted Cook County's motion to dismiss, finding that Plaintiffs lacked standing and failed to state a viable claim. The court held that Plaintiffs' claim of associational standing failed

due to there being no individual association member with standing. The court also held that Cook County's actions were not prohibited under the Safe Roads Amendment itself. The circuit court found the language of the Amendment to be ambiguous over the question whether funds generated pursuant to local government Home Rule authority were covered by the Safe Roads Amendment protections.

On February 27, 2019, the Associations appealed the trial court's decision. They argued that Association members suffered non-speculative injuries from the County's actions. The Associations disagreed with the trial court's characterization of the Amendment as ambiguous and argued that the plain meaning of the Safe Roads Amendment was to include Home Rule revenues within its protections.

On March 3, 2021, the Illinois Appellate Court from the 1st District affirmed in part the trial court's judgment. The Appellate Court disagreed and held that the Associations have standing, but ruled the complaint failed to state a constitutional violation. The Court agreed with the County's assertion that revenues collected pursuant to Cook County's Home Rule authority were not affected by the Safe Roads Amendment.

On May 26, 2021, the Supreme Court of Illinois granted Plaintiffs' petition for leave to appeal. *Amici* International Union of Operating Engineers, Local 150, AFL-CIO, the Chicago Regional Council of Carpenters, and the Construction & General Laborers' District Council of Chicago and Vicinity (collectively, "the Construction Unions") respectfully offer this *amicus curiae* brief in support of the Association's position seeking reversal of the Appellate Court's decision. The Construction Unions respectfully ask the Supreme Court to find that transportation revenues generated by Home Rule authority are protected by the Safe Roads Amendment.

ARGUMENT

A. The Proper Interpretation of the Safe Roads Amendment to the Illinois Constitution Should Consider What Voters Understood to Be Its Purpose.

When interpreting a constitutional provision, “the true inquiry concerns the understanding of its provisions by the voters.” *Client Follow-Up Co. v. Hynes*, 75 Ill. 2d 208, 222 (1979). “It is also proper to consider constitutional language in light of the history and condition of the times, the objective to be attained, and the evil to be remedied.” *Gregg v. Rauner*, 2018 IL 122802, ¶ 23. As a part of this analysis, courts may “consider the reason for the law, the problems sought to be remedied, the purposes to be achieved, and the consequences of construing the statute one way or another.” *Oswald v. Hamer*, 2018 IL 122203, ¶ 10 (citing *Murphy-Hylton v. Lieberman Mgmt. Servs., Inc.*, 2016 IL 120394, ¶ 25).

The Safe Roads Amendment restricts the expenditures of all “moneys...derived from taxes, fees, excises or license taxes” relating to “any other transportation infrastructure or transportation operation...” Ill. Const. art. IX § 11(a). The Safe Roads Amendment originated in the Illinois House of Representatives. House co-sponsor Mary Flowers stated its purpose succinctly when she observed the Amendment “is about creating jobs.” H. R. Transcript, 99th Gen. Assemb. Reg. Sess. 123rd Leg. Day at 15-23 (Apr. 22, 2016). She added that transportation tax revenues should go towards making “roads and bridges safe for everyone in the State of Illinois.” *Id.*

These goals animated the public debate over the Safe Roads Amendment. Eighty percent of the voters of Illinois approved it. As the economic and other analysis offered herein demonstrate, creating a Home Rule exception to the Safe Roads Amendment defeats its purpose and is contrary to the voters’ understanding of it.

B. The Legislature Intended and Illinois Voters Understood that One Purpose of the Safe Roads Amendment Was to Create Quality Construction Jobs at Prevailing Wage Rates.

The Appellate Court’s decision to depart from the drafters’ intention and voters’ understanding of the Safe Roads Amendment’s application to Home Rule units will significantly reduce the quantity of prevailing wage public works jobs expected to be created. According to one study offered in support of a Safe Roads Amendment (Frank Manzo IV, “Better Roads Ahead: Vote YES on the Illinois Transportation Funds Amendment,” Illinois Economic Policy Institute (Jul. 18, 2016), at <https://illinoisepi.org/site/wp-content/themes/hollow/docs/infrastructure-investment/ilepi-better-roads-ahead-final.pdf> (last visited Jun. 23, 2021) (hereinafter “Appendix A1”) at A1-2):

Despite the fact that motor fuel taxes, licenses, and vehicle registration fees are all intended for transportation funding, lawmakers have diverted about \$6.8 billion from transportation funds since 2002. An amendment to the constitution would prohibit lawmakers from creating new potholes and unsafe infrastructure over the long run to close other, short-term budget holes.

Since 2002, diversions from transportation funds have cost more than 49,700 construction and transportation employees their jobs (*id.*). One purpose of the Amendment was to create and secure construction jobs that would thereafter produce a positive impact on Illinois and local economies. H. R. Transcript, 99th Gen. Assemb. Reg. Sess. 123rd Leg. Day, at 15-23 (Apr. 22, 2016). Obviously, Illinois voters approved of the Amendment’s constitutional lockbox mechanism to protect these jobs, boost the economy, and prevent diversions of these transportation funds. *Id.*

Improving and expanding roads, bridges, highways, subways, railroads, and waterways all provide direct jobs to construction workers in the short term.

Frank Manzo, IV, & Robert Bruno, “Policies That Support Employment: Investments in Public Education, Investments in Public Infrastructure, and a Balanced State Budget,” Illinois Economic Policy Institute and University of Illinois Project for Middle Class Renewal (Sep. 7, 2015) https://illinoisepi.org/site/wp-content/themes/hollow/docs/budgets-taxes/Employment-Supports-Paper_FINAL1.pdf (last visited Jun. 23, 2021). On average, for every billion dollars invested in public infrastructure, the economy saves or creates up to 25,000 jobs. Frank Manzo, IV, Robert Bruno & Mary Craighead, “Economic Development,” Illinois Economic Policy Institute (Aug. 12, 2020), <https://illinoisepi.org/focus-areas/economic-development/> (last visited Jun. 23, 2021). As alleged in the Complaint, the Cook County transportation taxes at issue generated approximately \$250 million in revenue just in Fiscal Year 2017 (C 59-61 (¶¶ 86, 90, 94, 98, 102 and 106) (A037-39)). It follows, then, that the transportation tax revenue Cook County generated should have created approximately 6,250 jobs either directly or indirectly related to infrastructure investments.

Construction workers performing work on public works infrastructure projects in Illinois must be paid the prevailing wage pursuant to the Illinois Prevailing Wage Act, 820 ILCS 130/ *et seq.*; it ensures contractors pay workers on public-works construction projects a minimum region-wide wage and fringe benefit amount. Kara M. Principe, “Illinois’ Progressive Prevailing Wage Act,” 108 Ill. B.J. 24, *24 (2020). State prevailing wage laws promote the hiring, development, and retention of skilled workers through encouraging investment in apprenticeship programs (Frank Manzo IV, Robert Bruno, “Prevailing Wage and the American Dream: Impacts on Homeownership, Housing Wealth, and Property Tax Revenues,” Illinois Economic Policy Institute and University of

Illinois Project for Middle Class Renewal, at 9 (Feb. 19, 2020) <https://illinoisepi.files.wordpress.com/2020/02/ilepi-pmcr-prevailing-wage-the-american-dream-final.pdf> (last visited Jun. 23, 2021) (hereinafter “Appendix A2”) at A2-12). This, in turn, provides ladders into the middle class for blue-collar workers and reduces inequality between blue-collar and white collar workers (*id.*). Specifically, Illinois’ prevailing wage laws increase the earnings of all construction workers by \$365 million annually and grow the economy by \$1.1 billion per year (*id.* at 10, A2-13). Withholding the significant amount of tax revenue that the Illinois voters understood would be invested in transportation infrastructure would eliminate the proverbial rung in the ladder that Illinois construction workers have fought to climb for decades.

C. The Legislature Intended and the Illinois Voters Understood that Another Purpose of the Safe Roads Amendment Was to Protect Transportation Tax Revenue in Order to Maximize the Economic Impact of Infrastructure Investment.

It is generally accepted that infrastructure investment creates a positive economic return and improves the quality of life of taxpayers. The Council of Economic Advisers has found a \$1.50 multiplier for each dollar spent. Christina Romer & Jared Bernstein, “The Job Impact of the American Recovery and Reinvestment Plan,” (Jan. 9, 2009). The United States Congressional Budget Office has found a multiplier as high as \$2.50. Congressional Budget Office, “Estimated Impact of the American Recovery and Reinvestment Act on Employment and Economic Output from April 2010 through June 2010,” (Aug. 2010). The Illinois Economic Policy Institute predicts that every \$1 billion of infrastructure investment in Illinois boosts the economy by between \$1.7 billion and \$3.5 billion and creates up to 25,000 jobs. IMPLAN, “2020 Impacts for Illinois,” <https://illinoisepi.org/focus-areas/economic-development/> (last visited Jun. 25,

2021). While the exact number is debatable, academic literature agrees that infrastructure spending generates a positive return on investment.

The State of Illinois's deteriorating infrastructure has not gone unnoticed. In 2018, the Illinois Section of the American Society of Civil Engineers gave the infrastructure of Illinois a grade of "C-." Illinois Section of the American Society of Civil Engineers, "Report Card for Illinois Infrastructure," <https://infrastructurereportcard.org/state-item/illinois/> (2018) (last visited Jun. 25, 2021). A grade of C- translates to "mediocre: requires attention" with "some elements [exhibiting] severe deficiencies." *Id.* at 4.

Deficiencies in infrastructure have a direct and costly impact on the lives of Illinois residents. In 2016, there were 324,400 vehicular crashes on Illinois roads which resulted in 66,703 injuries and 1078 fatalities (Mary Craighead, "Roadway Safety in Illinois Examining the Needs, Economic Costs, and Potential Improvements," Illinois Economic Policy Institute (Apr. 2019) (hereinafter "Appendix A3") at A3-2). In 2017, the Illinois Department of Transportation created a Strategic Highway Safety Plan to understand the causes of deadly traffic accidents. Illinois Department of Transportation, "Illinois Strategic Highway Plan," State of Illinois (Jul. 28, 2017). Seventy-eight percent of fatal and/or seriously injurious accidents occurred on undivided roadways or divided roadways without median barriers. *Id.* at 22. The plan concluded that engineering solutions such as median barriers and rumble strips would greatly improve the safety of Illinois roads and consequently protect its citizens. A government has a duty to protect its citizens, especially when they travel on government roads. Public construction can accomplish this, but must be adequately funded.

Each traffic fatality or serious injury also hurts the economy of Illinois. In Illinois, the average economic value of saving a life is \$1.6 million. The average economic value of preventing an injury is \$22,292. The total economic cost of fatal and injury causing accidents in Illinois in 2016 was \$3,792,898,720 (Craighead, *supra*, at 3, A3-5). Enacting the previously mentioned engineering solutions would not only save lives, but it would stimulate the economy by keeping the citizens of Illinois healthy and working.

Infrastructure investment is one of the rarest things in governance, because it is an act where, simultaneously, the government can generate a financial return, stimulate the economy, and protect the lives and health of its citizens. Seldom does any constitutional provision accomplish as many goals as does the Safe Roads Amendment.

CONCLUSION

For all the above-stated reasons, as well as those argued by the Associations below, the Construction Unions respectfully request the Illinois Supreme Court to reverse the decision of the appellate court and find no Home Rule exception to the safeguards protecting transportation tax revenues as was intended by the drafting of the Safe Roads Amendment and understood by Illinois voters.

Dated: July 1, 2021

Respectfully submitted,

By: /s/ Dale D. Pierson
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CERTIFICATE OF COMPLIANCE

I certify that this brief conforms to the requirements of Rules 341(a) and (b). The length of this brief, excluding the pages or words contained in the Rule 341(d) cover, the Rule 341(h)(1) table of contents and statement of points and authorities, the Rule 341(c) certificate of compliance, the certificate of service, and those matters to be appended to the brief under Rule 342(a), is 11 pages.

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CERTIFICATE OF SERVICE

The undersigned, an attorney of record, hereby certifies that on July 1, 2021, he electronically filed the foregoing ***Brief of Amici Curiae International Union of Operating Engineers, Local 150, AFL-CIO, Chicago Regional Council of Carpenters, and Construction & General Laborers' District Council of Chicago and Vicinity*** with the Clerk of Court using the i2file system, which sent notification to the following:

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Under penalties as provided by law pursuant to Section 1-109 of the Code of Civil Procedure, the undersigned certifies that the statements in this instrument are true and correct.

