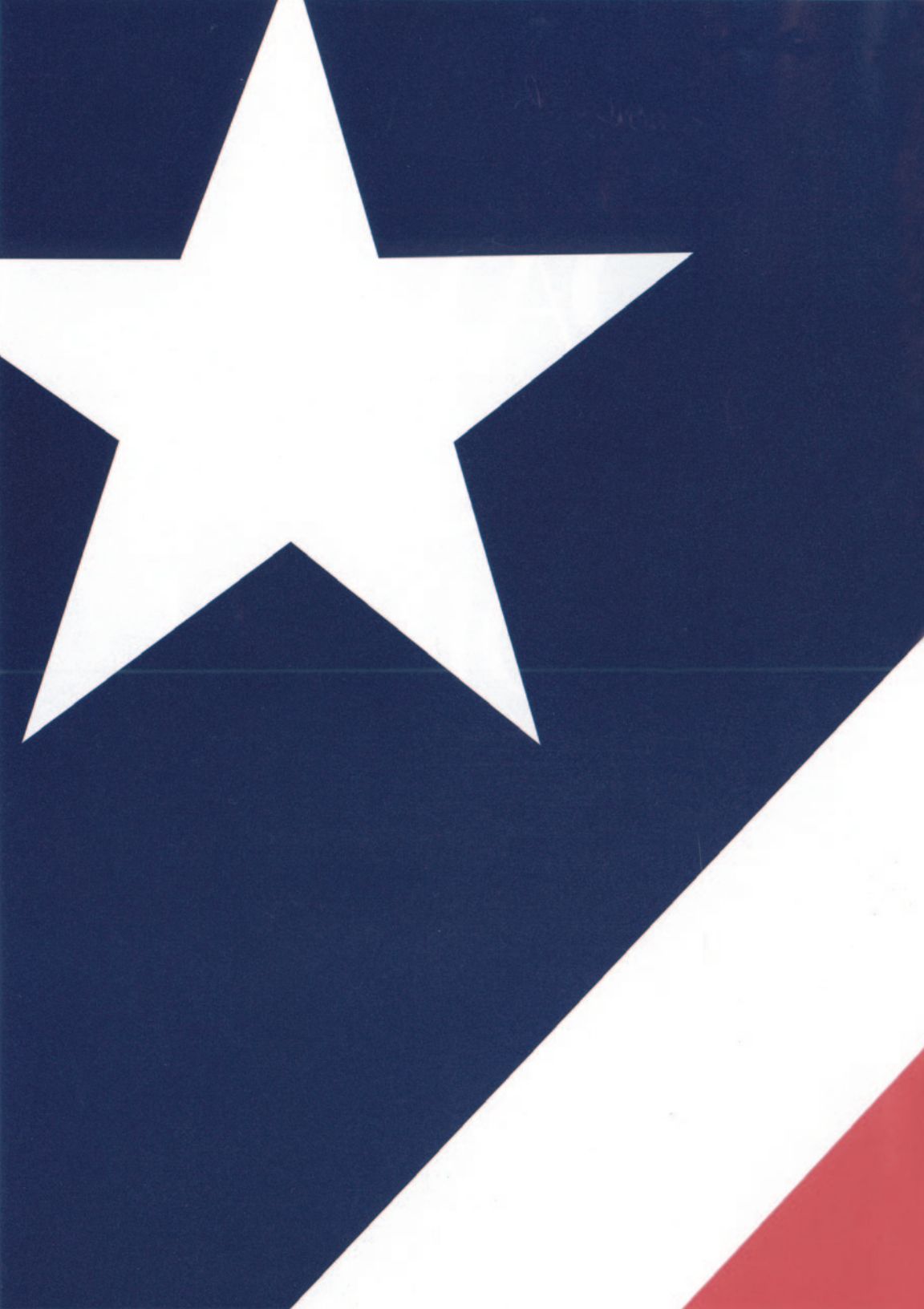
The background of the entire image is a close-up of the American flag, showing the stars and stripes. The stars are in the upper left and lower left, while the stripes are in the upper right and lower right. The colors are muted, with a dark blue and red overlay on the text.

# DAVIS- BACON WORKS!

PREVAILING  
WAGE LAWS  
*are good for*  
AMERICA





## DAVIS-BACON *builds success*

When the Northridge earthquake rocked southern California in early 1994, it had a devastating impact on the state's economy and infrastructure. One of the busiest roadways, the Santa Monica Freeway, partially collapsed. However, within record time—only 76 days after the shattering quake—the crippled freeway was reopened to traffic.

