

## The Electric Wire! News Update!

from NJECA (New Jersey Electrical Contractors Association)

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## News Brief from NJECA

### **Repeal the Davis-Bacon Act**

**Prevailing Wages Don't Prevail**

#### **Davis-Bacon Repeal Act**

Congressman Steve King (R-IA) has introduced a bill, [H.R.745](#), to repeal the Davis-Bacon Act. This bill deserves the support of all those concerned with wasteful government spending. At the bottom of this page is information about how you can contact your Representative in Congress to urge them to support this important legislation.

#### **Background:**

The Davis-Bacon Act is a depression-era law, enacted in 1931, under which the U.S. Department of Labor dictates the wages to be paid on federal construction projects. The original intent of the law was to prevent itinerate contractors from disrupting local wage scales by submitting low bids based on low labor costs. The true effect of the Act has been just the opposite. The Department of Labor notoriously sets the wage scales higher than those prevailing in the community in order to favor union labor on public construction.

Over the years, Congress has extended the Davis-Bacon Act to many other federal programs including federal matching grants and federal loan guarantees.

In 1931, the threshold for application of the Davis-Bacon Act was set at \$5,000 of

federal spending. It was lowered to \$2,000 in 1935 and has not been changed since. As a result, the administrative burden of the Davis-Bacon Act is imposed on extremely small projects.

This problem is compounded by the fact that many federal funding programs pay a small percent of the cost of state and local construction projects and application of the Davis-Bacon Act to these projects results in increasing their cost, too.

According to the Congressional Budget Office, the Davis-Bacon Act now applies to about 25 percent of all construction in the United States.

### **The Davis-Bacon Act is:**

#### **Wasteful**

The Davis-Bacon Act causes the waste of billions in tax dollars every year. This waste comes in many forms. First, the waste caused by paying higher than necessary wages. Second, the waste caused by requiring contractors to file weekly reports of the wages paid to each worker. And, third, the waste of paying federal workers to receive and file these reports.

Also, due to the complexity and cost of the Davis-Bacon Act's "red tape," many small contractors refuse to bid on projects covered by the Act. This deprives the public of the savings that would be achieved through more vigorous competition for these contracts.

#### **Inflationary**

Because it drives up the cost of construction through higher than average wages, the Davis-Bacon Act has an inflationary impact on the entire economy.

According to an inter-agency task force report to President Carter, the Davis-Bacon Act and other federal prevailing wage laws like it were responsible for .25 percent inflation per year. This may seem like a small amount but, if you have any money in savings inflation is stealing the value of it.

#### **Discriminatory**

The original purpose of the Davis-Bacon Act was to prevent southern (mostly black and nonunion) construction workers from competing with northern (mostly white and union) construction workers. In 1931, before political correctness, the proponents of the bill did not hesitate to mention this on the House floor when the bill was being considered.

According to several recent reports, the Davis-Bacon Act continues to have a discriminatory impact against minorities in construction.

#### **Unnecessary**

The Davis-Bacon Act was enacted before the Fair Labor Standards Act and the National Labor Relations Act. According to the General Accounting Office, an agency of Congress, these laws make the Davis-Bacon Act unnecessary.

### **The Davis-Bacon Act Should Be Repealed**

Since 1978 nine states have repealed prevailing wage laws like the Davis-Bacon Act. Legislation repealing prevailing wage law is pending in several more states. Please contact your representative in Congress urging him or her to support repeal of the Davis-Bacon Act by becoming a cosponsor of H.R. 745. Click [here](#) to find the contact information for your representative in Congress.

*This information provided by **The Public Service Research Council***

## **About NJECA**

### **New Jersey's Leading Electrical Contractors Association.**

NJECA (New Jersey Electrical Contractors Association) is the state-wide, non-profit, member-managed electrical trade association supporting electrical contractors licensed in the state of New Jersey. NJECA is the voice and leading authority in the electrical industry for information, education, business management and advocacy supporting the electrical contractor base of over 15,000 licensed New Jersey electrical contractors and students.

NJECA partners with a variety of associations, manufacturers, distributors and education providers to provide services and support to electricians in the state of New Jersey.

### **NJECA • Leading the NJ Electrical Industry for 40+ Years.**

[Click Here to learn more about NJECA or call \(732\) 981-8901.](#)



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