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BETTER ROADS AHEAD



Vote YES on the Illinois Transportation Funds Amendment

July 18, 2016

Frank Manzo IV
Policy Director



Executive Summary

The Illinois Transportation Funds Amendment would constitutionally protect— or “lockbox”— all revenue contributed by drivers through motor fuel taxes, tollways, licenses, and vehicle registration fees and require that the money is used solely for transportation purposes. Revenue generated by those who use transportation infrastructure would only be allowed to be spent on public highways, roads, bridges, mass transit systems, commuter rail, airports, and other forms of transportation.

This amendment to constitutionally protect transportation funds is a common-sense measure. As a multi-modal transportation hub of America, Illinois needs high-quality transportation infrastructure. Motor fuel taxes, licenses, and vehicle registration fees have always been intended to fund transportation infrastructure. A recent ballot initiative in neighboring Wisconsin demonstrates that voters want their user fees to go to their intended purposes.

The Illinois amendment has strong bipartisan support from Republicans and Democrats. The Illinois House voted 98-4 in favor and the Illinois Senate voted 55-0 in favor of the constitutional amendment. Local governments, private businesses, the Chamber of Commerce, labor unions, transportation associations, and regional planning organizations have endorsed passage of the constitutional amendment.

Experience has shown that voters should not trust Illinois politicians to use transportation revenues on transportation expenditures. Despite the fact that motor fuel taxes, licenses, and vehicle registration fees are all intended for transportation funding, lawmakers have diverted about \$6.8 billion from transportation funds since 2002. An amendment to the constitution would prohibit lawmakers from creating new potholes and unsafe infrastructure over the long run to close other, short-term budget holes.

The total cost of these diversions has been a \$3.2 billion loss in economic output. Over the past decade and a half, diversions out of the Road Fund, the State Construction Account, and other transportation funds have resulted in 4,747 fewer jobs in Illinois and a significant economic loss of \$3.2 billion. A constitutional lockbox on transportation funds would protect these jobs, boost the economy, and improve economic efficiency in Illinois.

Illinois politicians have wasted tax dollars on bureaucracy and mismanagement for too long. By requiring all money from transportation-related taxes to be spent on transportation, the Illinois Transportation Funds Amendment would increase funding for roads and bridges in Illinois. The lockbox amendment, if passed, would also increase funding for safety inspections of roads, bridges, and commuter rail lines.

The Illinois Economic Policy Institute (ILEPI) urges the public to vote Yes on the constitutional amendment.

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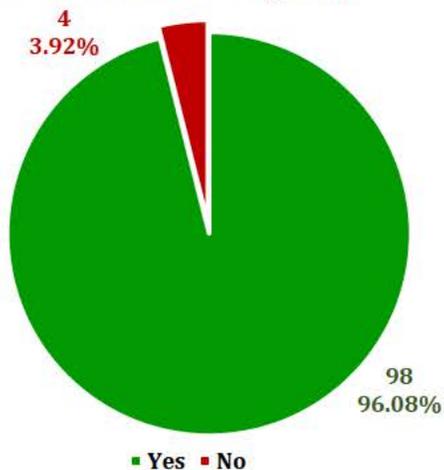
Introduction

This November, Illinois voters will vote on a constitutional amendment that would prevent politicians in Springfield from raiding transportation funds to address other budget shortfalls. The Illinois Transportation Funds Amendment, [HJRC A0036](#), would constitutionally protect—or “lockbox”—all revenue contributed by drivers through motor fuel taxes, licenses, and vehicle registration fees and ensure that the money is used solely for transportation purposes. Revenue generated by those who use transportation infrastructure would only be allowed to be spent on constructing, maintaining, and repairing roads, bridges, mass transit systems, rail, airports, and other forms of transportation. The changes would only apply to transportation-related fees (*Reboot Illinois*, 2016).

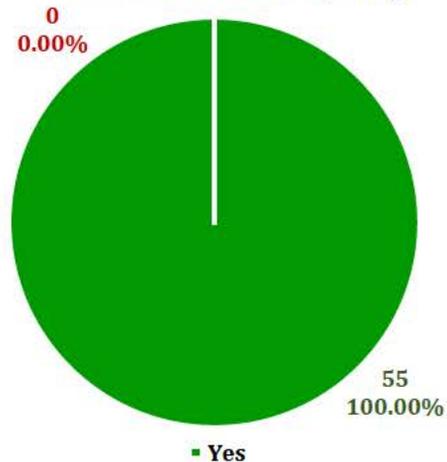
The constitutional amendment passed the Illinois General Assembly with nearly unanimous bipartisan support (Figure 1). On April 22, 2016, the House voted 98-4 in favor of the bill (96.1 percent). The bill was subsequently sent to the Senate, where it was approved by a vote of 55-0 (100.0 percent) on May 5, 2016. The across-the-aisle support is encouraging during this prolonged period of partisan gridlock in Illinois.

FIGURE 1: ILLINOIS GENERAL ASSEMBLY VOTES ON THE ILLINOIS TRANSPORTATION FUNDS AMENDMENT, APRIL-MAY 2016

Illinois House Votes on Transportation Funds Amendment (2016)



Illinois Senate Votes on Transportation Funds Amendment (2016)



Source(s): *Ballotpedia*, 2016a.

The Illinois Transportation Funds Amendment, or the “Illinois Lock Box Amendment,” will be decided upon by the voters of Illinois. The Illinois Economic Policy Institute (ILEPI) urges the public to vote **Yes** on the constitutional amendment, ensuring that the whimsical lawmakers of Illinois are prohibited from using transportation funds for anything other than their stated purpose. The remainder of this ILEPI Policy Brief presents the economic rationale for protecting user fees, discusses a similar constitutional amendment that passed in Wisconsin in 2014, examines the previous sweeps and diversions from Illinois’ transportation funds, and assesses the economic costs of not having a lockbox on transportation funds in Illinois. The report concludes by recapping key findings.

Why User Fees Should Be Protected

A “user fee” is simply a price paid by individuals for a government-provided good or service. Whereas a tax is levied on the general population, a user fee is only charged when an individual uses a good or service. In transportation, user fees are based on the principle that those who drive on the roads should pay for the roads. Motor fuel taxes, tolls, and registration fees are examples of user fees that Illinois motorists pay in exchange for high-quality public infrastructure.

User fees have many advantages compared to general taxation. First, they promote taxpayer fairness. Infrastructure investment is paid for by those who actually use the roads, bridges, and mass transit systems instead of being subsidized by people who do not. Simply put, motorists get what they pay for. Second, road user fees give public bodies flexibility to adjust revenues and expenditures to meet economic conditions. If a toll road becomes more congested, the Illinois State Toll Highway Authority can raise the rate to generate more revenue, alleviate traffic, and improve the environment. Finally, user fees eliminate the “free-rider” problem. While anyone can voluntarily choose to drive on public roads in Illinois, constructing and maintaining the infrastructure is not free. User fees help to prevent overuse of public infrastructure. Motor fuel taxes, tolls, and registration fees improve motorist awareness on the costs of driving on the roads (Summers, 2005).



When Illinois’ residents pay road and mass transit user fees, there is a reasonable expectation that the money they contribute will actually go to fund transportation infrastructure. However, state legislators have continually diverted money in transportation funds to other purposes many times over the past decade and a half years. Only about 73 percent of all spending from the Road Fund is on direct transportation expenditures (Manzo, 2014). From 2002 to 2015, an estimated \$6.8 billion was diverted away from the transportation funds to pay for general government, state police, Department of Natural Resources, health insurance, workers compensation, and other costs (TFIC, 2016). Additionally, in 2015, lawmakers decided to sweep \$1.3 billion from special funds to close the state revenue gap— including \$250 million from the Road Fund (The State Journal-Register, 2015).

Illinois motorists deserve better. Most states have constitutional language designating how transportation revenues are to be used; 19 have specific “trust funds,” or lockboxes. The future population of Illinois deserves high-quality transportation infrastructure. Road Fund revenues should be used to close potholes created by vehicles, not close other budget holes created by state politicians.

The Wisconsin Case Study

In 2014, voters in Wisconsin approved a comparable constitutional amendment called the “Wisconsin Transportation Fund Amendment.” The amendment was “put on November 4, 2014 ballot to ensure that revenue generated from transportation-related fees and taxes would be protected from diversion to non-transportation programs outside of the Wisconsin Department of Transportation’s jurisdiction” (TIAC, 2014). In February 2013, the resolution passed the Assembly by a vote of 82-13 (86.3 percent) and the Senate by a vote of 25-8 (75.8 percent).

Proponents of a constitutionally-protected transportation fund argued that it was a common-sense measure. In Wisconsin, nearly \$1.4 billion was diverted from transportation funds to other sources over a decade. Note that this is significantly less than the \$6.8 billion that has been diverted from Illinois’ Road Fund since 2002. Included in the 50-organization coalition to lockbox Wisconsin’s transportation funds were local chambers of commerce, labor unions, businesses, and transportation associations. This bipartisan, broad-based coalition was essential to garnering public support for the constitutional amendment (TIAC, 2014).

The *Wisconsin State Journal* urged voters to approve the constitutional amendment. “State motorists deserve a guarantee,” the newspaper wrote in an October 3, 2014 editorial. The state needed to get serious about paying for transportation, the article continued. “Yet both major political parties, when in charge, have failed to raise as much money in transportation revenue as they’ve spent on transportation projects. ... Voters this fall can help steer state leaders in the right direction by insisting the transportation fund is protected” (*Wisconsin State Journal*, 2014). The Editorial Board of the *Green Bay Press-Gazette* concurred on October 15, 2014. The newspaper contended, “If those in the State Capitol can’t stop themselves from taking money from designated funds and using it for unrelated expenses, then maybe it’s time for a constitutional amendment to do that” (Ballotpedia, 2016b).

On November 4, 2014, 79.9 percent of Wisconsin residents voted Yes to the constitutional amendment compared to 20.1 percent voting No (Figure 2). With four-fifths of voters approving the measure, the amendment passed. Voters in Illinois should do the same.

FIGURE 2: WISCONSIN TRANSPORTATION FUND AMENDMENT, QUESTION 1 – NOVEMBER 4, 2014 POPULAR VOTE

Election Result	Number of Votes	Percentage
Yes	1,733,101	79.94%
No	434,806	20.06%

Source(s): Ballotpedia, 2016b.

The Cost of Previous Diversions

Opponents of the constitutional amendment are concerned that a lockbox on transportation funds would create budget inflexibility at a time when Illinois needs to balance budgets. By specifically protecting transportation funds, politicians could argue that other non-protected funds will be plundered to make up general budget shortfalls. Though valid, these are generally weak arguments.

First, during the recent budget impasse in Illinois that lasted for over a year, the Illinois Department of Transportation was nearly forced to shut down \$2 billion in planned and ongoing public infrastructure projects. Politicians in Illinois nearly halted spending on transportation— even though the revenue had already been generated through motor fuel taxes, licenses, and other fees— because they could not find enough revenue to fund other services. Politicians should not be able to suspend vital transportation investments and freeze taxpayer dollars that have already been paid by motorists because they cannot find common ground to solve other revenue problems (*The State Journal-Register*, 2016a).



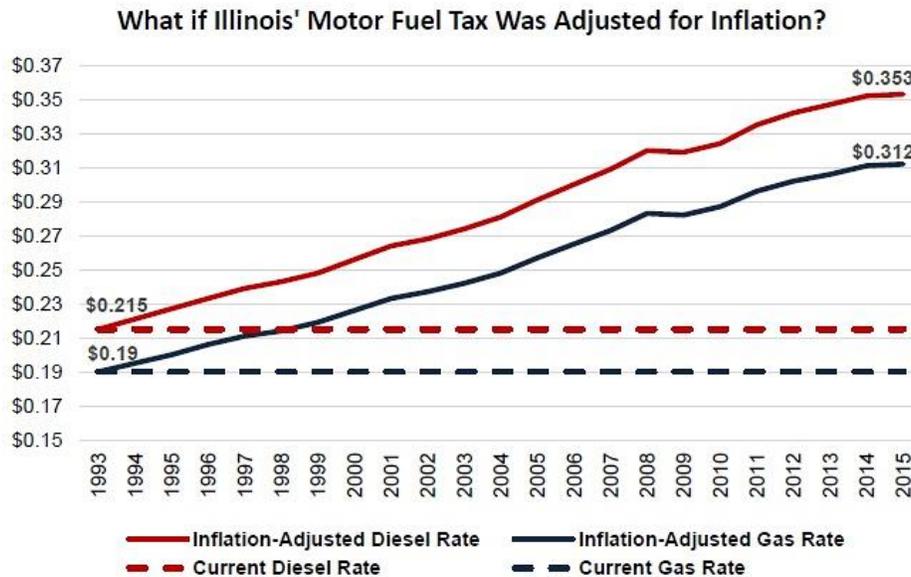
Lawmakers have not allocated transportation revenues wisely in the past. Since 2002, nearly \$6.8 billion has been diverted away from Illinois' transportation funds to pay for other items. Less than three-quarters of the revenue paid by Illinois' drivers in motor fuel taxes, licenses, and vehicle registration fees was actually spent on direct transportation expenditures from 2002 to 2012 (*Manzo*, 2014).

