

March 7, 2007

LABOR EARMARK: Davis-Bacon Act **Expansion**

Dear Colleague:

Later this week, the United States House of Representatives will take up H.R. 720, the "Water Quality Financing Act of 2007." Included in this legislation is a provision that will make an unprecedented expansion of the Davis-Bacon Act.

The Davis-Bacon Act was passed by Congress in 1931 with the intent of preventing non-unionized laborers from competing with unionized laborers for very scarce jobs during the Great Depression. The Act required that contractors working on federally funded public works projects pay their employees a "prevailing wage". In 1935, this threshold was reduced from \$5000 to \$2000 and remains in effect today, 72 years later.

FACTS:

- The most recent Office of Management and Budget (OMB) analysis shows "The program lacks procedures to measure and achieve efficiencies and cost effectiveness in program execution."
- Government Accountability Office (GAO) advocated an outright repeal of Davis-Bacon as far back as 1979 when every branch of the federal government was controlled by Democrats. The GAO noted that economic conditions and labor provisions had changed significantly since 1931, and that the Davis-Bacon Act was "not susceptible to practical and effective administration" by the Department of Labor, and that Davis-Bacon resulted in unnecessary construction and administration costs, having an inflationary effect on those areas covered by inaccurate wage rates and in the economy as a whole.
- In 2004, the Department of Labor Office of Inspector General stated that despite \$22 million being spent by the Department to modify the prevailing wage program, the Office of Inspector General found one or more errors in 100% of the wage surveys collected by the Department.

Yet, the bill before us this week includes an unprecedented expansion of the Davis-Bacon Act. In the interest of fairness for all workers and protecting the American taxpayer, I urge all Members to vote to eliminate the excessive Davis-Bacon provisions from H.R. 720.

Sincerely,



John Mica
Ranking Republican Member
Committee on Transportation and Infrastructure