How did this happen? An experienced contractor working for the State of California called on a highly skilled workforce to rebuild the Santa Monica Freeway **ahead of schedule and under budget.**

What does this have to do with prevailing wages through the Davis-Bacon Act? **Everything!** The contractor, government project managers, and economists agree ... prevailing wage laws were vital to this success story. The contractor was able to bid the job knowing he could draw from a pool of well-trained workers to get the job done.

By helping to maintain a decent standard of living for union and nonunion workers alike, **Davis-Bacon promotes greater productivity, cost-effective construction, quality infrastructure, and a stable economy for American communities.**

Quality construction depends on well-trained construction workers. Workers experienced in their crafts and in health and safety procedures are less likely to make mistakes and, hence, are more productive.

So too, in the wake of the Oklahoma City bombing, skilled construction workers were called to the site immediately to clear away rubble and search for victims in the federal building. Because they knew what they were doing, these workers caused no further damage and were not injured doing hazardous rescue work.

It shouldn't take a disaster for us to recognize the benefits of the Davis-Bacon Act. These benefits are all around us—from our schools and hospitals to our highways and waste water treatment plants. Such well-constructed projects, often taken for granted, result in part from Davis-Bacon's protection of prevailing wages and labor standards nationwide.

Here's another success story. When it came time to drill 37 oil wells in Louisiana's Paul J. Rainey Sanctuary, building trades construction workers earning prevailing wages completed the job without harming surrounding wildlife—geese,

# Who says Davis- Bacon Works?

**"R**etaining the Davis-Bacon Act and our prevailing wage laws is critical to the public-private partnership which has worked so well in developing our public infrastructure... We can all rest a little easier knowing that the next time the earth moves, we still have the skilled contractors and construction workers needed to get the job done."

MAYOR RICHARD J. RIORDAN,  
LOS ANGELES

# WE DO!



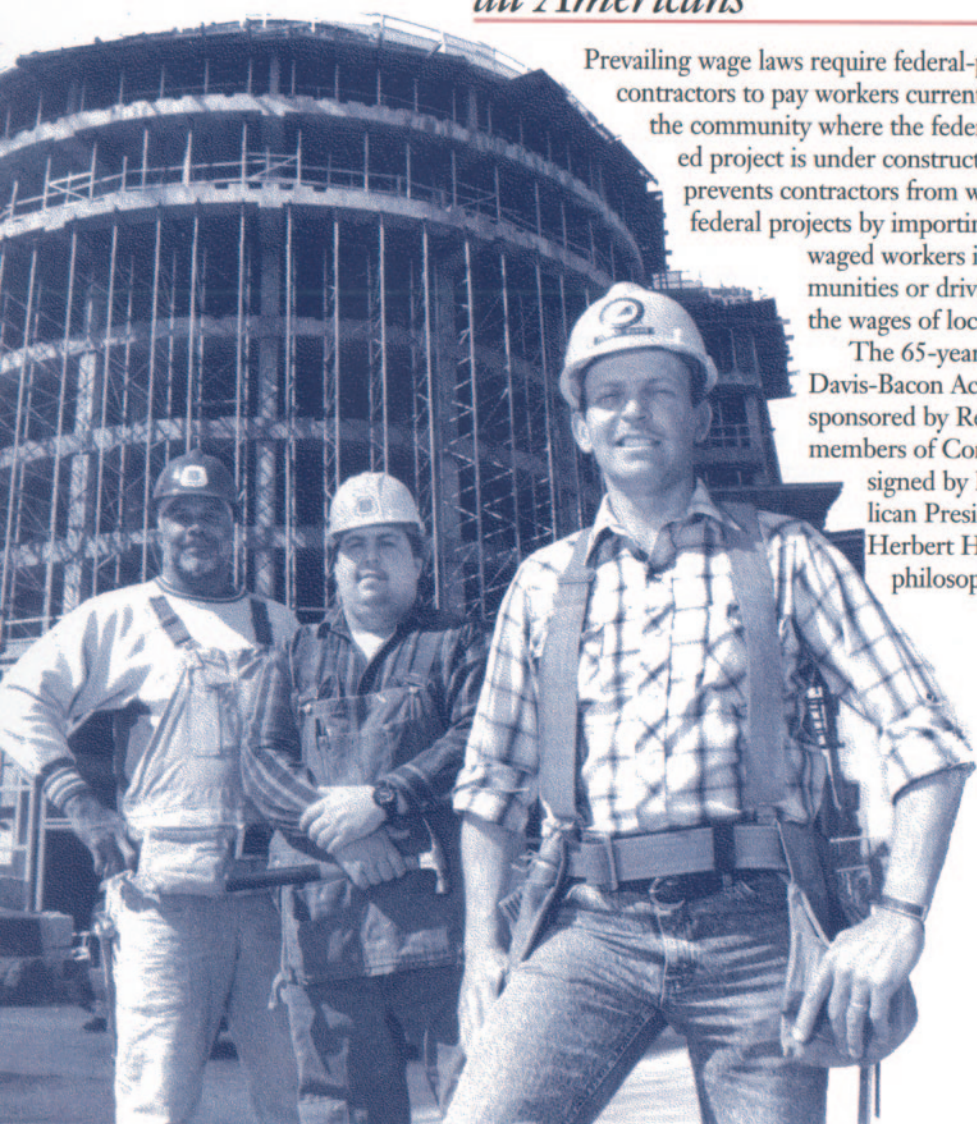
ducks, deer, and fish—in the 26,000-acre refuge. It was critical that the work not disturb the ecological tranquility of the National Audubon-run sanctuary. It was just as important to produce jobs for nearby communities. Because of the prevailing wage laws, the best possible workers got the job. And it worked! The oil wells and sanctuary complex just celebrated 55 years as a tribute to skilled construction workers protected by Davis-Bacon.

