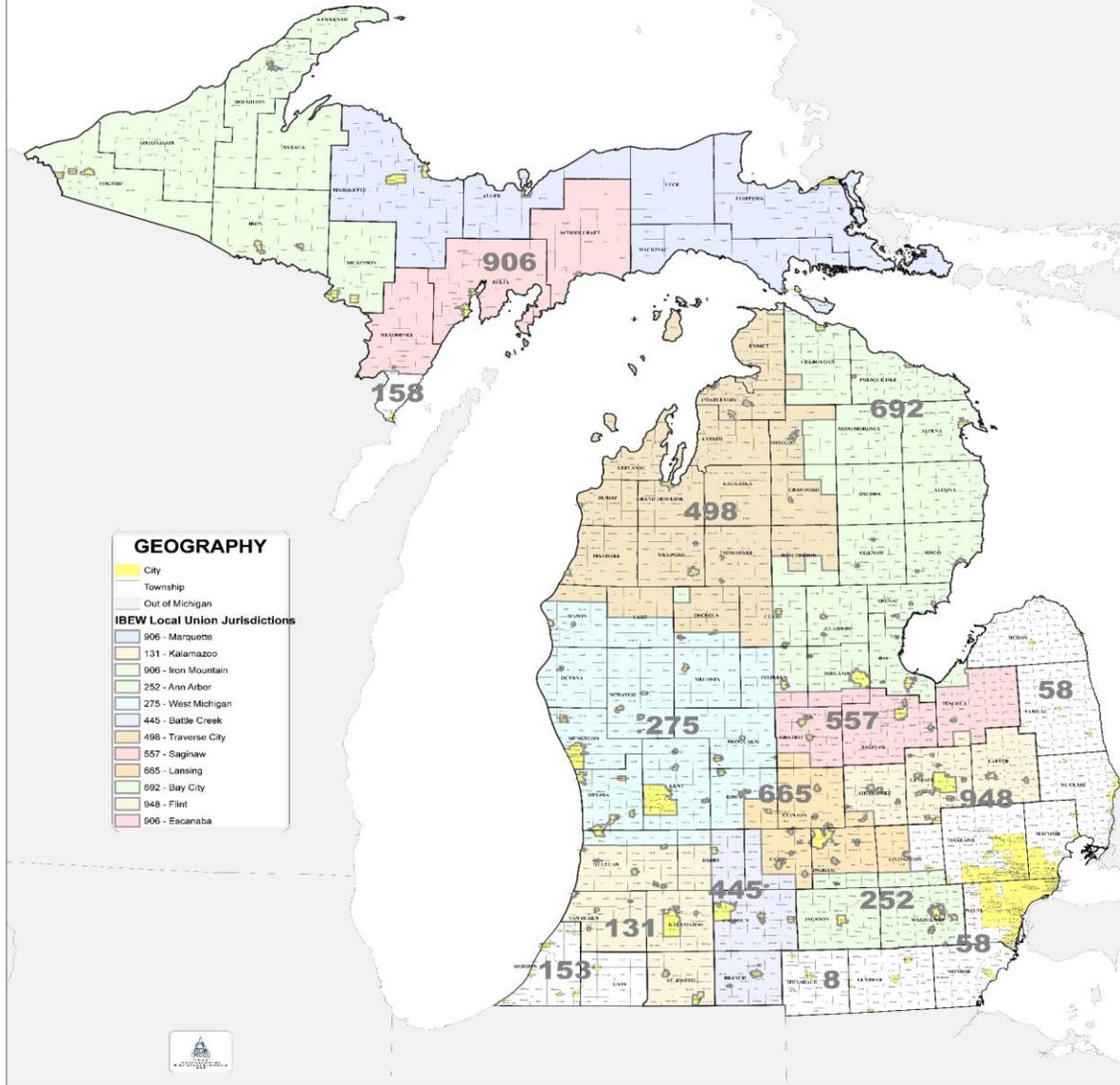


The National
Electrical Contractors
Association &
Prevailing Wage in
Michigan

Neil Parish
Assistant Manager
Michigan Chapter, NECA
10/17/2018



IBEW LOCAL UNION JURISDICTIONS Michigan Chapter



Why Michigan Needs a Prevailing Wage Law

- 1) Benefits our employers
 - Levels the playing field
- 2) Benefits our state
 - Collection of taxes
 - Promotes a 100% privately-funded training model
 - Public construction finishes on time and on budget

Leveling the Playing Field

- Misclassification of employees as independent contractors results in unpaid employer taxes
- Responsible contractors are forced to pay anywhere from \$7,400-\$9,900 more per employee due to employer taxes alone*
 - Average union electrician hourly wage = ~\$30.00/hour
 - Employer taxes paid on top of \$30.00/hour = \$4.94/hour
 - Federal Social Security = 6.2%, or \$1.86/hour
 - Federal Medicare = 1.45%, or \$0.44/hour
 - Federal Unemployment = 0.8%, or \$0.24/hour
 - State Unemployment = 8%, or \$2.40/hour

*Assumes an electrician works between 1,500-2,000 hours in a year

Prevailing Wage Benefits Our State

- Misclassified employees often struggle to pay their share of taxes
 - Average union electrician hourly wage = ~\$30.00/hour
 - Employee taxes withheld from hourly wage = \$10.18/hour
 - Federal Income Tax = 22%, or \$6.60/hour
 - State Income Tax = 4.25%, or \$1.28/hour
 - Federal Social Security = 6.2%, or \$1.86/hour
 - Federal Medicare = 1.45%, or \$0.44/hour
- In total, misclassified employees could cost the state \$15.12/hour, or between \$22,680-\$30,240 per employee per year* in lost tax revenue

* Assumes an electrician works between 1,500-2,000 hours per year

The Impact of Michigan's Prevailing Wage Law on Education Construction Expenditures

Anderson Economic Group
September 17, 2015

- “We assumed that total construction **labor costs** are 25% higher under prevailing wage.” (emphasis added)
- “Firms can off-set higher wage rates by hiring more highly-skilled workers who work fewer hours on a project....”
- “We do not consider changes in worker productivity...that may occur in the absence of prevailing wage.”