

MEMORANDUM

To: Reporters & Editors

From: Tom Kiley, Democratic Press Secretary
House Committee on Education and the Workforce
Office of Congressman George Miller, Senior Democratic Member

Date: September 16, 2005

Subject: Update on President Bush's Suspension of Wage Standards in Gulf Coast

As you know, last week President Bush issued a proclamation that suspended wage standards under the 1931 Davis-Bacon law for workers in the Gulf Coast areas destroyed or damaged by Hurricane Katrina. This memo provides a brief legislative and policy update on this issue as well as more information on wages among construction workers in the area.

This action is the latest example of the President and his party governing on behalf of the few instead of all Americans. It will damage the ability of people affected by Hurricane Katrina to rebuild their lives.

LEGISLATIVE AND POLICY UPDATE

Democrats in Congress and a number of labor union and religious leaders are calling on President Bush to immediately rescind his proclamation. House Democrats, led by Reps. Brad Sherman and George Miller, are sending a letter to the White House today to strongly urge the proclamation's rescission.

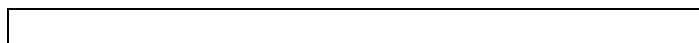
Rep. Miller introduced legislation in the House of Representatives on September 14 that would overturn the President's proclamation. Miller's bill already has over 170 cosponsors: Democrats and one Independent.

There have been reports that the Bush Administration is studying the possibility of suspending wage standards for service workers, as well. Our office will keep you posted on these developments. Clearly, such an action would represent another difficult financial blow to workers in the Gulf Coast who are trying to rebuild their lives and who will require a decent wage to do so.

INFORMATION ON WAGES

Davis-Bacon requires federal contractors to pay workers on construction projects the "prevailing wage." There has been some confusion in the last two weeks about what "prevailing wages" are. Simply put, prevailing wages are what workers are typically paid to do a certain job (i.e., pipelaying) in a local area. The prevailing wage is NOT the union wage.

The table below includes samples of prevailing wages for specific job functions in Alabama, Louisiana, and Mississippi. Prevailing wages are determined by the Department of Labor.



	Pipelayer	\$	8.21
	Carpenter	\$	11.18*
	Backhoe operator	\$	10.51
	Truck driver	\$	8.54
Louisiana	Mason tender	\$	7.00
	Pipelayer	\$	9.84
	Carpenter	\$	13.75
	Backhoe operator	\$	14.42
	Dump truck driver	\$	11.01
Mississippi	Cement Mason	\$	8.33
	Pipelayer	\$	7.45
	Carpenter	\$	8.67
	Backhoe operator	\$	7.67
	Truck driver	\$	6.14
<i>Wages in Katrina-affected areas. *Mobile County only.</i>			

As you can see, these prevailing wages are modest by anyone's standards. If you do a back-of-the-envelope calculation, a carpenter in Louisiana working 40 hours a week for 50 weeks a year at the prevailing wage of \$13.75 would earn \$27,500 annually.

According to the Economic Policy Institute, a single parent raising a single child in New Orleans needs \$27,192 in annual income just to pay for basic needs like food, housing, and transportation to school and work. EPI notes that this "basic family budget" is not enough to pay for lots of items many Americans take for granted – including renters' insurance to guard against flood or fire. (See http://www.epi.org/content.cfm/datazone_fambud_budget for the calculation).

The President's proclamation raises the question of just how low of a wage he believes hard working Americans should earn, especially those Americans now trying to rebuild their shattered lives. The cleanup and rebuilding effort after Katrina will create many new construction jobs, but there is also a glut of displaced workers who will be looking to return to the Gulf Coast and find employment. Many of them will likely be forced to take whatever job they can get, at whatever wage is offered. The only wage floor left to protect them is the minimum wage.

Of the four states affected by the proclamation, only Florida has a state minimum wage law separate from the federal minimum wage law. (Florida's state minimum wage is \$6.15 per hour.) That means that in Alabama, Louisiana, and Mississippi, workers are protected only by the federal minimum wage, which is now just \$5.15 per hour.

There is a broader point that bears repeating as well. While no President or Congress can control the economy, it is true that the federal government's economic policies can have substantial effects on Americans' livelihoods. This Administration and Congress have chosen economic policies that enrich the few, not the many.

They have blocked Democratic efforts to raise the minimum wage (the last increase in the minimum wage was in 1997); they have opposed efforts to protect and strengthen the rights of workers to form or join a union; they have failed to discourage the outsourcing of American jobs; and they have failed to stem the rising cost of college and the rising price of gas. The suspension of the Davis-Bacon wage standards is the latest example of their misguided economic policies.

These actions have had real consequences: Between July and August of this year, average weekly earnings

among U.S. households continued their long decline, decreasing by 0.5 percent when adjusted for inflation, according to the Bureau of Labor Statistics.

Please do not hesitate to contact me if you need additional information. I can be reached by phone at (202) 225-2095 or by email at Thomas.kiley@mail.house.gov.