**DAVIS-BACON** *is important to  
all Americans*

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Prevailing wage laws require federal-project contractors to pay workers current rates in the community where the federally funded project is under construction. This prevents contractors from winning federal projects by importing lower-waged workers into communities or driving down the wages of local workers.

The 65-year-old Davis-Bacon Act was sponsored by Republican members of Congress and signed by Republican President Herbert Hoover. Its philosophy—to



prevent the federal government's monopolistic power from eroding the living standards of millions of Americans—is as valid today as it was when the law was enacted in 1931. In other words, it keeps big government and big business from undercutting local contractors, local workers, and local economies.

Most important, as “the Bill of Rights for the American worker,” **Davis-Bacon guarantees an honest day's pay for an honest day's work**—and this is what the American dream is all about!

## **HOW** *Davis-Bacon works!*

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Local conditions are the touchstone of prevailing wage laws. On each project subject to Davis-Bacon, just as government estimators establish expected local prices for materials and equipment, they also advise contractors about local wage and benefit norms. Contractors submit their bids, knowing their competitors must also pay at least these minimum wage and benefit levels.

Davis-Bacon uses the existing private construction market as a yardstick for setting wages and benefits. It requires that federal contractors live up to these standards and play by local economic rules.

### **PREVAILING WAGE LAWS**

## *make public-policy sense*

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At the state level, “little Davis-Bacon” prevailing wage laws do the same: They save state governments money, advance free-market principles, and protect local labor markets from harmful effects of large-scale government-funded construction.

New economic research from the State University of New York-Cortland compares the costs of state-financed construction in states with and without prevailing wage laws. Their findings reveal that **prevailing wage laws don't inflate the cost of public construction.**

According to a 1991 Minnesota study, “Prevailing wage laws serve an invaluable public purpose by ensuring that government does not become a party to such destabilizing practices” as paying lower than prevailing wages and hiring many out-of-state workers.

Who says  
Davis-  
Bacon

**“A**nd it's not enough to have a job, that's only part of the fight. Once you have a job, then you have to be paid a decent standard of living in order to provide for your family... And it's always been my belief that in neighborhoods that are strongest, people are making a decent living. In neighborhoods that are weakest, people are not making a decent living. And so it shouldn't be difficult for us to say that people ought to be paid adequately.”

MAYOR WELLINGTON WEBB,  
DENVER

WE DO!



# Who says Davis- Bacon Works?

“I haven't built my company and my reputation using low-wage, unskilled workers. We come in ahead of schedule and under budget because we use the best skilled workers and run the job with a talented management team. That kind of operation doesn't come cheap, but investing in skills is what brings the overall cost of construction down.”

C.C. MYERS, PRESIDENT  
C.C. MYERS INC.,  
A CONSTRUCTION COMPANY  
RANCHO CORDOVA, CALIF.

Without prevailing wage laws, there would be increased instability in the construction labor market, fiercer competition for work from out-of-state workers and contractors, and a lower standard of living for workers and their families, according to a similar 1988 economic-impact study.

## PREVAILING WAGE LAWS: *a profitable community investment*

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An analysis of the economic effects of prevailing wages shows that the law in San Bernardino, Calif., generates benefits to the community 24 times the amount spent on the actual construction project. That's because workers spend part of their income in local shops and restaurants and pay local taxes, which are recirculated throughout the local economy. The law also establishes an upwardly mobile track for minority workers to advance into higher-paying jobs.

