

The Davis-Bacon Prevailing Wage Act



What is Davis-Bacon?

The Davis-Bacon Prevailing Wage Act, originally sponsored by two Republicans, was adopted in 1931 amidst the Great Depression. Its purpose was, and still is to protect local workers on government funded projects.

Building A Strong America For Decades

- Davis-Bacon requires workers to be paid the local area prevailing wage; having this law prevents local employers from undercutting wages.
- This law WORKS because its real effect is to ensure that LOCAL jobs, funded by the federal government, go to LOCAL workers. If a locality's prevailing wage is required, contractors are much less likely to import workers, from other states or cities that have lower wage standards.
- Davis-Bacon law promotes the development of high-skill training programs by allowing local firms to continuously reinvest in apprenticeship and other training programs, which are critical to the construction industry.
- Contrary to widespread belief, prevailing wages are not the union rates; rather it is the area's prevailing wage rate determined by the Department of Labor after examining both union and nonunion pay.
- The federal government has defined "prevailing wage" as "the wage paid for more than 50 percent of the laborers and mechanics in the classification on similar projects in the area."
- Since the Act's inception, there have been approximately 60 Davis-Bacon related acts including: the Federal Highways Act, the Clean Water Act, the Clean Air Act, Energy Policy Act and the American Recovery and Reinvestment Act.
- For decades, our nation's most influential infrastructure laws included Davis-Bacon provisions, requiring employers to hire well-trained local workers – workers who have helped to build and keep America safe.

Good for Communities, Good for Businesses, Good for Workers

Communities

- Because prevailing wages are a reflection of the typical construction pay in a locality, Davis-Bacon helps maintain the existing standard-of-living for any given locality.
- Without an area-standard prevailing wage rate, out-of-town workers travel away from home, in an effort to find the best paying projects. As a consequence, local residents suffer by losing job opportunities.
- Wages paid to local workers stay in the community, while a greater percentage of wages paid to imported workers are sent outside the local area. The taxes paid on Davis-Bacon wages support schools, public services such as police and firefighters, and a host of other essential community-based programs. Therefore, maintaining a long-term tax base needed for a local community to grow would be nearly impossible without the employment foundation offered by a prevailing wage law that keeps and maintains local area wage standards.



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Businesses

Prevailing wage laws level the playing-field for contractors, preventing a 'race to the bottom' fixated on cutting labor costs (practices which tend to undermine the quality and integrity of the construction industry).

- So, when big and small contractors compete in bidding on a project, labor costs will be standardized, thereby eliminating any need for bidders to seek out and import cheap labor for public projects.
- Eliminating prevailing wage laws encourages contractors to hire non-local workers, who lack proper skill and safety training.
- Taken one step further, without a standard, the door is opened for undocumented workers, as well as other illegal hiring practices, such as falsely classifying workers as "independent contractors." This is a widespread practice which cheats workers and allows contractors to defraud the government of various employment taxes, including Social Security and workers' compensation.

Workers

- By using the area-standard prevailing wage rate, Davis-Bacon offers lifelong careers that provide fair wages and benefits to the local workforce, including the unemployed, underemployed, veterans and minorities.
- Without prevailing wage requirements, the wages of construction workers in many areas would substantially decrease, affecting not only their families but their local communities.
- In addition, the health-care and pension benefits of local workers would very likely be severely diminished, which would force more people to rely on government assistance programs.

Training and Safety

- The UA training program, which spends approximately \$200 million on skills training and education, ensures that union workers are fully qualified in their trade, and that they safer and more productive. In fact, because of our training, UA workers are roughly 17% more productive than other workers.
- However, in the UA, training is a life long endeavor. As new equipment and technologies emerge, the UA is dedicated to providing advanced training to increase the skills and knowledge of the membership, thus ensuring high productivity and quality construction on public projects.
- Because most projects that receive federal funds must adhere to the prevailing wage requirements, public money will be spent properly, not just in terms of fair wages, but also by guaranteeing high quality and timely construction achieved through a better-trained and more productive workforce.
- On the other hand, cutting wages in a high-skilled industry does NOT reduce project costs because such practices undermine qualifications and skill levels, as well as productivity and even safety. In other words, such cuts backfire by increasing project costs, reducing quality and affecting schedules.
- In sum, for 80 years, Davis-Bacon has helped ensure the safest, most reliable and most cost-effective use of federal construction dollars, to the benefit of workers, businesses, and local communities.