Illinois' lawmakers should not be allowed to balance the General Fund in one year by taking surpluses from the Road Fund that are intended for use in future years. Transportation fund diversions place an indirect cost on future generations, who will have to pay to fix inadequate roads, bridges, and mass transit systems that have been underfunded. Driving on roads in need of repair already costs Illinois motorists \$441 per year in extra vehicle repairs and operating costs (*ISASCE*, 2014). Diversions away from infrastructure investment have only increased this personal cost. An amendment to the constitution would prohibit lawmakers from creating these new potholes in order to close other unnecessary budget holes.

The costs of inaction on transportation funding have been substantial. Previous underinvestment, diversions, and political decisions have resulted in a \$43 billion transportation deficit in Illinois (*MPC*, 2016). In addition to political

diversions, the failure by lawmakers to simply adjust motor fuel taxes for inflation has cost the state another \$10 billion since the 1990s (Figure 3).

FIGURE 3: ILLINOIS' MOTOR FUEL TAX RATES IF THEY WERE ADJUSTED FOR INFLATION, MANZO & MANZO (2016)



The Illinois Transportation Funds Amendment promotes both government accountability and business confidence. By providing a lockbox, Illinois residents can be assured that the money they pay to use the roads will actually go towards the roads. Illinois residents *want* better infrastructure, and may be willing to pay slightly more in taxes or fees if they know for certain that the money will go to improve roads and bridges. At the same time, contractors would be assured that the state will have the necessary funds to continue investing in public infrastructure. Business confidence would rise as transportation networks are modernized, making the flow of goods and people more efficient in Illinois.

The Economic Cost of Not Having a Lockbox

Over the past fourteen years, a total of \$6.8 billion has been diverted from the Road Fund, the State Construction Account, and other transportation funds for other purposes (Figure 4). These diversions represent about one-fifth of the total revenue that was deposited into the accounts since 2002. Transfers to other funds ranged from \$172 million to \$783 million per year. Most recently, politicians swept \$522 million in transportation funds to close other budget holes in 2015. The Illinois Transportation Funds Amendment would establish a firewall and prevent these diversions going forward.

This section utilizes the IMPLAN (Impact analysis for PLANning) software to measure the impact of these diversions on total employment and economic activity in Illinois. IMPLAN is an input-output software that estimates the ripple effect, or multiplier, of changes in industry spending. The input-output model investigates inter-industry relationships in the Illinois economy based on Census data, specifically measuring market transactions between industries and households. IMPLAN is considered the “gold standard” for economic impact modeling.



IN THEIR OWN WORDS: BIPARTISAN SUPPORT IN ILLINOIS

- **Illinois Senate Republicans:** "The constitutional amendment passed with overwhelming support from both parties in the Legislature" (*Illinois Senate GOP, 2016*).
- **Illinois Democratic State Senator Bill Haine of Alton:** "This is historic in the sense that it will preserve the road fund from being raided for non-transportation, non-road or bridge use" (*Alton Daily News, 2016*).
- **Illinois Democratic State Representative Brandon Phelps of Harrisburg:** "It's important to have this lockbox amendment in place because it will leave more money in transportation infrastructure, which will create more jobs" (*The State Journal-Register, 2016b*).
- **Todd Maisch, President and CEO of the Illinois Chamber of Commerce:** "Together with lawmakers, the Illinois Chamber will spend the next six months explaining to local chambers, business owners, laborers, and taxpayers that the amendment will honor the promise that infrastructure projects will be sole beneficiary of the Road Fund. ... This will lead to a better transportation network, more jobs, and a growing economy" (*The State Journal-Register, 2016b*).
- **Marc Poulos, Executive Director of the Indiana, Illinois, Iowa Foundation for Fair Contracting, a labor-management group:** "A thank you to 98 Representatives and 55 Senators for protecting our transportation fees through a constitutional amendment. Next up: voter approval on the November ballot" (*Poulos, 2016*).

FIGURE 4: TOTAL DIVERSIONS FROM ILLINOIS' TRANSPORTATION FUNDS BY YEAR, 2002-2015, IN MILLIONS OF DOLLARS



Source(s): Author's analysis of TFIC, 2016 information.

Economic impact analyses produce three distinct effects: direct effects, indirect effects, and induced effects. The *direct effect* is the impact on government as a result of the diversions. For instance, the diversions directly reduce the number of blue-collar construction workers employed in Illinois because there are fewer dollars available to construct and maintain transportation infrastructure. The *indirect effect* measures inter-industry purchases that occur, or fail to occur, as a result of the diversions. As diversions reduce the investment in transportation construction projects, contractors purchase less materials and machinery from other sectors in the Illinois economy. This is an indirect effect. Finally, the *induced effect* is the broader consumer spending impact by those who are affected by the direct and indirect effects.

The economic cost of not having a lockbox on Illinois' transportation funds has been significant (Figure 5). Since 2002, diversions from transportation funds have cost more than 49,700 construction workers and transportation employees their jobs. Estimates suggest that the diversions saved nearly 56,500 jobs at other state and local government agencies. However, the cumulative indirect and induced effects have resulted in 11,500 jobs lost in other sectors of the Illinois economy. In total, the economic cost of not having a lockbox on transportation funds has been a loss of 4,747 jobs in the Illinois labor market since 2002.

FIGURE 5: ECONOMIC IMPACT ANALYSIS ON THE EFFECT OF TRANSPORTATION DIVERSIONS IN ILLINOIS, 2002-2015

Impact Type	Employment	Economic Output
Direct Effect: Construction and Transportation Workers	-49,736	-\$6.16 billion
Direct Effect: State and Local Government Employees	+56,489	+\$6.17 billion
Indirect Effect	-17,672	-\$4.11 billion
Induced Effect	+6,172	+\$0.93 billion
Total Effect	-4,747	-\$3.17 billion

Source(s): Author's analysis using IMPLAN, 2015.

The diversions also have had a negative impact on Illinois' gross domestic product (GDP). Since 2002, not having a lockbox on transportation funds has resulted in a \$3.2 billion decline in economic activity throughout Illinois. The

diversions from the Road Fund, the State Construction Account, and similar funds result in an overall loss of jobs *and* a drop in economic output in Illinois. Therefore, this accounting gimmick by politicians is economically inefficient (Figure 5).

Concluding Remarks

The Illinois Transportation Funds Amendment would constitutionally protect— or “lockbox”— all revenue contributed by drivers through motor fuel taxes, tollways, licenses, and vehicle registration fees and require that the money is used solely for transportation purposes. Revenue generated by those who use transportation infrastructure would only be allowed to be spent on public highways, roads, bridges, mass transit systems, commuter rail, airports, and other forms of transportation.

This amendment to constitutionally protect transportation funds is a common-sense, bipartisan measure. As a multi-modal transportation hub of America, Illinois needs high-quality transportation infrastructure. Motor fuel taxes, licenses, and vehicle registration fees have always been intended to fund transportation infrastructure. The Illinois House voted 98-4 in favor and the Illinois Senate voted 55-0 in favor of the constitutional amendment. Local governments, private businesses, the Chamber of Commerce, labor unions, transportation associations, and regional planning organizations have endorsed the constitutional amendment.



Experience has shown that voters should not trust Illinois politicians to use transportation revenues on transportation expenditures. Despite the fact that motor fuel taxes, licenses, and vehicle registration fees are all intended for transportation funding, lawmakers have diverted about \$6.8 billion from transportation funds since 2002. An amendment to the constitution would prohibit lawmakers from creating new potholes and unsafe infrastructure over the long run to close other, short-term budget holes.

The economic cost of these diversions has been significant. Since 2002, diversions from transportation funds to other purposes have resulted in 4,747 fewer jobs in Illinois and a loss of \$3.2 billion in cumulative economic output. A

BETTER ROADS AHEAD: VOTE YES ON THE ILLINOIS TRANSPORTATION FUNDS AMENDMENT

constitutional lockbox on transportation funds would protect these jobs, boost the economy, and improve economic efficiency in Illinois.

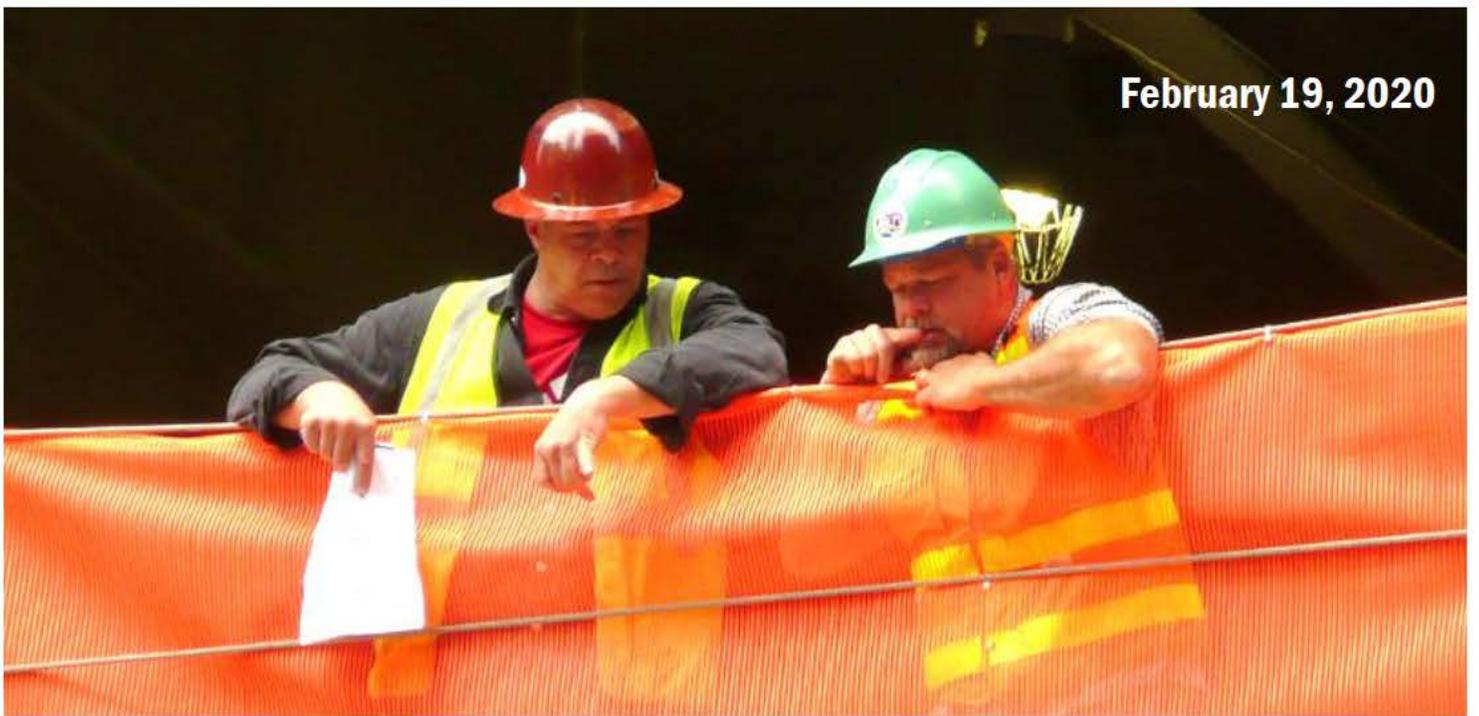
Illinois politicians have wasted tax dollars on bureaucracy and mismanagement for too long. By requiring all money from transportation-related taxes to be spent on transportation, the Illinois Transportation Funds Amendment would increase funding for roads and bridges in Illinois. The lockbox amendment, if passed, would also increase funding for safety inspections of roads, bridges, and commuter rail lines.

The Illinois Economic Policy Institute (ILEPI) urges the public to vote Yes on the constitutional amendment.

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February 19, 2020



Prevailing Wage and the American Dream

Impacts on Homeownership, Housing Wealth, and Property Tax Revenues

Frank Manzo IV, MPP
Jill Gigstad
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ILEPI
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RELATIONS
PROJECT FOR MIDDLE CLASS RENEWAL

Executive Summary

Prevailing wage laws establish a local wage floor for different types of skilled construction work on public construction projects, and have been linked to higher incomes and stronger career training institutions for blue-collar construction workers. This study examines links between prevailing wage laws and homeownership, housing wealth, and property tax revenues for these workers and their communities.

State prevailing wage laws promote ladders into the middle class.

- Prevailing wage laws boost the annual earnings of construction workers by 5 percent.
- Nationally, prevailing wage improves the construction worker homeownership rate by 2 percentage points and expands homeownership to more than 61,000 construction workers and their families.
- By promoting economic mobility for workers without four-year college degrees, prevailing wage reduces inequality between blue-collar workers and white-collar professionals across America.