The study emphasizes that construction workers who don't receive health and other benefits become “net users of public service” during periods of unemployment, while the worker who enjoys these benefits becomes “a net contributor.” Davis-Bacon immunizes employees from the need to seek benefits from social programs and helps them contribute to the community's ability to furnish social programs to the needy.

## ISN'T *prevailing wage* THE SAME AS UNION WAGE?

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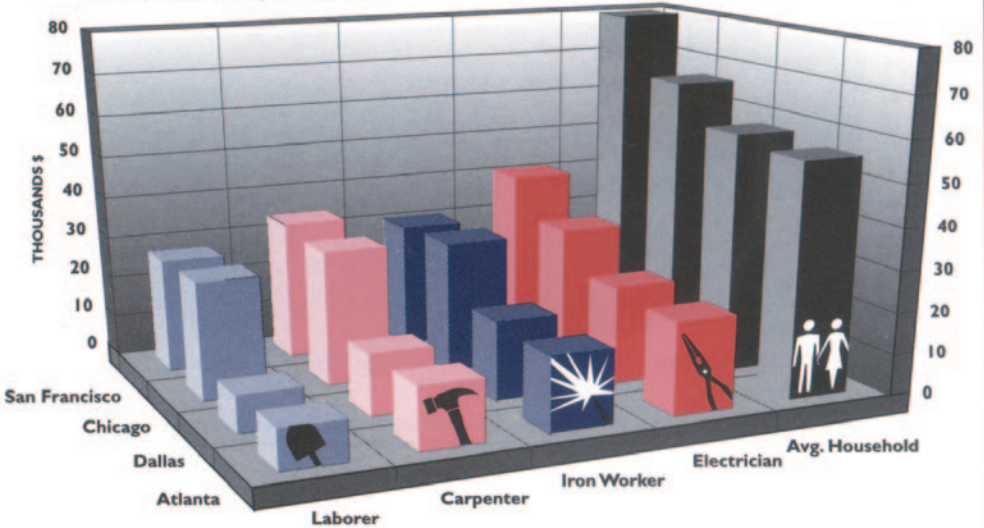
Absolutely not! The U.S. Department of Labor determines the prevailing wage rate for each job classification required for a construction project by surveying current wages and fringe benefits paid in the locality. According to Labor Department figures, nonunion scales accounted for 71 percent of wage determinations issued in 1994.

The Congressional Budget Office (CBO) has found wage determinations are **not biased** in favor of union wage levels. CBO reported in 1983 that union rates tend to be issued for geographic areas and types of construction that are heavily unionized, and nonunion rates are used where nonunion construction work is dominant.

# WE DO!

# ANNUAL INCOMES

DB Rates for Heavy Construction



SOURCE: WOODS & POOLE ECONOMICS; DEPARTMENT OF LABOR

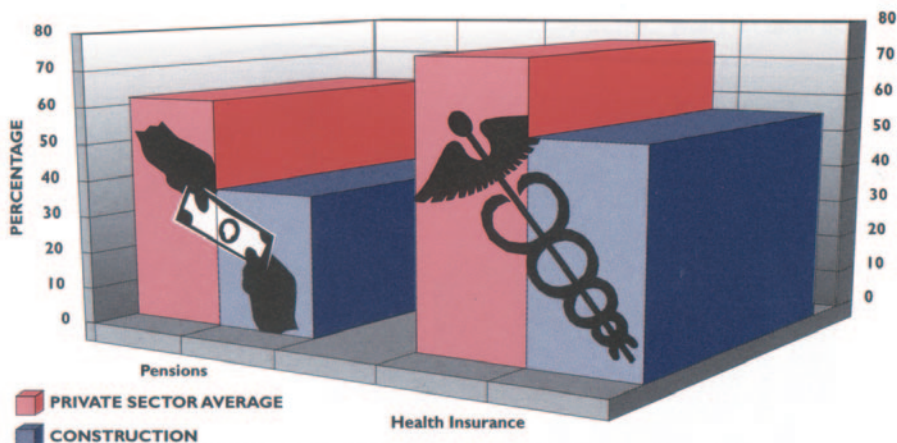
This chart represents average annual incomes of workers in four cities. The workers, employed on federal heavy-construction projects, received Davis-Bacon wages effective November 1994. The incomes assume each worker was employed for 35 weeks (reflecting 1994's average duration of 17 weeks unemployment for construction workers) and 40.4 hours per week (the 1994 industry average). Alongside is the average household income for each metro area.

