

This paper is authored by some of the nation's leading economists. It refutes Congressional Budget Office (CBO) claims that federal construction costs would be lowered if the Davis-Bacon Act is repealed. The economists found:

“There is no basis in fact for the estimates of savings that would result from repeal of this Act. Items referred to as savings in the CBO estimate could be considered cost shifting to the states and private sector, thus distorting this side of the estimate. Perhaps more important, the estimate does not consider benefits which would be lost if the [Davis-Bacon] Act were repealed, and which easily could exceed the amount of savings incurred.

The CBO does not take into account the indirect costs inflicted on governmental and private industry through repeal of the Davis-Bacon Act. A recent econometric study by the University of Utah based on empirical data from the nine states that repealed their state prevailing wage laws in the 1980s, concludes that the Federal government would end up losing \$1 billion in annual tax revenues, and spending \$300 million more per year on workers' compensation related costs if the Act were to be repealed. . . .

Additional long-term consequences that repeal of the Davis-Bacon Act would have on competitive practices, bidding practices, cost over-runs, change order requirements, and construction quality have not been considered. The University of Utah study found that deleterious bidding practices increased dramatically following repeal of the state prevailing wage law in Utah. . . . Long-term consequences of repeal on the workforce also need to be considered, including such factors as skills training, worker turn-over, safety and health patterns, funding of health care and retirement. Again, the University of Utah study noted a number of unanticipated, highly negative effects on the workforce.”