State prevailing wage laws build housing wealth for all blue-collar construction workers.

- In 2016, the average home value for construction workers was \$235,500 in states with prevailing wage laws and \$166,200 in states without prevailing wage laws.
- Prevailing wage is associated with a 13 percent increase in housing wealth for the average construction worker who owns a home.
- Prevailing wage significantly impacts African American construction workers, boosting their homeownership rate by 8 percent and improving their housing wealth by 18 percent.
- Prevailing wage increases construction worker housing wealth regardless of urban status— by 14 percent in cities, 17 percent in suburbs, and 7 percent in rural areas.

State prevailing wage laws grow local economies and generate property tax revenues.

- Prevailing wage boosts total labor income by over \$5 billion.
- Prevailing wage produces \$42 billion in housing wealth for construction workers nationwide, including \$10 billion in California, \$5 billion in New York, and \$1 billion in Ohio.
- By enabling greater construction worker homeownership, prevailing wage laws increase annual property tax revenues by \$508 million for local communities.

The Illinois Prevailing Wage Act promotes housing affordability for the state's construction workers.

- Two-thirds (68 percent) of male construction workers in Illinois own homes.
- Prevailing wage improves construction worker housing wealth by \$2.3 billion in Illinois and generated \$52 million in property tax revenues for school districts and local governments in 2016.
- In 2019, Illinois enacted legislation strengthening prevailing wage to ensure that construction workers can afford homes in the communities where they build roads, bridges, schools, and other vital public infrastructure.

Prevailing wage strengthens communities across the United States by growing the middle class and improving the homeownership rate among skilled construction workers. Ultimately, prevailing wage allows hardworking craft workers who build the nation's infrastructure to achieve the American Dream.

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Introduction

Owning a home has long been key part of the American Dream. Homeownership is an integral component to a middle-class lifestyle along with retirement security, health insurance coverage, access to transportation, and savings for children to pursue higher education (Reeves et al., 2018). Many Americans strive to own a home because homeownership can build wealth and improve the community stature of an individual or family. Homeowners increase wealth through appreciation in home prices and by accumulating equity with each mortgage payment (Herbert et al., 2013; Schuetz, 2019). Between 2002 and 2016, owning a home offered an average annualized return of 10 percent compared with average returns of 7 percent in the S&P 500 stock index and 4 percent in bond markets (Goodman & Mayer, 2018). As of 2020, 65 percent of Americans own homes (Census, 2020).

Housing affordability is just as important as homeownership. While owning a home can serve as the foundation for financial stability, the relatively high cost of housing can also be a financial burden. Many working-class families devote a significant portion of their incomes to housing and are forced to make difficult budgeting choices. A 2018 Harvard study found that 38.1 million Americans live in housing they cannot afford, an increase of 6.5 million since 2001 (Joint Center for Housing Studies, 2018). Additionally, housing affordability is a growing concern across America. In an August 2019 national survey of nearly 20,000 adults, 75 percent reported that housing affordability is a problem in their city and 78 percent believed it to be an issue in their state, up from 54 percent and 68 percent, respectively, compared to a similar 2018 poll (NAHB, 2019). When Americans cannot afford their housing, they may skimp on basic needs such as food and medicine, forgo saving for retirement, borrow at high interest rates and accumulate credit card debt, or even sacrifice their home to foreclosure (Hoopes et al., 2017).

While wages have not kept pace with the rising cost of living for many blue-collar workers, one industry that has consistently offered pathways into the middle class is construction. Construction workers can earn a family-supporting wage in many parts of the United States. This is particularly true for skilled trades workers who complete registered apprenticeship programs. On average, these workers earn \$124,000 more in compensation over their careers than comparable nonparticipants (Reed et al., 2012).

Skilled construction workers are also more likely to earn good middle-class incomes in states with prevailing wage laws. A state prevailing wage law is a minimum wage for different types of skilled construction work on public construction projects that is based on local market standards of compensation and craftsmanship. As of February 2020, 28 states and the District of Columbia have prevailing wages laws.

State prevailing wage laws promote the hiring, development, and retention of skilled workers by encouraging investment in apprenticeship programs. Prevailing wage rates often include a cents-per-hour-worked contribution into workforce training institutions. As a result, apprenticeship training is 6 to 8 percent higher in states with prevailing wage laws, boosting worksite productivity by an average of at least 11 percent (Bilginsoy, 2003; Duncan & Lantsberg, 2015). Since state prevailing wage laws enhance productivity and labor costs are a small percentage of total costs in construction, the preponderance of the peer-reviewed research has concluded that state prevailing wage laws have no impact on total project costs (Duncan & Ormiston, 2017).

By stabilizing the wage floor and promoting a highly-trained workforce, state prevailing wage laws boost incomes and improve health insurance coverage (Manzo et al., 2016). State prevailing wage laws ensure

that more skilled construction workers can afford to live in the communities where they are building a school, a road, a bridge, or other public project. However, despite a robust economic literature on apprenticeship training, safety, worker earnings, and costs, little research has been conducted showing the effect of state prevailing wage laws on construction worker homeownership.

This report, conducted jointly by the Illinois Economic Policy Institute (ILEPI) and Project for Middle Class Renewal (PMCR) at the University of Illinois at Urbana-Champaign, fills that void in the economic research, assessing the impact of state prevailing wage laws on the homeownership rate of skilled construction workers. The impact of state prevailing wage laws on the home values of blue-collar construction workers is also analyzed, determining whether the policy allows construction workers to build household wealth and positively contribute to their communities through property tax revenues. The report concludes by recapping key findings.

Data, Methodology, and Prime-Age Men Employed in Construction Trades

This report uses 2016 data from the *American Community Survey* to analyze the impact of state prevailing wage laws on the incomes, home ownership rates, and home values of blue-collar construction workers. Conducted by the U.S. Census Bureau, the *American Community Survey* is an annual survey of approximately one percent of the U.S. population. The information is made publicly available from the Integrated Public Use Microdata Series (IPUMS-USA) dataset provided by the Minnesota Population Center at the University of Minnesota (Ruggles et al., 2018).

This study utilizes a statistical analysis called “*difference-in-differences* regressions.” Regressions are used to parse out the unique impact that certain variables—such as a state prevailing wage law—have on market outcomes. The techniques describe how much a variable is responsible for raising or lowering worker incomes and housing wealth, after accounting for other observable factors. However, states with prevailing wage laws may have similar economic dynamics and public policies that result in higher wages and higher home values for all workers—not just those in the construction trades directly impacted by a prevailing wage law. Accordingly, an “interaction term” is used to account for the overall market in states with and without prevailing wage laws while allowing an assessment of the impact of state prevailing wage laws specifically on blue-collar construction workers. A “probit” regression is also used to determine the average effect of state prevailing wage laws on the probability of homeownership.

Figure 1: Identification of Prime-Age Blue-Collar Men as Group of Workers to Analyze, 2016

U.S. Workforce Data: 2016 <i>American Community Survey</i>	All Occupations	Construction Occupations
Identification: Female	47.3%	2.8%
Education: Holds a Bachelor’s Degree or Higher	33.2%	5.5%
Prime-age: Between 25 and 54 Years Old	65.3%	73.3%

Source(s): Authors’ analysis of the 2016 *American Community Survey* (1-Year Estimates) by the U.S. Census Bureau (Ruggles et al., 2018).

This report concentrates on blue-collar male workers without bachelor’s or more advanced college degrees (Figure 1). While the total U.S. workforce in 2016 was 47 percent female and 33 percent of workers earned bachelor’s degrees or higher, workers in the construction trades tend to be disproportionately men without four-year college degrees. Among all workers in blue-collar construction

occupations in 2016, only 3 percent were women and just 6 percent had at least a bachelor's degree.¹ Most, however, have high school diplomas or associate's degrees, and many have graduated from formal apprenticeship programs registered with the U.S. Department of Labor. To ensure an apples-to-apples comparison with comparable employees, the evaluations focus on prime working-age men (i.e., between 25 and 54 years old) who do not have bachelor's degrees or higher. Looking at this specific, yet large, group of workers allows for an accurate understanding of the impact of a public policy that directly affects construction workers.²

Prevailing Wage Promotes Ladders into the Middle Class for Blue-Collar Workers

There is a significant difference in the wages paid to construction workers in states with prevailing wage laws compared to those in states without prevailing wage (Philips, 2014). Recent studies find that state prevailing wage laws raise construction worker earnings by between 3 and 9 percent— with even larger impacts on low-income individuals (Fenn et al., 2018; Manzo & Duncan, 2018a; Manzo & Duncan, 2018b). Additional research shows that the wage policies significantly reduce blue-collar construction worker poverty, reducing reliance on government assistance programs (Manzo et al., 2016).

Economic data from the *American Community Survey* generally aligns with the academic research (Figure 2). In states without prevailing wage laws, blue-collar men in their prime working years earned an average income of about \$43,200 in 2016. Those in the construction trades earned about \$37,000 annually, which was 14 percent less than the overall average. Of those construction workers who owned homes in states without prevailing wage laws, the average home value was approximately \$166,200. The average home value for male blue-collar construction workers was 13 percent below the estimates for comparable workers in states without prevailing wage laws.

Figure 2: Summary Data of Prime-Age Blue-Collar Men, All Occupations and Construction Trades, 2016

Economic Outcomes of Male Workers Aged 25-54 without Bachelor's Degrees	All Occupations	Construction Occupations	Construction Difference
<i>States without Prevailing Wage Laws</i>			
Average Annual Income	\$43,164	\$37,004	-14.3%
Average Home Value	\$191,933	\$166,236	-13.4%
<i>States with Prevailing Wage Laws</i>			
Average Annual Income	\$45,775	\$42,803	-6.5%
Average Home Value	\$253,407	\$235,515	-7.1%

Source(s): Authors' analysis of the 2016 American Community Survey (1-Year Estimates) by the U.S. Census Bureau (Ruggles et al., 2018).

Conversely, blue-collar construction worker earnings were much closer to the average wage across all industries in states with prevailing wage laws. In these states, male blue-collar construction workers in

¹ "Construction occupations" include all construction trades— such as carpenters, laborers, operating engineers, electricians, painters, pipefitters, roofers, and structural iron and steel workers— but *exclude* first-line supervisors of construction occupations. ² In total, the 2016 dataset comprises 295,916 observations from prime-age blue-collar male workers, including 35,799 in the construction trades. After applying analytic weights provided by the U.S. Census Bureau to adjust the sample to the U.S. population, an estimated 34.4 million working men between the ages of 25 and 54 without bachelor's or advanced degrees are represented in the dataset, including 4.4 million blue-collar construction workers.

their prime working years earned about \$42,800 in 2016, which was 6 percent less than the \$45,800 annual income reported for their counterparts. The average home value of prime-age blue-collar men employed in the construction trades who owned homes was about \$235,500, only 7 percent below the value for comparable workers. Notably, among male blue-collar construction workers who owned their homes, home values were 42 percent higher in states with prevailing wage laws (\$235,500) than in states without prevailing wage laws (\$166,200).

The data indicates that prime-age blue-collar men working in construction are more likely to build housing wealth if they live in a state with a prevailing wage law. However, while the summary statistics reported in Figure 2 are striking, it is important to determine how much state prevailing wage laws are independently responsible for these outcomes. To assess the relationship between prevailing wage laws and incomes, housing wealth, and rates of homeownership, statistical analyses discussed in the previous section are used.

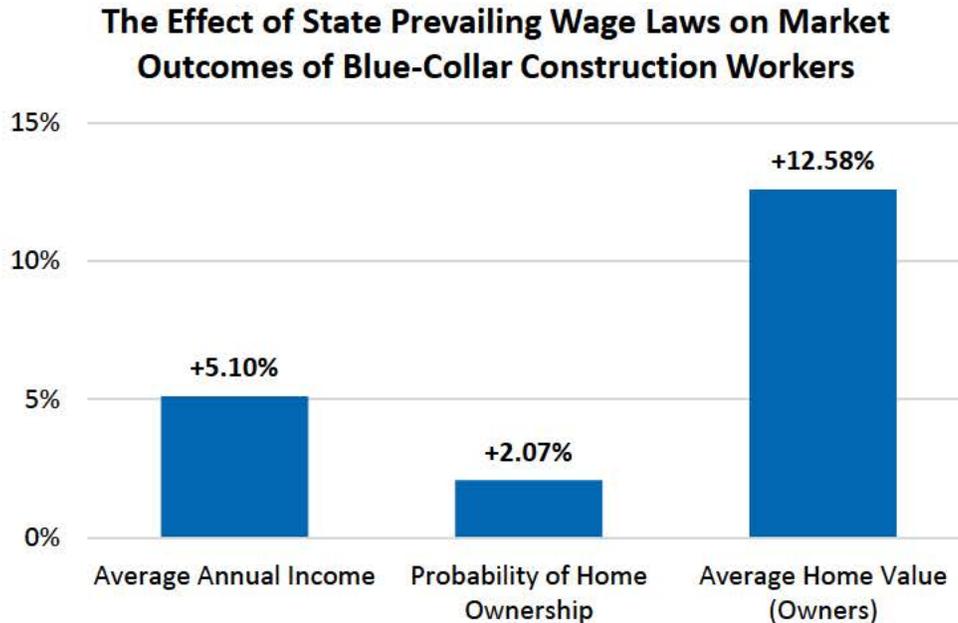
State prevailing wage laws produce positive impacts on market outcomes for prime-age blue-collar men working in construction (Figure 3). After accounting for other observable factors, state prevailing wage laws increase annual construction worker incomes by 5.1 percent on average.³ This effect is statistically significant, revealing that state prevailing wage laws boost the earnings of men in construction between the ages of 25 and 54 years old without a bachelor's degree. This estimate is consistent with recent prevailing wage studies (Fenn et al., 2018; Manzo & Duncan, 2018a; Manzo & Duncan, 2018b).