Two important factors stand out. First, wages are higher in San Francisco and Chicago than in lower-cost Dallas and Atlanta. Second, in none of these cities do Davis-Bacon incomes approach average household incomes.

In 1994, the poverty line for a family of four was \$15,141. Even in a good year like 1994, families of carpenters and laborers would have struggled to avoid poverty if they suffered the average duration of unemployment in the industry.



## BENEFITS



SOURCE: WIARTROWSKI, MONTHLY LABOR REVIEW, JUNE 1995, AND EMPLOYEE BENEFITS RESEARCH INSTITUTE, SPECIAL REPORT NO. 153.

### DAVIS-BACON *protects benefits!*

Construction workers are among the few groups of employees hired to work themselves out of a job. They are twice as likely to be laid off as other workers. This is due to business-cycle fluctuations, weather changes, and completion of different phases of projects.

A good benefits package is essential to surviving the inevitable ups and downs of construction life. Unfortunately, construction workers are much less likely to have health insurance and pension coverage than other workers. In 1993, only 37 percent of construction workers' employers sponsored pension plans, compared to 64 percent of private-sector workers in other industries. And only 55 percent of construction workers enjoyed employer-provided health insurance, compared to 74 percent of all private-sector workers.

Davis-Bacon plays a key role in providing stable benefits, including health insurance, pensions, life and disability insurance, and vacation and holiday pay. In many cases, these benefits are offered through multiemployer plans, which enable workers to retain coverage when they change employers.



## DAVIS-BACON *stimulates training*

By fostering training and lifelong career incentives, Davis-Bacon encourages skilled workers to stay in construction. This helps the industry and construction owners. They can depend on a stable pool of well-trained, experienced workers.

One way Davis-Bacon helps achieve this is by letting contractors pay less than prevailing wages to those employees enrolled in *bona fide* apprenticeship training programs. This exception to prevailing wage requirements is a powerful incentive for contractors to support well-structured training programs for new workers.

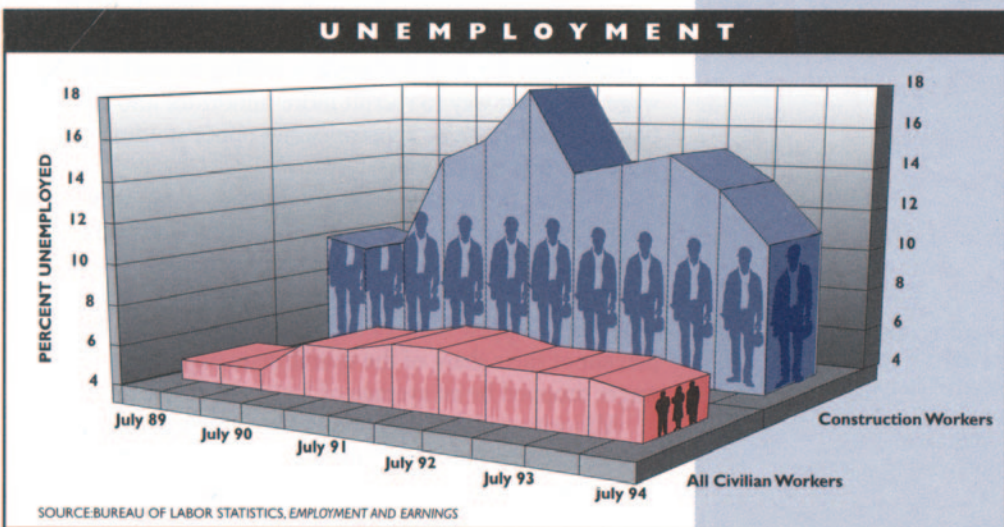
By stabilizing the construction industry, Davis-Bacon acts as a bulwark against the harmful erosion of qualified construction contractors and workers. In recent years, many skilled construction workers have left the industry before retiring because of stagnant wages, inadequate benefits, and myriad inconveniences of construction life.

Without Davis-Bacon, apprenticeship programs would decline and skilled workers would continue to leave the industry. In states where prevailing wage laws have been repealed, apprenticeship and training levels are expected to drop by 40 percent. For example, in Utah, apprenticeship graduation rates plummeted from 95 to 15 percent. That state now faces a shortage of adequately trained construction workers.

Who says  
Davis-  
Bacon

**"B**echtel has worked on a number of projects where the Davis-Bacon Act applies, and because it stabilizes terms and conditions for a contractor's work force, we consider it worth preserving."

