



Key Vote

March 12, 2009

U.S. House of Representatives
Washington, DC 20515

Dear Representative:

On behalf of Associated Builders and Contractors (ABC) and its 25,000 contractors, subcontractors, material suppliers and construction related firms across the nation, I am writing to express our strong support for an amendment offered by Congressman Mack to the Water Quality Investment Act of 2009 (H.R. 1262). The Mack Amendment would eliminate discriminatory and wasteful Davis-Bacon Act prevailing wage requirements from this piece of legislation. **Due to the broad detrimental impact of Davis-Bacon, ABC may consider the vote on the Mack Amendment a “key vote” for our 111th Congressional Scorecard.**

Inclusion of the Davis-Bacon Act prevailing wage requirements would adversely affect small business access to construction performed under the program and inflate the costs of projects funded under this piece of legislation at the expense of the taxpayer. Moreover, reports consistently indicate Davis-Bacon wage rates are inaccurate and vulnerable to fraud.

Davis-Bacon has a negative impact on equal access to work opportunities. It prevents many qualified small and nonunion businesses from even bidding on publicly funded projects, because the complexities and inefficiencies in the Act make it nearly impossible for them to compete. This has a disproportionate impact on minority-owned businesses, which tend to be smaller and nonunion companies. The toll is real: one study estimates Davis-Bacon reduces the number of minority workers in the construction industry by 25,000 each year.

In addition, Davis-Bacon’s flaws will cost taxpayers more to provide less. Davis-Bacon has been shown to increase public construction costs by anywhere from 5 to 38 percent above what the project would have cost in the private sector. According to the Congressional Budget Office (CBO), the Davis-Bacon Act already costs taxpayers more than \$9.5 billion over the 2002 to 2011 period relative to the 2001 appropriations and \$10.5 billion relative to 2001 appropriations adjusted for inflation. A more recent estimate, from the Beacon Hill Institute at Suffolk University in January, suggests Davis-Bacon costs taxpayers \$8.6 billion per year.


Finally, federal authorities have concluded that Davis-Bacon wage rates are inaccurate. A series of audits by outside agencies, as well as the Department of Labor’s (DOL) own Office of Inspector General (OIG), have revealed substantial inaccuracies in Davis-Bacon Act wage determinations and suggested that they are vulnerable to fraud. In fact, DOL’s OIG released three reports highly critical of the wage determination program, with one report from 2004 finding errors in nearly 100 percent of the wage surveys reviewed. Expanding a wage determination process that has been proven to be flawed is unfair to the American taxpayer and American businesses.

Davis-Bacon’s wage determination flaws harm the very employees the law was intended to protect. Research from the Heritage Foundation found that if it were not market forces, Tampa Bay area electricians would be “underpaid” by 38 percent under Davis-Bacon’s system when compared to the more statistically sound wage determination method used by the Bureau of Labor Statistics (BLS). Recent academic research

found that Davis-Bacon wages were substantially lower than BLS figures in 16 urban areas across the nation.

For the aforementioned reasons, we strongly urge you to support the Mack Amendment to eliminate the Davis-Bacon Act requirements from in Water Quality Investment Act of 2009 (H.R. 1262) and urge Congress to address current problems with Davis-Bacon, particularly its adverse impact on small businesses.

Sincerely,

A handwritten signature in cursive script that reads "Brewster B. Bevis".

Brewster B. Bevis
Senior Director, Legislative Affairs
Associated Builders and Contractors