Prevailing wage laws also build household wealth for construction trades workers across America (Figure 3). State prevailing wage laws improve the probability that a prime-age blue-collar man working in construction owns a home by 2.1 percentage points after accounting for other factors, such as whether the worker is married or lives in a city, suburb, or rural location. In addition, state prevailing wage laws statistically increase the values of homes owned by blue-collar construction workers by 12.6 percent on average.⁴ For more on these results, please see Table A and Table B in the Appendix.

State prevailing wage laws allow hardworking skilled craftsmen who build the nation's infrastructure to achieve middle-class status (Figure 4). By stabilizing the wage floor and promoting apprenticeship programs that enhance productivity, state prevailing wage laws lift the annual earnings of construction workers by 5.1 percent. Nationwide, total labor income for blue-collar construction workers is \$5.3 billion higher due to state prevailing wage laws. This pay raise is momentous for more than 61,000 construction workers in these states, providing them greater ability to own homes when they otherwise would have rented or lived with relatives or friends. The impact on home values translated to \$42.0 billion in net housing wealth accrued to blue-collar construction workers due to state prevailing wage laws in 2016. By boosting both incomes and housing wealth for prime-age workers without four-year college degrees, the data suggests that state prevailing wage laws reduce economic inequality between blue-collar workers and white-collar professionals.

³ Each of the analyses accounts for usual hours worked per week, age, racial or ethnic identification, immigration status, veteran status, urban status, marital status, sector of employment, industry of employment, and educational attainment (i.e., whether the individual has a high school diploma or an associate's degree).

⁴ This result accounts for the fact that home values are already 18 percent higher in states with prevailing wage laws for reasons unrelated to the policy. Thus, the home value of a prime-age blue-collar male worker was, on average, 18 percent higher in states with prevailing wage laws regardless of occupation in 2016. However, for construction trades workers, state prevailing wage laws boosted housing wealth above-and-beyond that by an *additional* 13 percent. For more, see Appendix Table A.

Figure 3: The Average Impact of State Prevailing Wage Laws on Market Outcomes, 2016

Source(s): Authors' analysis of the 2016 American Community Survey (1-Year Estimates) by the U.S. Census Bureau (Ruggles et al., 2018). For partial regression results, please see Tables A and B in the Appendix. For full regression results, please contact author Frank Manzo IV at fmanzo@illinoisepi.org. All results are significant at $p \leq |0.05|$.

Figure 4: Effects of State Prevailing Wage Laws on U.S. Labor and Housing Markets, 2016

Effects of State Prevailing Wage Laws on Prime-Age Blue-Collar Male Construction Workers	Effect Per Worker or Home (%)	Effect Per Worker or Home (\$)	Affected Workers Or Homes in States with PWLs*	National Impact
Labor Income	+5.10%	+\$2,077	2,550,843	+\$5.298 billion
Homeownership	+2.07%	--	2,957,895	+61,220 owners
Housing Wealth	+12.58%	+\$26,325	1,596,090	+\$42.017 billion

Source(s): Authors' analysis of the 2016 American Community Survey (1-Year Estimates) by the U.S. Census Bureau (Ruggles et al., 2018). *There are 2.96 million male construction workers between the ages of 25 and 54 years old who do not have a bachelor's or advanced degree in states with prevailing wage laws, of whom 1.60 million own homes. However, only 2.55 million reported positive earnings in 2016. Thus, the average income effect is only applied to these 2.55 million workers.

Prevailing Wage Builds Housing Wealth for All Types of Construction Workers

State prevailing wage laws raise incomes for all construction workers regardless of racial or ethnic background. Previous research has found that state prevailing wage laws reduce the income gap between African American construction workers and white construction workers by between 7 percent and 53 percent (Manzo et al., 2018). Indeed, research shows that state prevailing wage laws increase take-home pay while having no negative impact on employment opportunities for underprivileged groups (Duncan & Ormiston, 2017).

Similarly, the data shows that prevailing wage laws build housing wealth for all blue-collar construction workers (Figure 5). While, on average, state prevailing wage laws statistically increase the construction

worker homeownership rate by 2.1 percent and are statistically associated with 12.6 percent greater housing wealth for those construction workers who do own homes, the impact is greatest for African American men in construction. For blue-collar African American construction workers, state prevailing wage laws improve their homeownership rate by 7.5 percent and raise their housing wealth by 18.3 percent on average. This is considerably larger than the 3.4 percent increase in homeownership and the 9.7 percent increase in housing wealth for their white counterparts. Furthermore, although state prevailing wage laws do not have a statistically significant impact on the probability that Latino construction workers own homes, they are associated with an 18.8 percent increase in housing wealth for the Latino construction workers who do own homes—the biggest increase by ethnic background. While state prevailing wage laws have the largest effect on homeownership and housing wealth for people of color, the data makes clear that all blue-collar construction workers— regardless of background— experience positive impacts.

Figure 5: The Impact of Prevailing Wage on Housing Market Outcomes by Racial Identification, 2016

Effects of State Prevailing Wage Laws on Prime-Age Blue-Collar Male Construction Workers	Homeownership Rate	Average Housing Wealth
All Workers	+2.07%	+12.58%
African American Workers	+7.52%	+18.26%
Latino Workers	+0.00%†	+18.81%
White (Non-Latino) Workers	+3.35%	+9.68%

Source(s): Authors' analysis of the 2016 American Community Survey (1-Year Estimates) by the U.S. Census Bureau (Ruggles et al., 2018). †Result not statistically significant.

Figure 6: The Impact of Prevailing Wage on Housing Market Outcomes by Urban Status, 2016

Effects of State Prevailing Wage Laws on Prime-Age Blue-Collar Male Construction Workers	Homeownership Rate	Average Housing Wealth*
All Workers	+2.07%	+12.58%
Workers in Urban Areas	+0.00%†	+13.82%
Workers in Suburban Areas	+3.82%	+17.76%
Workers in Rural Areas	+0.00%†	+7.16%

Source(s): Authors' analysis of the 2016 American Community Survey (1-Year Estimates) by the U.S. Census Bureau (Ruggles et al., 2018). †Result not statistically significant. *Results for workers in cities and workers in rural areas are statistically significant, but only at $p \leq 0.10$.

Similarly, the data shows that prevailing wage laws strengthen housing markets in cities, suburban areas, and rural America (Figure 6). State prevailing wage laws are statistically associated with 13.8 percent higher housing wealth among construction workers who own homes in urban areas and 7.2 percent higher in rural areas, but they do not have a statistical impact on the probability that urban or rural construction workers will own homes. The prevailing wage effect is concentrated in suburban areas, where prime-age blue-collar male construction workers are 3.8 percent more likely to own homes and their average housing wealth is 17.8 percent higher due to the policy. Nevertheless, even though the impact is largest in the suburbs, the economic data show that state prevailing wage laws improve housing market outcomes for blue-collar construction workers who build public infrastructure for their communities.

Prevailing Wage Strengthens Housing Markets and Property Tax Revenues in States

Researchers studying prevailing wage standards have often divided states into four categories—those with “strong,” “average,” and “weak” prevailing wage laws, and those with no prevailing wage law at all. This rating system, which was first used in 1995, is based on contract coverage thresholds, breadth and scope of work covered, the enforced wage rate and methodology for ascertaining the wage rate, and other factors (Manzo et al., 2016). Figures 7, 8, and 9 present the impact that state prevailing wage laws have on the 10 largest states with “strong” or “average” laws on the books, as of February 2020.⁵

Figure 7: Statistics for 10 Large States with Prevailing Wage Laws and Net Homeownership Effect, 2016

Prime-Age Blue-Collar Male Construction Workers in State	Average Annual Income	Home-ownership Rate	Average Home Value	Net New Owners from Prevailing Wage Laws
California	\$40,795	39.5%	\$402,176	+11,606 owners
New York	\$46,466	47.9%	\$360,081	+5,146 owners
Illinois	\$51,207	67.5%	\$192,135	+3,221 owners
Pennsylvania	\$46,451	72.4%	\$172,009	+3,011 owners
Massachusetts	\$50,528	56.8%	\$354,216	+1,779 owners
New Jersey	\$48,309	47.0%	\$292,981	+2,336 owners
Washington	\$49,243	54.3%	\$266,111	+2,045 owners
Ohio	\$41,633	63.9%	\$145,445	+2,446 owners
Minnesota	\$51,356	75.1%	\$200,340	+1,446 owners
Missouri	\$45,115	67.6%	\$157,880	+1,548 owners
All States with Prevailing Wage	\$42,803	54.0%	\$235,515	+61,220 owners

Source(s): Authors' analysis of the 2016 American Community Survey (1-Year Estimates) by the U.S. Census Bureau (Ruggles et al., 2018).

California is the largest state with a “strong” or “average” prevailing wage law (Figure 7). In California, blue-collar construction workers aged 25 to 54 years old without a four-year college degree earned less on average (about \$40,800) than their counterparts in all states with prevailing wage laws (about \$42,800) in 2016.⁶ Consequently, only 39.5 percent of blue-collar construction workers in California owned their own homes—exacerbated by a historic shortage of affordable housing in the state (Lantsberg, 2017; Duncan, 2017). The state’s prevailing wage law, however, has allowed approximately 11,600 blue-collar construction workers to become homeowners. Partially for this reason, California lawmakers passed a bill which strengthened their prevailing wage law by expanding coverage to affordable housing projects starting in January 2018 (Ronayne, 2017; CLI, 2017).

⁵ Wisconsin, Kentucky, Michigan, and Arkansas—which are included in this analysis of 2016 data—repealed their prevailing wage laws in 2017 or after. Texas and Maryland are examples of large states that have prevailing wage laws, but the policies are considered “weak.” Colorado did not have a prevailing wage law in 2016 but now requires prevailing wages for state-funded construction projects, per the Colorado Quality Apprenticeship Training Act of 2019 passed in May 2019 (CGA, 2020).

⁶ In a limitation to this analysis, the income data used in this report is for all prime-age men employed in the construction trades, and in part a function of the share of the total construction market subject to prevailing wage laws. For example, residential housing is typically not covered under state prevailing wage laws. In California, the residential construction sector accounts for 16.0 percent of the total value of construction compared with just 9.3 percent in Illinois and 14.1 percent nationally. As a result, California’s average annual income is relatively lower due to the inability to distinguish these types of workers in the *American Community Survey* (Ruggles et al., 2018).

In comparison with California, Illinois and Minnesota are two states with relatively high incomes and high homeownership rates for blue-collar construction workers (Figure 7). In Illinois, male construction workers earned about \$51,200 and 67.5 percent owned homes in 2016. Incomes were even higher in Minnesota at about \$51,400, resulting in three-quarters of all male construction workers (75.1 percent) owning houses, condos, or other residential properties. Prevailing wage laws allowed more than 3,200 prime-age blue-collar construction workers in Illinois to afford a home and brought about nearly 1,500 new homeowners in Minnesota.

State prevailing wage laws produce middle-class incomes and build housing wealth for blue-collar construction workers in states across America (Figure 8). In 2016, state prevailing wage laws boosted total labor income for construction workers by an estimated \$5.3 billion and generated \$42.0 billion in housing wealth for construction workers nationwide. Among the 10 largest states with “strong” or “average” prevailing wage laws, the policy increased labor income by between \$136.6 million in Missouri and \$927.5 million in California. The three states where prevailing wage laws lift construction worker housing wealth the most are California, New York, and Illinois. State prevailing wage laws improved the total housing wealth of households with blue-collar construction workers by \$9.9 billion in California, \$4.8 billion in New York, and \$2.3 billion in Illinois. Ultimately, the data suggest that state prevailing wage laws allow skilled craft workers to improve their net worth.