ROBERT D. COUSE  
PRESIDENT  
BECHTEL CONSTRUCTION  
COMPANY



# Who says Davis- Bacon Works?

**"Elimination of the Davis-Bacon Act which stabilizes wages would only serve to exacerbate the current problem of skill shortages in the construction industry... Low wages would be further depressed by unscrupulous contractors in a mad scramble to underbid each other in order to win public contracts - to the detriment of all."**

RONALD J. BECHT  
EXECUTIVE DIRECTOR  
NORTHERN CALIFORNIA  
DRYWALL CONTRACTORS  
ASSOCIATION  
SARATOGA, CALIFORNIA

## DAVIS-BACON *advances minority opportunities!*

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Today, thanks to Davis-Bacon, African Americans, Native Americans, Hispanics, and women workers earn fair wages working on federal projects. In 1990, minority participation in apprenticeship programs was 22.5 percent nationally, higher in several trades, with operating engineers at 32 percent minority enrollment, roofers at 38 percent, and cement masons at 48 percent. Minorities are heavily employed in the union sector where their graduation rate is higher than in non-union apprenticeship programs.

The Congressional Black Congress recently underscored Davis-Bacon's contributions in a letter to ABC's news magazine, "20/20":

*"We believe that Davis-Bacon has been instrumental in bridging the wage gap for historically disadvantaged sectors of society. In the face of decaying social and economic opportunities, this measure provides women and minorities with an important tool to achieving greater parity with their mainstream counterparts. The Davis-Bacon Act has made a valuable contribution to instituting protective equity and stability to American workers everywhere."*

Real equal opportunity depends on access to training and career development opportunities. Some Davis-Bacon critics complain that keeping up labor standards reduces economic opportunities for unskilled workers willing to work for any wage. The best way to recruit more minorities into construction jobs is to increase apprenticeship opportunities, not to cut wages and skilled jobs.

Without Davis-Bacon, the proportion of minorities trained in construction apprenticeship programs would decline substantially. In states that repealed their prevailing wage laws, minority participation in registered apprenticeship programs dropped from 19 to 13 percent—or from 107 to 85 percent of their share of the overall state population—and wages dropped by an average of 5 percent across the board.

Minority and female workers have entered the construction industry in increasing numbers over the past 15 years. As newest members of the industry, they are particularly



vulnerable to the wage-cutting practices Davis-Bacon aims to ban. Repeal would hit minorities doubly hard because access to training opportunities would be reduced severely.

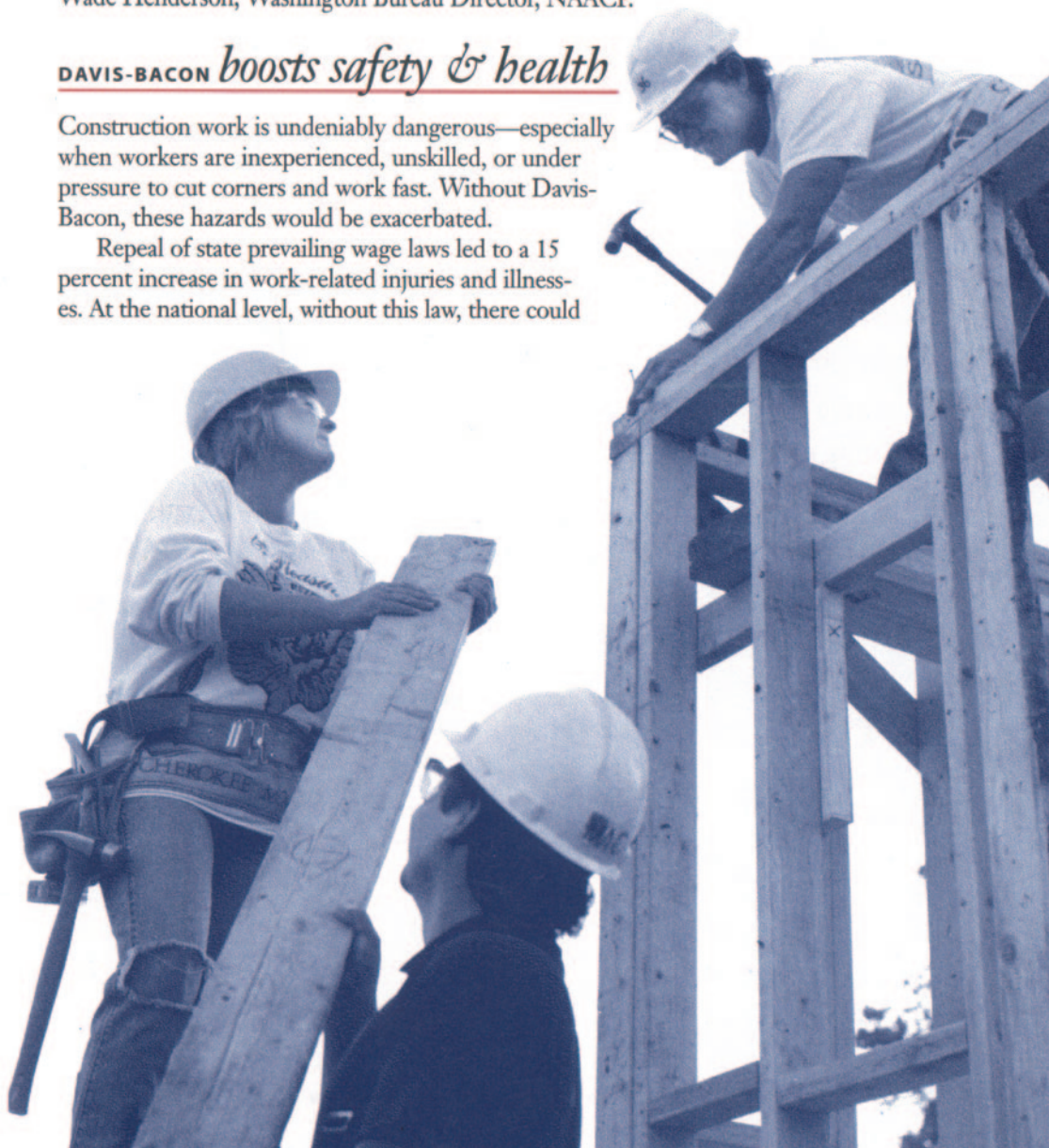
*"Many who profess concern about Davis-Bacon's impact on black workers shed crocodile tears. This is part of a full-scale assault on many of the civil rights and worker-protection initiatives."*—

