

THE DAVIS-BACON ACT - ISSUE PAPER
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**SUSPENSION OF THE DAVIS-BACON ACT WILL LEAVE
GULF COAST WORKERS VULNERABLE TO DISCRIMINATION**

UNJUST TREATMENT OF MINORITY WORKERS

President Bush's claim that suspension of the Davis-Bacon Act will put the local minority population to work and assist minority-owned construction contracting businesses has been repudiated by leaders such as the Rev. Jesse Jackson and Rep. Bennie Thompson, who represents the Second District of Mississippi.

Lowering wages under the guise of putting more people to work does not provide justice to minority communities in areas shattered by Hurricane Katrina. Suspending Davis-Bacon will do nothing to create jobs in the Gulf Coast region. It simply allows contractors, many of whom are receiving multi-million dollar "no bid" contracts, to pay less than the prevailing wage. Handing a pay cut to Gulf Coast workers will do nothing to help lift them out of poverty, nor does it give them the ability to rebuild and prosper.

Rev. Jackson described President Bush's explanation for the suspension of prevailing wage protections in the Gulf area as "... a hurricane for the poor and a windfall for the rich." [1]. Rep. Thompson has also rejected the claim that suspending the Davis-Bacon Act will help either minority businesses or workers: "Paying less than a living wage doesn't help the working men and women of the Gulf Coast. It will only make it more difficult to help local residents, struggling to recover from Hurricane Katrina, rebuild their lives. We should be seeking roles for local residents and small businesses in rebuilding and reconstructing these devastated areas. That means raising wages, improving standards of living and uplifting the region, not reducing already low wages and weakening the construction industry in the long run."

LESS PAY FOR MINORITY WORKERS:

The impact which suspension of the Davis-Bacon Act will have on minority and female construction workers on the massive federal construction projects taking place in the Gulf area will be immediate and drastic: they will suffer wage reductions from 10% to 14%." [2].

Not only will suspension of the Davis-Bacon Act create an instant pay cut for minority and female workers, the principle of equal pay for equal work will go out the window for minority and female workers. They will once again fall prey to receiving the same assignments as other workers, but being paid less for that work on federally funded and assisted construction projects. Because the transient nature of the construction industry makes workers extremely vulnerable to wage discrimination, the Davis-Bacon Act

provides a vital tool to protect minority and female workers from exploitation on federally funded construction projects.

The Davis-Bacon Act ensures that construction workers, who generally perform certain basic, core duties that are specific to their respective classifications, are paid the prevailing rate for the work performed according to the local area practice for private construction. The worker's job classification and pay rate are based on the duties the worker actually performs rather than upon his or her race, gender or ethnic status.

The Davis-Bacon Act contains important accountability measures designed to prevent fraud on federal construction contracts, including the requirement that contractors report to the federal contracting agency its pay rates on a weekly basis. This makes it difficult for unscrupulous contractors to arbitrarily reclassify large numbers of minority and female workers into lower wage positions when they work on federal projects, thus discriminating against them and undermining locally prevailing wages for construction job classifications. . The enforcement mechanisms of the Davis-Bacon Act provide workers a place to turn to for protection and guarantees that workers are receiving equal pay for equal work on federal construction jobs.

DECREASED MINORITY APPRENTICES:

In addition to the protections afforded minority and female workers to be free from wage discrimination, the Davis-Bacon Act ensures that minority and female workers can enter apprenticeship programs, which are the primary route to obtaining higher skilled work, decent wages and fringe benefits. Approved apprenticeship programs, funded by labor and management together with no cost to the taxpayer, require that trainees and apprentices receive the apprenticeship rate while they are learning the craft. The use of an apprenticeship wage rate on Davis-Bacon jobs provides incentives to contractors to provide training to workers. Without it, construction worker training and apprenticeship programs will erode at a time when they are most needed by minority and female workers and the Gulf Coast community.

It has been established by construction industry experts that lifting the prevailing wage requirement, such as the Davis-Bacon Act, drives minority workers off of publicly funded construction and out of apprenticeship and training programs: "After repeal [of the little Davis-Bacon Act] minorities became significantly under-represented in construction apprenticeship programs." [3].

DECREASED MINORITY EMPLOYMENT:

Employment data shows that minority employment rates and minority wage rates both fall in the face of weakening prevailing wage protections: "These findings, together with the adverse effects... upon apprenticeships, indicate substantial adverse employment impacts upon the minority population. The earnings impact will also be adverse." [4].

In light of these consequences, the Congressional Black Caucus (CBC) has concluded that minority and female workers would suffer the most from reduced earning opportunities and lost wages and benefits if the Davis-Bacon Act is eliminated. The CBC stated: "We believe that the Davis-Bacon Act has been instrumental in bridging the wage gap for historically disadvantaged sectors of our society...For the last 60 years, the Davis-Bacon Act has protected the wages of all construction workers, including minorities and women, who are particularly vulnerable to exploitation." [5].

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[1] *New York Times*, September 19, 2005.

[2] *Kansas and Prevailing Wage Legislation*, Dr. Peter Philips, University of Utah (February, 1998) (www.smacna.org). This study shows the negative consequences in one state after repeal. "Wage incomes in Kansas construction fell by 10% not just on public works but across all construction; employer pension and health insurance contributions fell by 17%; apprenticeship training in Kansas construction fell by 38% after repeal; minority apprenticeship training in Kansas fell by 54%; serious-injury rates in Kansas construction rose by 21% after repeal of the state prevailing wage law; the projected gain from repeal-a 6% to 17% savings on state construction costs-failed to materialize." Another study "finds that moving from a strong state prevailing wage law to no law lowers construction workers income by 14.37 percent...." *Health Care and Pension Benefits for Construction Workers: The Role of Prevailing Wage Laws*, Jeffrey Petersen, *Industrial Relations* (April 2000).

[3] *Losing Ground: Lessons from Repeal of Nine Little Davis-Bacon Acts*, Garth Mangum; et al., University of Utah (February 1991).

[4] *Prevailing Wage Laws and the California Economy*, p. 7, Dr. Michael Reich, Institute of Industrial Relations, University of California (February 1996).

[5] Congressional Black Caucus Letter (December 13, 1995).