Figure 8: Prevailing Wage Effect on Income and Wealth of Construction Workers in 10 States, 2016

Prime-Age Blue-Collar Male Construction Workers in State	Effect on Average Income	Effect on Average Housing Wealth	Total Impact on Construction Labor Income	Total Impact on Construction Worker Housing Wealth
California	+\$1,980	+\$44,954	+\$927.5 million	+\$9.95 billion
New York	+\$2,255	+\$40,248	+\$498.0 million	+\$4.79 billion
Illinois	+\$2,485	+\$21,476	+\$334.4 million	+\$2.26 billion
Pennsylvania	+\$2,254	+\$19,226	+\$286.7 million	+\$2.02 billion
Massachusetts	+\$2,452	+\$39,593	+\$180.4 million	+\$1.93 billion
New Jersey	+\$2,344	+\$32,748	+\$239.3 million	+\$1.74 billion
Washington	+\$2,390	+\$29,745	+\$217.0 million	+\$1.60 billion
Ohio	+\$2,020	+\$16,257	+\$193.6 million	+\$1.23 billion
Minnesota	+\$2,492	+\$22,393	+\$151.5 million	+\$1.18 billion
Missouri	+\$2,189	+\$17,647	+\$136.6 million	+\$0.89 billion
All States with Prevailing Wage	+\$2,077	+\$26,325	+\$5,298.3 million	+\$42.02 billion

Source(s): Authors' analysis of the 2016 American Community Survey (1-Year Estimates) by the U.S. Census Bureau (Ruggles et al., 2018).

As more construction workers earn higher incomes and are able to afford homes, they also contribute more in taxes and strengthen local communities (Figure 9). Using data on the average property tax rate as a percentage of the assessed home value in each state from a financial technology company, Figure 9 estimates the impact of prevailing wage laws on property tax revenues in each state (SmartAsset, 2018). Across the United States, prevailing wage laws increase annual property tax revenues by approximately \$508.4 million. Each year, prime-age blue-collar construction workers in New York contribute an estimated \$79.0 million more in property taxes than they would have without the state's prevailing wage law allowing them to afford homes. The net property tax impact is \$78.6 million in California, \$52.4 million in Illinois, \$41.7 million in New Jersey, and \$30.6 million in Pennsylvania. The impact on property tax

collections illustrates how prevailing wage laws keep more income, more wealth, and more tax dollars in the local economy. Without state prevailing wage laws, school districts and local governments would have less revenue to make vital public investments in education, infrastructure, and human services.

Figure 9: Prevailing Wage Effect on Income and Wealth of Construction Workers in 10 States, 2016

Prime-Age Blue-Collar Male Construction Workers in State	Total Impact on Construction Worker Housing Wealth	Average Property Tax Rate on Assessed Value	Estimated Impact on Property Tax Collections
California	+\$9.95 billion	0.79%	+\$78.57 million
New York	+\$4.79 billion	1.65%	+\$79.01 million
Illinois	+\$2.26 billion	2.32%	+\$52.38 million
Pennsylvania	+\$2.02 billion	1.51%	+\$30.57 million
Massachusetts	+\$1.93 billion	1.21%	+\$23.38 million
New Jersey	+\$1.74 billion	2.40%	+\$41.70 million
Washington	+\$1.60 billion	1.06%	+\$16.93 million
Ohio	+\$1.23 billion	1.56%	+\$19.15 million
Minnesota	+\$1.18 billion	1.19%	+\$13.98 million
Missouri	+\$0.89 billion	1.00%	+\$8.92 million
All States with Prevailing Wage	+\$42.02 billion	1.21%*	+\$508.41 million

Source(s): Authors' analysis of the 2016 American Community Survey (1-Year Estimates) by the U.S. Census Bureau (Ruggles et al., 2018); "Property Tax Calculator" (SmartAsset, 2018). *1.21 percent is the average property tax rate across the United States.

The Illinois Prevailing Wage Act Makes Housing Affordable for Construction Workers

State prevailing wage laws promote ladders into the middle class and build housing wealth among blue-collar construction workers while strengthening local housing markets. This is particularly evident in the State of Illinois. As previously shown, the Illinois Prevailing Wage Act enables more than 3,200 prime-age blue-collar men employed in construction to own homes and generates nearly \$2.3 billion in property wealth for skilled construction workers who own homes in Illinois— who subsequently contribute \$52 million more in local property taxes. In part, this is because the state's prevailing wage law boosts the annual earnings of blue-collar construction workers by about \$334 million. This number corroborates previous research by the University of Illinois at Urbana-Champaign and Michigan State University, which found that the state's prevailing wage law increases the earnings of all construction workers— not just men who are between 25 and 54 years old and do not have bachelor's or advanced degrees— by \$365 million per year and grows the economy by \$1.1 billion annually (Dickson Quesada et al., 2013). Illinois' prevailing wage law is one of the primary reasons why the homeownership rate among blue-collar construction workers is significantly higher in the state than it is across the nation.

Illinois lawmakers in January 2019 enacted a bill to strengthen the law (Illinois General Assembly, 2019). Under the new methodology, the prevailing wage will now be determined primarily by collective bargaining agreements (CBAs) negotiated privately between workers and their employers, a move intended to reduce administrative costs for the Illinois Department of Labor. Six other states use local CBAs to determine prevailing wage rates.⁷ By strengthening the state's prevailing wage law, lawmakers

⁷ The six states are Ohio, Massachusetts, New York, New Jersey, New Mexico, and Washington (Washington Legislature, 2018).

have ensured that more blue-collar construction workers will be able to afford homes in the communities where they are building roads, bridges, schools, and other vital public infrastructure.

Conclusion

By stabilizing the wage floor and supporting apprenticeship programs, state prevailing wage laws promote ladders into the middle class for blue-collar workers. The policies boost annual earnings for workers without four-year college degrees, reducing inequality between blue-collar workers and white-collar professionals. State prevailing wage laws also grow local economies and support local investments in public education, infrastructure, and human services by generating millions of dollars in property tax revenue— including \$52 million each year in Illinois— for school districts and local governments.

Prevailing wage strengthens housing markets across the United States. The policy improves the homeownership rate and makes housing affordable for skilled construction workers. By enabling them to afford homes, prevailing wage also builds wealth for blue-collar construction workers. Ultimately, prevailing wage allows hardworking craft workers who build the nation's infrastructure to achieve the American Dream.

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Appendix

Table A: Impact of Prevailing Wage on Market Outcomes, All Workers, OLS & Probit Regressions

Model Variable	Ln(Income from Wages)		Ln(Home Value)		P(Homeowner)	
	Coefficient	(St. Err.)	Coefficient	(St. Err.)	AME (dy/dx)	(St. Err.)
Prevailing Wage x Construction Occ	0.0510***	(0.0087)	0.1258***	(0.0135)	0.0207***	(0.0073)
Prevailing Wage (State)	0.0685***	(0.0031)	0.1757***	(0.0047)	-0.0110***	(0.0026)
Construction Occupation	-0.0941***	(0.0083)	-0.2467***	(0.0125)	-0.0524***	(0.0070)
White	0.0916***	(0.0060)	-0.2762***	(0.0096)	0.0417***	(0.0049)
Black	-0.1072***	(0.0068)	-0.4912***	(0.0114)	-0.1262***	(0.0057)
Latino	-0.0005	(0.0061)	-0.3220***	(0.0098)	-0.0517***	(0.0049)
City Center	0.0180***	(0.0046)	0.3163***	(0.0086)	-0.1125***	(0.0037)
Suburb	0.0922***	(0.0032)	0.2826***	(0.0048)	0.0478***	(0.0027)
Rural	-0.1068***	(0.0050)	-0.3683***	(0.0071)	0.0579***	(0.0042)
Usual Hours Worked	0.0307***	(0.0001)	0.0023***	(0.0002)	Y	
Married	0.2257***	(0.0028)	0.1584***	(0.0045)	Y	
Age	0.0589***	(0.0016)	-0.0185***	(0.0025)	Y	
Age ²	-0.0006***	(0.0000)	0.0002***	(0.0000)	Y	
Foreign-Born	-0.0912***	(0.0041)	0.1002***	(0.0068)	Y	
Military Veteran	0.0269***	(0.0049)	-0.0228***	(0.0073)	Y	
Self-Employed	-0.3072***	(0.0077)	0.1440***	(0.0088)	Y	
Private Sector	-0.1466***	(0.0044)	-0.0937***	(0.0066)	Y	
Nonprofit Sector	-0.2202***	(0.0084)	-0.0385***	(0.0132)	Y	
Less than a High School Degree	-0.2621***	(0.0041)	-0.3271***	(0.0068)	Y	
Associate's Degree	0.1587***	(0.0040)	0.1457***	(0.0059)	Y	
Industry Dummy	0.1375***	(0.0054)	0.0574***	(0.0077)	Y	
Constant	7.6739***	(0.0309)	12.2884***	(0.0496)	0.5846***	(0.0011)
R ²	0.286		0.104		0.101	
Observations	276,021		191,573		295,278	
Weighted	Y		Y		Y	

*** $P \leq |0.01|$; ** $P \leq |0.05|$; * $P \leq |0.10|$. Source(s): Authors' analysis of the 2016 American Community Survey (1-Year Estimates) by the U.S. Census Bureau (Ruggles et al., 2018). For full regression results, please contact author Frank Manzo IV at fmanzo@illinoisepi.org. Regression results are for employed male individuals between the ages of 25 and 54 years old who do not have a bachelor's degree or higher. There are 2.96 million male construction workers between the ages of 25 and 54 years old who do not have a bachelor's or advanced degree in states with prevailing wage laws, of whom 1.60 million own homes. However, only 2.55 million reported positive earnings in 2016.

Table B: Impact of Prevailing Wage on Housing Outcomes, African Americans (Example), OLS & Probits

<i>Model</i> Variable	<u>Ln(Home Value)</u>		<u>P(Homeowner)</u>	
	Coefficient	(St. Err.)	AME (dy/dx)	(St. Err.)
Prevailing Wage x Construction Occ	0.1826***	(0.0623)	0.0752**	(0.0299)
Prevailing Wage (State)	0.2222***	(0.0172)	-0.0650***	(0.0079)
Construction Occupation	-0.1657***	(0.0519)	-0.0174	(0.0256)
City Center	0.1667***	(0.0235)	Y	
Suburb	0.3423***	(0.0187)	Y	
Rural	-0.4573***	(0.0371)	Y	
Usual Hours Worked	0.0012	(0.0007)	Y	
Married	0.1744***	(0.0171)	Y	
Age	-0.0155*	(0.0094)	Y	
Age ²	0.0002	(0.0001)	Y	
Foreign-Born	0.4044***	(0.0237)	Y	
Military Veteran	0.0817***	(0.0253)	Y	
Self-Employed	-0.0484	(0.0357)	Y	
Private Sector	-0.1384***	(0.0219)	Y	
Nonprofit Sector	-0.1604***	(0.0423)	Y	
Less than a High School Degree	-0.1313***	(0.0291)	Y	
Associate's Degree	0.1477***	(0.0236)	Y	
Industry Dummy	0.0821**	(0.0390)	Y	
Constant	11.8100***	(0.1820)	0.4355***	(0.0036)
R ²	0.125		0.047	
Observations	13,131		26,976	
Weighted	Y		Y	

*** $P \leq |0.01|$; ** $P \leq |0.05|$; * $P \leq |0.10|$. Source(s): Authors' analysis of the 2016 American Community Survey (1-Year Estimates) by the U.S. Census Bureau (Ruggles et al., 2018). For full regression results or results on other racial backgrounds or by urban status (i.e., city center, suburbs, and rural areas), please contact author Frank Manzo IV at fmanzo@illinoisepi.org.

