



CONCERNED  
VETERANS  
FOR AMERICA

**MEMORANDUM**

**FROM: Dan Caldwell, Policy Director, Concerned Veterans for America**

**TO: Interested Policymakers in Wisconsin**

**DATE: March 14, 2017**

**RE: Union Wage Laws Hurt Veterans**

In Wisconsin, Governor Scott Walker is proposing a repeal of the state's antiquated prevailing wage laws as part of his state budget plan. This is good news for anyone who enjoys a thriving state economy and dislikes burdensome and unnecessary government regulation. Prevailing wage laws, which were adapted in Wisconsin nearly 85 years ago, mandate that contractors are paid based on rates decided by unions. Instead of having the market determine how much these services are valued by the state, union bosses get to decide – and then taxpayers get stuck with the bill. This policy results in above-market costs for things citizens of the state pay for themselves, like roads and bridges.

In recent weeks, there has been a choreographed effort by union-backed groups who are misleading the public about the truth about the prevailing wage. This is a union-centric bill, so it's no surprise that there is backlash from the left. But using American veterans as a front to keep union wage laws in place is both disingenuous and disrespectful.

Here are the facts.

**MYTH #1:** *Veterans benefit from prevailing wage laws.*

**THE FACTS:** There is no evidence that veterans as a whole benefit from prevailing wage laws. Instead, prevailing wage laws have been found to constrain job growth, which negatively impacts veterans of the current wars – [whose unemployment rate is higher than the population at large and other groups of veterans.](#)

**MYTH #2:** *Veterans' groups support keeping the prevailing wage.*

**THE FACTS:** Only the Wisconsin Chapter of the American Legion and the progressive VoteVets have come out strongly in support of preserving prevailing wage within Wisconsin. The national American Legion, Veterans of Foreign Wars (VFW), AMVETS, Paralyzed Veterans of America (PVA), and Disabled American Veterans (DAV) along with every other major national veterans' group has not taken a position on the prevailing wage.

**MYTH #3:** *Prevailing wage laws do not increase the total cost of construction.*

**THE FACTS:** The stated purpose of prevailing wage laws is to drive up labor costs. Driving up labor costs inherently increases the total cost of construction. Multiple studies confirm this commonsense conclusion including an [award-winning](#) study from the Wisconsin Taxpayers Alliance. It found that [“on average, Wisconsin's prevailing wages and benefits are 45% higher than total compensation based on a federal BLS survey. In 2014, that could have cost state and local governments here as much as \\$299.5 million.”](#)

**MYTH #4:** *Prevailing wage laws help Wisconsin's economy.*

**THE FACTS:** Prevailing wage laws restrict competition to only a select few, mostly unionized

construction companies. This mandate can prevent other businesses, especially small businesses, from creating or maintaining jobs, expanding their operations or even staying in business. By constraining the growth of most Wisconsin construction companies and by forcing the misallocation of scarce resources to regulatory compliance and artificially high labor costs, prevailing wage laws harm Wisconsin's economy.

**MYTH #5:** *Prevailing wage laws grow the number of construction jobs.*

**THE FACTS:** By artificially inflating the cost of construction, prevailing wage laws by necessity mean spending more taxpayer dollars on fewer construction projects. Fewer projects means fewer workers. Repealing the prevailing wage will result in more projects, more work, and more jobs.

Here's the bottom line: union wage laws hurt veterans – disproportionately. For veterans, the transition from military to civilian life is often difficult, and finding gainful employment is a critical first step. But union wage laws hurt entry-level construction jobs — which are often the jobs that veterans take immediately after returning from their service. And if a veteran tried to be entrepreneurial and start his or her own construction company, they'd quickly find themselves at a disadvantage against the union favorites. This policy is a job-killer for veterans who need good opportunity once they hang up the uniform.

Plus, just like all Wisconsinites, veterans also depend on a variety of state services, including education, police and well-functioning infrastructure. The prevailing wage means that there's less funding available for teachers or law enforcement, and an already-strained transportation budget is even less effective. That's because the prevailing wage often leads to over-payment. Some estimates show that the prevailing wages are 23 percent higher than the market rate to build roads and other infrastructure.

The labor organizations, aligned think tanks, and political groups who are using veterans to advance their union agenda are disrespecting the military community. It's one thing to oppose repealing union wage laws based on the merits of the policy – and quite another to use veterans as a front. American veterans, who made the ultimate sacrifice to defend our freedoms, deserve better than to be treated as political puppets for big labor. These heroes should be regarded with the utmost respect and eliciting their support should be used with measure and responsibility. These groups' actions are anything but.