



# FACT SHEET

## DAVIS-BACON PROTECTIONS ON INFRASTRUCTURE PROJECTS

The Davis-Bacon Act requires contractors on federal construction projects to pay their workers no less than the wage rates prevailing in the local area for each craft, as determined by the U.S. Department of Labor. The prevailing wage that must be paid on federal projects is based upon typical wages and benefits paid for construction work in each community, regardless of whether those workers are union members. Congress should continue application of the Davis-Bacon Act on all federally funded or assisted construction authorized by the Clean Water and Safe Drinking Water Acts, TEA-21 (highway bill) and other key federal infrastructure programs.

Legislation to reauthorize the Clean Water Act, H.R. 20, includes Davis-Bacon protections to address the critical water infrastructure crisis we are currently experiencing in the United States. During the last reauthorization of the Clean Water Act in 1987, Congress created the Clean Water State Revolving Fund (SRF) program that was intended to transition state and local governments from dependence on federal assistance to self-sufficiency by the end of fiscal year 1994. The SRF program has provided more than \$19 billion to states in the form of federal capitalization grants. In turn, the states have leveraged that money to provide in excess of \$37 billion in loans to construct wastewater treatment facilities.

The authorization for this program expired in 1994, but the funding did not. Congress continues to fund this program without addressing the issue of Davis-Bacon application to projects assisted by the proceeds from the repayment of federal funds made available by state SRFs. H.R. 10 would remedy this situation.

There are also critical infrastructure funding needs for school construction, high-speed rail and airport construction. The high-speed bonds proposal before Congress (also known as "RIDE 21") would authorize \$24 billion in bonds and \$35 billion in loans to states over 10 years to build high-speed rail corridors. "RIDE 21" has comprehensive Davis-Bacon coverage.

**IBEW Position:** Support and cosponsor H.R. 20, the "Clean Water Infrastructure Financing Act of 2003," sponsored by Representatives Sue Kelly (R-NY-19) and Ellen Tauscher (D-CA-10); also support H.R. 2571, also known as "RIDE 21," sponsored by Representative Don Young (R-AK).

# DAVIS-BACON PROTECTIONS ON INFRASTRUCTURE PROJECTS *(Continued)*

**Status:** H.R. 20 was introduced on January 7, 2003 and referred to the House Transportation and Infrastructure Committee. The bill currently has 148 co-sponsors, but no action has been scheduled to date.

H.R. 2571 was passed by the House Transportation and Infrastructure Committee on June 25, 2003, on a bi-partisan vote. The House Ways and Means Committee must also approve the bill before it goes to the floor.

## Key Points:

- **H.R. 20 is much needed, bipartisan legislation addressing the critical water infrastructure crisis that we are currently experiencing in the United States.** The condition of our aging facilities, and the dire need to build additional treatment capacity, mandate that we begin to meet these concerns now. A recent EPA report concludes that by 2019, without increased investments in our clean water infrastructure, a \$271 billion gap will exist between our needs and the funding.
- **H.R. 2571 is the most comprehensive rail infrastructure bill in decades.** It would authorize \$24 billion in bonds and \$35 billion in loans to states over 10 years to build high-speed rail corridors, all with prevailing wage protections.
- **H.R. 20 and H.R. 2571 incorporate comprehensive federal prevailing wage protections.** The Davis-Bacon Act prevents a race to the bottom on federal construction. Where Davis-Bacon is applied, contractors win federal construction jobs based on having the most productive, best-equipped and well-managed workforce. Without the law, contractors could simply lowball their bids by using the cheapest workers, either locally or by importing labor from elsewhere.
- **Some groups claim erroneously that Davis-Bacon drives up construction costs.** Labor costs are generally one-third of total construction costs and actually may be falling. Repeated studies by the University of Utah and others have shown that when productivity is taken into account, Davis-Bacon has little, if any, effect on total construction costs.
- **H.R. 20 and H.R. 2571 will create jobs.** Hundreds of thousands of family-sustaining construction jobs will result from building these much-needed projects. Including appropriate Davis-Bacon application in the bill will protect workers and sustain communities. Davis-Bacon ensures bona fide health, pension and educational benefits are included in the Labor Department prevailing wage rate. If construction wages were to decline significantly, there would be a corresponding rise in the demand for government programs, ranging from financial aid for college students to food stamps.