



Congressman Jim Jordan (R-OH), RSC Chairman
Congressman Connie Mack (R-FL), RSC Repeal Task Force Chairman

Repeal the Onerous Davis-Bacon Act

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Issue: During the Great Depression, lawmakers passed the Davis-Bacon Act which required that a “prevailing wage” be paid to workers on federal construction projects. The theory behind the bill was the “high-wage doctrine,” which stated that competition was bad because it brought down wages. Competitive bidding is an essential mechanism for protecting taxpayer dollars. But, Davis-Bacon effectively ensures that the labor portion of government construction projects is not subject to competitive bidding. Rather, the wage rates are set by government officials, which are typically union wage rates. Davis-Bacon is designed to prevent the federal government from saving money on wages in federal contracts.

What We Know:

- **Bloated Construction Costs:** At the federal level, the latest study estimates that Davis-Bacon will waste \$10.9 billion this year. Time after time, studies [show](#) that Davis-Bacon requirements raise construction costs by at least 9%, and as much as 37%.
- **Hurts Small Businesses:** Davis-Bacon discourages small businesses from bidding on public projects because of the difficulty they have meeting its complex and archaic reporting rules. Since it requires the payment of inflated union-scale wages, small businesses are often priced out of competition. In fact, this was one of the motivations of the early proponents of the bill: to eliminate competition from up-and-coming minority-owned contractors.
- **Less Quality, Less Quantity:** Despite the arguments of Davis-Bacon proponents, non-Davis-Bacon projects are actually more efficient than those completed under Davis-Bacon. This is partially the case because contractors on Davis-Bacon projects are not allowed to bid on labor costs, so many of them end up economizing elsewhere. And, because it inflates the cost of every project, Davis-Bacon proponents are in effect saying that for the same amount of money, they would rather see four roads built instead of five, four schools built instead of five; and four jobs created instead of five.
- **GAO: Impossible to Administer:** The prevailing wage requirement is so difficult to determine and administer that the Government Accountability Office has advocated for its [repeal](#) as far back as 1979. In 2004, one Department Of Labor [report](#) found errors in nearly 100% of the wage surveys sampled.
- **Continues to Hurt Minority Workers:** A recent [study](#) concluded that Davis-Bacon reduced the number of minority workers in the construction industry by 25,000 per year. Another [study](#) showed that employment of African Americans in the construction industry in states with their own Davis-Bacon law is less than half that of states without the law.

Conclusion: Every dollar that American taxpayers send to Washington must be used as efficiently as possible, and every business – small or large, union or non-union – should have the ability to compete freely for federal construction projects. The United States is drowning in debt, our infrastructure is questionable, and we need to create jobs. Davis-Bacon needs to be repealed.

MEMBER ACTION ITEM: All RSC Members are encouraged to cosponsor H.R. 745, the Davis-Bacon Repeal Act which represents an essential step in restoring integrity to the competitive bidding process for federal construction projects. Please contact [Jason Yaworske](#) (5-4426) to support this legislation.