



December 27, 2012

United States Senate
Washington, D.C. 20515

Dear Senator:

On behalf of Associated Builders and Contractors (ABC), a national association with 74 chapters representing more than 22,000 merit shop construction and construction-related firms, I am writing to express our strong support for amendment #3376 being offered by Senator Rand Paul (R-KY) to H.R.1, the vehicle for Superstorm Sandy supplemental appropriations. **ABC strongly urges your support of Senator Paul's amendment and may consider this vote a "Key Vote" for our 112th Congressional Scorecard.**

Senator Paul's amendment will waive the enforcement of Davis-Bacon Act requirements for projects funded under this legislation. Suspending provisions of the Davis-Bacon Act under H.R.1 will help speed up and lower the cost of rebuilding the communities ravaged by Hurricane Sandy.

ABC has long advocated for numerous reforms that could mitigate some of the Davis-Bacon Act's damage to the economy. The Davis-Bacon Act, as administered by the U.S. Department of Labor (DOL), unnecessarily hinders economic growth, increases the federal deficit, and imposes an enormous paperwork burden on contractors and the federal government. It stifles contractor productivity by raising costs, ignores skill differences for different jobs and imposes rigid craft work rules.

The inefficient wage survey process used by DOL to calculate Davis-Bacon wages often results in union wages being deemed "prevailing," even though only 14 percent of the construction industry is unionized. As a result, Davis-Bacon frequently mandates union wages and requires contractors to use outdated and inefficient union job classifications that ignore the productive work practices successfully used by merit shop contractors.

In addition, Davis-Bacon fails to provide equal access to work opportunities because complexities and inefficiencies in the act's implementation make competitively bidding on publicly funded projects nearly impossible for many qualified, small merit shop firms. These businesses—and the construction industry in general—are at an even greater disadvantage due to traditionally low net profit margins and the current unemployment rate of more than 14.2 percent.

From a fiscal standpoint, a recent Congressional Budget Office estimate found the Davis-Bacon Act raises federal construction costs by \$15.7 billion. Numerous academic studies have shown that repeal of the act would create real and substantial savings to the government without affecting workplace productivity, safety or market wages.

Despite repeated criticisms from the Government Accountability Office (GAO) and DOL's own Office of Inspector General, DOL has implemented few, if any, meaningful reforms in its administration of the act since the early years of the Reagan administration. A 2011 GAO report found the Davis-Bacon wage survey process suffers from a lack of transparency in how the published wage rates are set and contains data errors regarding hourly and fringe benefit rates and

the number of employees. This latest GAO report makes clear that DOL is simply incapable of implementing the Davis-Bacon Act's provisions in a fair and common-sense manner.

For the federal government to have the most beneficial impact in assisting in Hurricane Sandy rebuilding efforts there should be as few impediments as possible. **Again, ABC urges your support of the Paul amendment (#3376) and may consider this vote a "Key Vote" for our 112th Congressional Scorecard.**

Sincerely,

A handwritten signature in black ink, appearing to read "G. G. Burr", with a long horizontal flourish extending to the right.

Geoffrey G. Burr
Vice President, Federal Affairs