Table C: Median Monthly Homeowner Costs, Hourly and Annual Incomes, and Homeowner Costs as a Percent of Income by County with September 2017 Prevailing Wage Rates for Laborers (HWY), Example

County	U.S. Census Data	Prevailing Wage Rates Data by County		
	Median Monthly Homeowner Costs	Hourly Laborer Income (HWY)	Annual Income (1,787 Hours)	Homeowner Costs As % of Income
Adams County	\$1,009	\$27.75	\$49,589.25	24.4%
Alexander County	\$862	\$26.83	\$47,945.21	21.6%
Bond County	\$1,093	\$26.50	\$47,355.50	27.7%
Boone County	\$1,416	\$41.20	\$73,624.40	23.1%
Brown County	\$891	\$27.75	\$49,589.25	21.6%
Bureau County	\$1,085	\$30.02	\$53,645.74	24.3%
Calhoun County	\$1,189	\$30.59	\$54,664.33	26.1%
Carroll County	\$1,073	\$37.88	\$67,691.56	19.0%
Cass County	\$914	\$28.47	\$50,875.89	21.6%
Champaign County	\$1,313	\$30.85	\$55,128.95	28.6%
Christian County	\$931	\$28.47	\$50,875.89	22.0%
Clark County	\$984	\$29.65	\$52,984.55	22.3%
Clay County	\$846	\$26.83	\$47,945.21	21.2%
Clinton County	\$1,274	\$28.05	\$50,125.35	30.5%
Coles County	\$976	\$29.65	\$52,984.55	22.1%
Cook County	\$1,832	\$41.20	\$73,624.40	29.9%
Crawford County	\$849	\$26.83	\$47,945.21	21.2%
Cumberland County	\$963	\$29.65	\$52,984.55	21.8%
DeKalb County	\$1,589	\$35.00	\$62,545.00	30.5%
Dewitt County	\$994	\$30.85	\$55,128.95	21.6%
Douglas County	\$1,056	\$29.65	\$52,984.55	23.9%
DuPage County	\$2,032	\$41.20	\$73,624.40	33.1%
Edgar County	\$929	\$29.65	\$52,984.55	21.0%
Edwards County	\$834	\$26.83	\$47,945.21	20.9%
Effingham County	\$1,096	\$26.83	\$47,945.21	27.4%
Fayette County	\$897	\$26.83	\$47,945.21	22.5%
Ford County	\$1,015	\$36.21	\$64,707.27	18.8%
Franklin County	\$861	\$26.83	\$47,945.21	21.5%
Fulton County	\$949	\$32.00	\$57,184.00	19.9%
Gallatin County	\$861	\$26.83	\$47,945.21	21.5%
Greene County	\$899	\$30.59	\$54,664.33	19.7%
Grundy County	\$1,552	\$41.20	\$73,624.40	25.3%
Hamilton County	\$981	\$26.83	\$47,945.21	24.6%
Hancock County	\$925	\$27.75	\$49,589.25	22.4%
Hardin County	\$867	\$26.83	\$47,945.21	21.7%
Henderson County	\$866	\$28.16	\$50,321.92	20.7%
Henry County	\$1,091	\$27.92	\$49,893.04	26.2%
Iroquois County	\$1,048	\$36.21	\$64,707.27	19.4%
Jackson County	\$1,119	\$26.83	\$47,945.21	28.0%
Jasper County	\$1,015	\$26.83	\$47,945.21	25.4%
Jefferson County	\$1,026	\$26.83	\$47,945.21	25.7%
Jersey County	\$1,217	\$30.59	\$54,664.33	26.7%
JoDaviess County	\$1,224	\$37.88	\$67,691.56	21.7%
Johnson County	\$1,065	\$26.83	\$47,945.21	26.7%
Kane County	\$1,842	\$41.20	\$73,624.40	30.0%
Kankakee County	\$1,318	\$36.21	\$64,707.27	24.4%
Kendall County	\$1,957	\$41.20	\$73,624.40	31.9%
Knox County	\$911	\$28.16	\$50,321.92	21.7%
Lake County	\$2,105	\$41.20	\$73,624.40	34.3%
LaSalle County	\$1,196	\$30.02	\$53,645.74	26.8%

PREVAILING WAGE AND THE AMERICAN DREAM: IMPACTS ON HOMEOWNERSHIP, HOUSING WEALTH, AND PROPERTY TAX REVENUES

Lawrence County	\$823	\$26.83	\$47,945.21	20.6%
Lee County	\$1,131	\$37.88	\$67,691.56	20.0%
Livingston County	\$1,121	\$32.03	\$57,237.61	23.5%
Logan County	\$975	\$28.47	\$50,875.89	23.0%
Macon County	\$1,025	\$29.65	\$52,984.55	23.2%
Macoupin County	\$1,003	\$30.13	\$53,842.31	22.4%
Madison County	\$1,215	\$30.59	\$54,664.33	26.7%
Marion County	\$890	\$26.83	\$47,945.21	22.3%
Marshall County	\$1,079	\$32.03	\$57,237.61	22.6%
Mason County	\$957	\$27.75	\$49,589.25	23.2%
Massac County	\$1,019	\$26.83	\$47,945.21	25.5%
McDonough County	\$1,011	\$27.75	\$49,589.25	24.5%
McHenry County	\$1,847	\$41.20	\$73,624.40	30.1%
McLean County	\$1,400	\$32.04	\$57,255.48	29.3%
Menard County	\$1,167	\$28.47	\$50,875.89	27.5%
Mercer County	\$1,045	\$26.63	\$47,587.81	26.4%
Monroe County	\$1,591	\$27.66	\$49,428.42	38.6%
Montgomery County	\$916	\$25.74	\$45,997.38	23.9%
Morgan County	\$1,007	\$28.47	\$50,875.89	23.8%
Moultrie County	\$1,027	\$29.65	\$52,984.55	23.3%
Ogle County	\$1,304	\$37.88	\$67,691.56	23.1%
Peoria County	\$1,179	\$29.24	\$52,251.88	27.1%
Perry County	\$926	\$26.83	\$47,945.21	23.2%
Piatt County	\$1,181	\$30.85	\$55,128.95	25.7%
Pike County	\$807	\$27.75	\$49,589.25	19.5%
Pope County	\$943	\$26.83	\$47,945.21	23.6%
Pulaski County	\$866	\$26.83	\$47,945.21	21.7%
Putnam County	\$1,130	\$30.02	\$53,645.74	25.3%
Randolph County	\$1,038	\$28.63	\$51,161.81	24.3%
Richland County	\$889	\$26.83	\$47,945.21	22.3%
Rock Island County	\$1,127	\$26.63	\$47,587.81	28.4%
St Clair County	\$1,325	\$28.63	\$51,161.81	31.1%
Saline County	\$899	\$26.83	\$47,945.21	22.5%
Sangamon County	\$1,212	\$28.47	\$50,875.89	28.6%
Schuyler County	\$899	\$27.75	\$49,589.25	21.8%
Scott County	\$966	\$28.47	\$50,875.89	22.8%
Shelby County	\$916	\$29.65	\$52,984.55	20.7%
Stark County	\$921	\$28.16	\$50,321.92	22.0%
Stephenson County	\$1,055	\$37.88	\$67,691.56	18.7%
Tazewell County	\$1,183	\$29.24	\$52,251.88	27.2%
Union County	\$1,004	\$26.83	\$47,945.21	25.1%
Vermilion County	\$933	\$30.85	\$55,128.95	20.3%
Wabash County	\$964	\$26.83	\$47,945.21	24.1%
Warren County	\$901	\$28.16	\$50,321.92	21.5%
Washington County	\$1,133	\$28.63	\$51,161.81	26.6%
Wayne County	\$833	\$26.83	\$47,945.21	20.8%
White County	\$852	\$26.83	\$47,945.21	21.3%
Whiteside County	\$1,022	\$37.88	\$67,691.56	18.1%
Will County	\$1,859	\$41.20	\$73,624.40	30.3%
Williamson County	\$1,018	\$26.83	\$47,945.21	25.5%
Winnebago County	\$1,217	\$35.00	\$62,545.00	23.3%
Woodford County	\$1,396	\$32.03	\$57,237.61	29.3%

Source(s): Authors' analysis of the 2016 American Community Survey (5-Year Estimates) by the U.S. Census Bureau ([Census, 2017](#)); September 2017 prevailing wage rates by county from the Illinois Department of Labor ([IDOL, 2018](#)). For each county, Laborer (HWY) was selected. If a county had multiple rates for laborers on highway projects, the lowest pay rate was selected. Some counties did not differentiate between highway (HWY) and building (BLD). In that case, the base pay for Laborer (ALL) is shown.

ROADWAY SAFETY IN ILLINOIS

EXAMINING THE NEEDS, ECONOMIC COSTS,
AND POTENTIAL IMPROVEMENTS

April 2019

Mary Craighead, AICP



EXECUTIVE SUMMARY

One of the most important goals in planning and maintaining transportation infrastructure is safety. Every motorist in Illinois depends on safe roadways, but fatalities and serious injuries are far too common. This report by the [Illinois Economic Policy Institute](#) examines current fatality and injury rates in Illinois, the most prevalent types of crashes, and the broader economic costs attributed to motor vehicle crashes.

Safety remains one of the most important transportation issues in Illinois.

- In 2016, there were 1,078 fatalities from motor vehicle crashes on Illinois roadways.
- In 2016, Illinois saw over 324,400 crashes involving motor vehicles, resulting in 66,703 injuries.
- While the number of fatalities decreased between 2007 and 2009 – 1,248 to 911 – they have generally increased since, reaching 1,078 in 2016.

Beyond the pain and personal costs endured by directly-affected individuals, motor vehicle crashes also impose widespread costs to the economy and society on the whole.

- Increased medical costs are borne by society in the form of higher insurance premiums and diversions of medical resources away from other needs.
- Due to an increase in demand for emergency medical services, state and local governments require additional resources to accommodate the needs of motor vehicle crashes.
- Both the state and individual households suffer from foregone productivity as a result of a person experiencing a debilitating injury or fatality.
- Motor vehicle crash related workplace absences increase costs associated with retraining new employees, overtime expenditures, and administrative expenses that accompany personnel changes.
- In Illinois, the total economic cost of fatalities and injuries related to motor vehicle crashes in 2016 is estimated to be \$3.8 billion.

Additional infrastructure investment can help reduce the frequency and severity of fatal and serious motor vehicle crashes.

- Roadway departures and intersection related crashes produce the most fatal and serious injury crashes in Illinois and are most effectively addressed through engineering improvements.
- 78% of roadway departure fatalities and serious injuries in Illinois were on undivided roadways or divided roadways without median barriers, which could be addressed by adding rumble strips and median barriers.
- 68% of fatalities and serious injuries at intersection related crashes involved two vehicles, which could be improved by eliminating certain vehicle interactions by installing roundabouts, J-turns, and median U-turns.
- Other treatments like the paving of shoulders, redesigning curves, or constructing grade separation at major intersections and railroads can help Illinois address roadway safety issues.

A safe and efficient roadway system not only saves lives and prevents injuries, it also reduces the economic drain of medical, emergency, insurance, and other crash-related costs. Improvements can be made, and policymakers should carefully consider the benefits of addressing safety when contemplating adequate infrastructure investment.

INTRODUCTION

One of the most important goals in planning and maintaining transportation infrastructure is safety. Every motorist in Illinois depends on safe roadways to travel on, but fatalities and serious injuries are far too common.

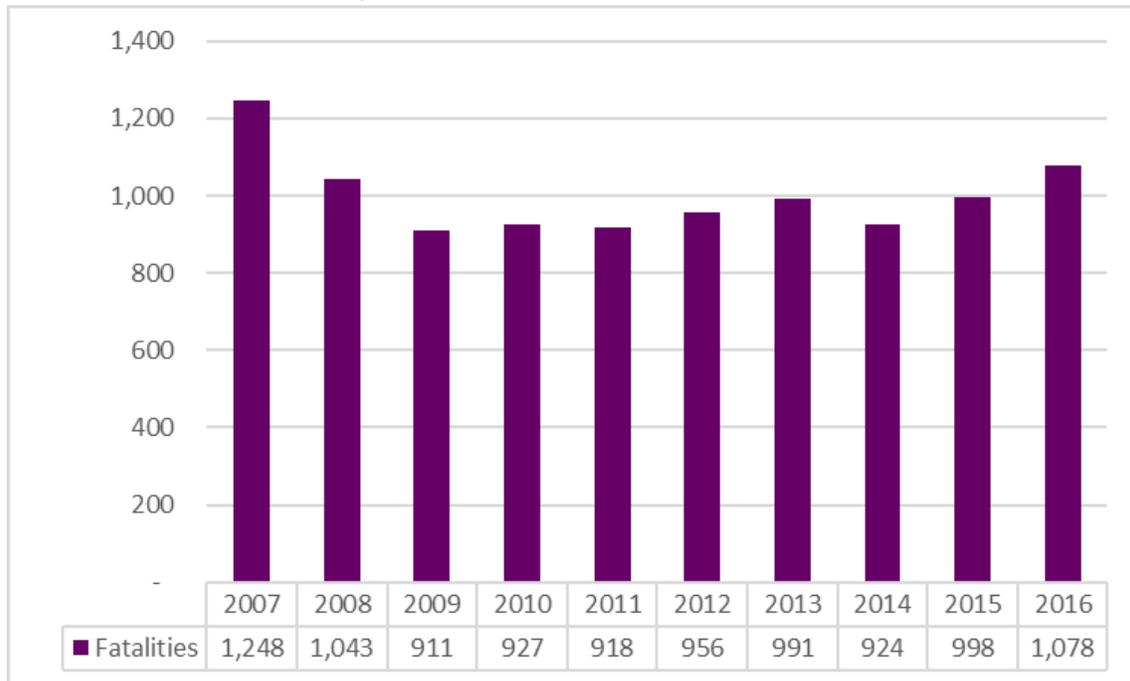
In 2016, there were 1,078 fatalities from motor vehicle crashes on Illinois roadways. Overall, the state saw over 324,400 crashes involving motor vehicles, resulting in 66,703 injuries (IDOT, 2018). Nationwide, motor vehicle crashes ranked 13th among leading causes of death in 2015. They fall within the top 10 leading causes of death for age groups ranging from infant to age 64, and are the leading cause of death for people within the 8-15, 16-20, and 21-24 age groups (NHTSA, 2018).