Wade Henderson, Washington Bureau Director, NAACP.

### **DAVIS-BACON** *boosts safety & health*

Construction work is undeniably dangerous—especially when workers are inexperienced, unskilled, or under pressure to cut corners and work fast. Without Davis-Bacon, these hazards would be exacerbated.

Repeal of state prevailing wage laws led to a 15 percent increase in work-related injuries and illnesses. At the national level, without this law, there could



# Who says Davis- Bacon Works?

**"The Davis-Bacon Act ensures that we are bidding on a basis that will allow the use of skilled labor. To think that merely reducing the cost of labor will provide a cheaper product is ludicrous."**

THOMAS H. PARKINSON  
PRESIDENT  
BURRIS CONSTRUCTION  
MOUNT LAUREL, NEW JERSEY

be an additional 76,000 new workplace injuries each year, including 30,000 more serious injuries resulting in missed days of work after accidents. This means reduced earnings, a lower quality of life, and costly, long-term health care.

Workers' compensation costs would increase by \$3 billion per year, of which \$300 million would be passed on the federal government as increased public works' costs and ultimately on to you, the taxpayer.

Skilled, trained, and dedicated workers hired at prevailing wages are trained to work safely. And better project safety and quality work mean fewer risks of environmental and health disasters. By preventing shoddy, unsafe work, our society saves money on environmental and economic clean-up costs.

## **DAVIS-BACON** *enhances productivity!*

There is a strong link between fair wages and high productivity. The reverse is also true. Without Davis-Bacon, construction would revert to a low-wage, low-technology industry.

A recent study used Federal Highway Administration data to compare the average construction costs of bridges and highways in two groups of states. Higher-wage states built highways for 11 percent less than lower-wage states. States that paid workers the least ended up with roads **more expensive** by \$125,000 for every mile built. This is because higher-wage states built more highways in fewer hours of labor. Increased productivity of better-paid workers made up for the cost. As wages are bid down, so are productivity levels.

Utah's repeal of Davis-Bacon has led to massive increases in cost overruns and expensive change orders: state-financed road cost overruns tripled over the following decade because of low-ball bidding practices.

# WE DO!



**DAVIS-BACON IS** *fair to all Americans!*

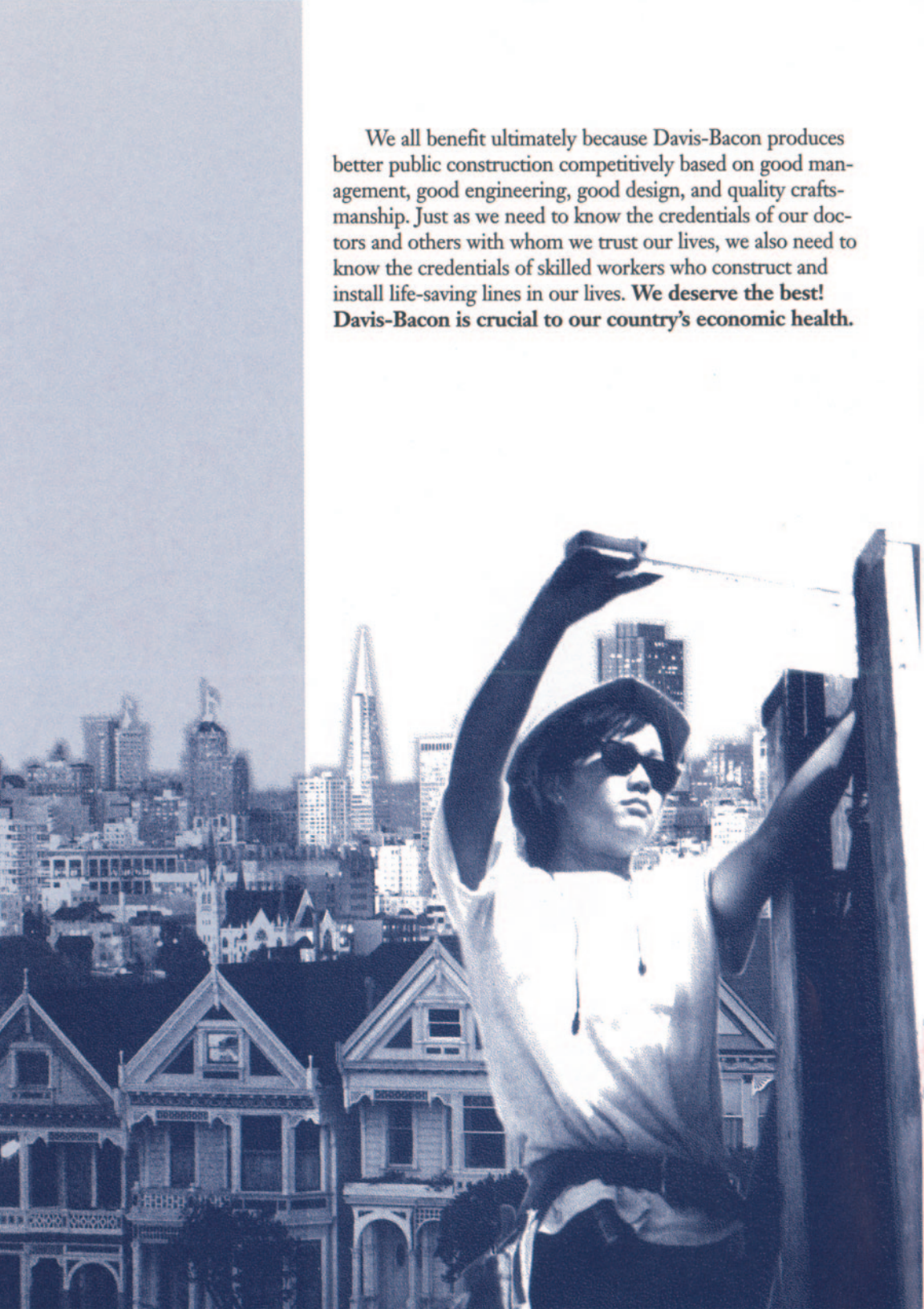
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Construction contractors and workers—both union and nonunion—benefit especially from Davis-Bacon. But so do **you**, the American taxpayer!

Without Davis-Bacon, all of us would pay more. Why? Because we would not be able to predict the dependability of construction products. In addition, workers would lose income and benefits coverage, contractors would pay higher workers' compensation premiums, construction costs would rise, and taxpayers would end up paying higher insurance costs through cost shifting to private insurance and increased state funds for hospitals. And communities would lose buying power and tax bases.



We all benefit ultimately because Davis-Bacon produces better public construction competitively based on good management, good engineering, good design, and quality craftsmanship. Just as we need to know the credentials of our doctors and others with whom we trust our lives, we also need to know the credentials of skilled workers who construct and install life-saving lines in our lives. **We deserve the best!** Davis-Bacon is crucial to our country's economic health.







# DAVIS- BACON WORKS!

If you would care to receive additional information on this or any other subject pertaining to the Building and Construction Trades Department, AFL-CIO, please call the Legislative Department at 202-347-1461.

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