Ultimately, the goal should be zero fatalities on Illinois' roadways. Safety remains one of the most important reasons to address the existing transportation funding shortfall that currently exists in Illinois (Craighead, 2018).

Safety issues and vehicle crashes, however, cannot be entirely avoided solely by increased investment, with human error still playing a key role. However, the question remains: how many crashes could have been avoided if additional safety measures were implemented?

MOTOR VEHICLE CRASHES IN ILLINOIS

Figure 1: Fatalities in Illinois, 2007-2016



Source(s): IDOT, 2017; IDOT, 2019

Over 12,700 fatal and serious injuries occurred on state and local roadways from vehicle crashes in 2016 (IDOT, 2019). Looking at the last decade, this was a decrease of approximately 4,400 fatalities and serious injuries compared to 2007 – likely due to safer vehicle designs and more prevalent use of seatbelts statewide. However, this decrease has not been sustained. As illustrated in Figure 1, while the number

of fatalities decreased between 2007 and 2009, they have generally increased since, reaching 1,078 in 2016. There is still more work to be done.

THE ECONOMIC COSTS OF CRASHES

While it is essential to recognize the human toll of motor vehicle crashes, it is also important to understand the overall economic costs. One crash will impact not only the immediate family of a victim, but the broader economy and society on the whole. In order to understand the significant economic impact of roadway safety, detailed analyses have been performed to determine the costs of different types of crashes. The following section summarizes the economic costs of motor vehicle crashes in Illinois, as developed in two different reports on the topic.

Estimating Nationwide Costs

A 2015 report, *The Economic and Societal Impact Of Motor Vehicle Crashes, 2010 (Revised)*, by the National Highway Traffic Safety Administration, estimated nationwide economic costs to be over \$242 billion, taking into account the lifetime economic costs for 32,999 fatalities, 3.9 million non-fatal injuries, and 24 million damaged vehicles (Blincoe et al., 2015). This widely-used report performed a detailed analysis of different types of motor vehicle crashes, considering the severity of the crash and injuries, to compute overall economic costs.

The components of the total cost assessments include productivity losses, property damage, medical expenses, rehabilitation, increased traffic congestion, legal and court costs, emergency services, insurance administration costs, and the costs to employers. Additionally, while the most obvious costs from motor vehicle crashes are carried by those personally impacted, it is important to also understand the greater, societal consequences (Blincoe et al., 2015).

- **Medical Care:** Primarily, medical care costs impact the individual requiring care, in the form of payments for insurance, deductibles for uncovered costs, and uninsured expenses. However, they are also borne by society on the whole, as a result of higher insurance premiums and diversions of medical resources away from other needs, such as medical research and disease prevention and control.
- **Emergency Services:** Motor vehicle crashes increase demands on emergency medical services, including incident management, fire, and police services. As a result, state and local governments require additional resources to accommodate these needs.
- **Market Productivity:** The state on the whole suffers from foregone productivity when a person experiences a debilitating injury or fatality. Also, additional funds for public programs are often necessary to support the victim or their dependents.
- **Household Productivity:** As result of a debilitating injury or fatality, a person's household suffers from loss of income.
- **Workplace Costs:** Due to an employee's absence, a workplace is disrupted, increasing costs associated with retraining new employees, overtime required to perform the work of the injured employee, and administrative expenses that accompany personnel changes.
- **Congestion:** Motor vehicle crashes result in delays to other motorists, inconvenienced by lane closures, emergency services activity, and general slowdowns. Additionally, congestion can result in wasted fuel, increased greenhouse gas emissions, and increased pollution as motorists are

caught in slowed traffic. Economically, congestion is measured by the value of time lost, wasted fuel, and pollution costs due to delay.

Estimating Costs by State

Building off of this analysis, a tool – the Motor Vehicle Prioritizing Interventions and Cost Calculator for States (MV PICCSO) – was developed by the Centers for Disease Control (CDC) to estimate total economic costs of motor vehicle crashes by state and potential intervention measures to aid in preventing fatalities and injuries. This tool uses the data developed by the National Highway Traffic Safety Administration, with slight updates to tailor costs to each state. Specifically, the per-life and per-injury costs were adjusted for inflation to 2017 dollars and to account for state-level variation. State-specific adjustments were made to the market productivity, household productivity, and medical costs (Ecola et al., 2018). In Illinois, it is estimated that the value of preventing an injury is \$22,292 and the value of saving a life is \$1.6 million on average (Ecola et al., 2018).

Estimating Costs in Illinois

The total economic costs of fatalities and injuries related to motor vehicle crashes in Illinois can be estimated using the updated state-specific values developed by the CDC. Looking specifically at 2016, total economic costs in Illinois due to fatalities and injuries can be estimated at \$3.8 billion. Of that, over \$1.7 billion alone can be attributed to the 1,078 fatalities.

Figure 2: Economic Cost of Fatalities and Injuries from Motor Vehicle Crashes in Illinois, 2016 (2017\$)

	Number	Cost Per	Total
Fatalities	1,078	\$1,592,000	\$1,716,176,000
All Injuries	93,160	\$22,292	\$2,076,722,720
TOTAL			\$3,792,898,720

Source(s): IDOT, 2019 (number); Ecola, et al., 2018 (cost per)

It is important to note that these estimates reflect average costs per fatality or injury and do not account for severity. Some injuries may be fairly minor, leading to minimal costs and impacts. However, other injuries may be life-threatening and take an extended period of time for an individual to recover, or may cause permanent harm and costs. While these variations are not accounted for in the above calculations, the average is an appropriate method for estimating statewide economic impacts.

POTENTIAL IMPROVEMENTS

Understanding the significant impacts of motor vehicle crashes, both in terms of lives and economic costs, state policymakers and transportation officials should strive to reduce the number and severity of crashes. A variety of strategies – including engineering, education, and enforcement – may be implemented to improve safety conditions. The following section examines the types of crashes observed in Illinois and best strategies to address potential safety issues contributing to them.

IDOT completed a Strategic Highway Safety Plan in 2017 to understand the broader issues contributing to crashes that led to fatalities and serious injuries and develop a framework to reduce them. This plan analyzed all crashes that led to fatalities and serious injuries between 2010 and 2014. As summarized in Figure 3, 14 different contributing factors were identified.

Most significantly, roadway departures were the most common type of fatal crash and the second most observed type of serious injury crash. These crashes include any that involve a vehicle crossing an edge line, centerline, or otherwise leaves the travel lane. Intersection related crashes are another serious concern, ranking fourth in fatalities and first in serious injuries. Speeding and impaired driver crashes are also significant – with fatal crashes reaching 2,088 and 1,108, respectively, over five years (Figure 2).

Figure 3: Types of Crashes that Caused Fatalities and Serious Injuries in Illinois, 2010-2014

Type of Crash	Fatalities	Serious Injuries	Fatalities & Serious Injuries
Roadway Departure	2,483	19,279	21,762
Impaired Driver	2,088	8,331	10,419
Unrestrained Occupants	1,377	5,041	6,418
Intersection Related	1,178	26,397	27,575
Speeding/Agressive Driver	1,108	12,884	13,992
Older Driver	848	9,593	10,441
Young Driver	694	12,240	12,934
Motorcycle	694	5,271	5,965
Heavy Vehicle	672	4,426	5,098
Pedestrian	641	4,525	5,166
Pedalcyclist	137	2,047	2,184
Work Zone	133	980	1,113
Distracted/Fatigued/Drowsy Driver	123	3,264	3,387
Highway-Railroad Grade Crossings	45	54	99
*It is important to note that these numbers cannot be totaled to represent total fatalities or total serious injuries; these numbers are representing different types of crashes that caused a fatality or injury, however each particular crash can be classified under two or more types. For example, one particular crash may have been a roadway departure and involved speeding and a young driver.			

Source(s): IDOT, 2017

Figure 4: Potential Infrastructure Improvements to Address Safety Issues

ROADWAY DESIGN	SIGNAGE, LIGHTING, AND OTHER SAFETY FEATURES
Widen/pave shoulders	Intersection signage
Improve geometry for curves	Dynamic message signs for delays
Slopes and ditches to prevent rollovers	Intersection lighting
Intersection geometry and skew of the road	Intersection advance warning devices
Left- and right-turn channelization and storage	Intersection signal placements
Access management	Guardrails that pass crashworthy tests
New/inventive intersection designs	Highway-railroad crossing improvements
Enhanced shoulders for sharp curves	
Grade separations at railroads	
OPERATIONS	PAVEMENT UPGRADES
Address bottlenecks and improve traffic flow	Rumble strips
Reduce delays	Enhanced pavement markings
Improve signal timing	Skid resistance pavements
	Intersection pavement friction

Source: IDOT, 2017

IDOT's Strategic Highway Safety Plan also identifies specific treatments to improve safety and reduce the number of fatal and serious motor vehicle crashes. While enforcement and education are important strategies when addressing many crash types, in reference to the most deadly and serious motor vehicle crashes – roadway departure and intersection related – engineering strategies are the most effective solution. As a result, only infrastructure improvements will be discussed in this section. These specific improvements have been consolidated and summarized in Figure 4. They include a range of strategies, from roadway design, pavement upgrades, and operations to signage, lighting, and other installments.

Roadway design encompasses treatments that actually change the existing design, either through paving shoulders, redesigning curves or the alignment of intersections, or constructing grade separation at major intersections and railroads. Pavement upgrades refer to specific treatments that can be added to improve safety, including rumble strips, enhanced pavement markings, or improved pavement to create friction or resistance skids. Signage, lighting, and other safety features, like dynamic messaging or guardrails, are added improvements to existing roads and intersections that improve a driver's understanding of what to expect and enhance visibility. Lastly, operational improvements largely seek to improve traffic flow and movements. While specific treatments beyond general suggestions to minimize bottlenecks and improve signal timing are not offered, the identification of operational improvements overall provides additional reasons congestion should be addressed on Illinois roadways.

These treatments can be specifically applied to different crash types, addressing defined risk factors. For example, 78% of roadway departure fatalities and serious injuries were on undivided roadways or divided roadways without median barriers. This can be addressed by simple treatments like rumble strips and median barriers. Approximately half the roadway departure crashes also happened at night, and 59% occurred in darkness without roadway lighting. The installation of lighting could reduce these incidents. Other treatments like the widening and paving of shoulders, installation of guardrails, and evaluating pavement and skid resistance could also help keep cars on the road (IDOT, 2017).

Intersection related crashes – the second most problematic crash type – could be addressed by improving geometry and intersection lines of sight. Approximately 39% of all two-vehicle intersection related fatalities and serious injuries were attributed to angle crashes and could potentially be reduced with these improvements. Additionally, different intersection designs – like roundabouts, J-turns, and median U-turns – can eliminate certain vehicle interactions, reducing the potential or severity of crashes. As 68% of fatalities and serious injuries were caused by two-vehicle crashes, these improvements would go a long way towards addressing these issues. The addition of left- and right-turn lanes and improved lighting and signage can also improve general visibility in order to reduce the number of crashes (IDOT, 2017).

Overall, this list is not meant to be comprehensive, nor does it suggest that these improvements must be made on every roadway or at every intersection. It is meant to convey the simplicity of some treatments that can be used to prevent deadly, costly motor vehicle crashes. Expanded education and enforcement should also continue to be pursued.

CONCLUSION

Every motorist in Illinois relies on a safe and efficient transportation system. Not only does a safe roadway save lives and prevent injuries, it also saves in overall economic costs incurred due to medical, emergency, insurance, and a variety of other costs. Improvements can be made, and policymakers should carefully consider the benefits of addressing safety when contemplating infrastructure investment.

From the installation of center medians that address roadway departures to reconstruction that eliminates conflicts at both intersections and railroad crossings, a variety of tactics can be employed to improve safety. Even a reduction in delays, by addressing bottlenecks and congestion, can reduce aggressive driver related crashes. However, while improvements are feasible, they are not always possible without adequate funding.

There is no one-size-fits-all method to cure safety issues on Illinois roadways. Although this report has primarily focused on engineering and infrastructure improvements, education and enforcement also play important roles. Ultimately, far too many people are being killed or seriously injured on Illinois roadways. Transportation safety is a matter of life and death, and it must be thoughtfully considered at all levels of government.

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