

ANALYSIS OF DAVIS-BACON ACT AMENDMENTS

The attached Bill is designed to accomplish four major objectives:

1. Insure that the Federal Government on direct Federal construction projects and other construction projects made possible by Federal loans, grants, insurance, guarantees, lease-purchases (Federal buildings and post offices constructed through lease-purchase contracts), etc., does not become a party to or lend itself toward breaking down existing prevailing practices regarding wages, hours of work, health, welfare and retirement benefits, overtime payments and working conditions which have been privately negotiated between contractors and construction craft unions.
2. Correct existing inequities of the Davis-Bacon Act and the prevailing wage provisions of various Federal construction laws.
3. Confer full enforcement authority upon the Secretary of Labor.
4. Eliminate existing unfair bidding advantage of unscrupulous contractors over fair contractors on direct Federal construction and Federally-assisted construction projects.

Specifically the attached Bill:

1. Broadens scope of applicability of the Davis-Bacon Act so that Secretary of Labor would predetermine prevailing wages of construction laborers and mechanics not only on direct Federal construction but also on all construction projects financed in whole or in part from Federal funds or as a result of Federal insurance or guarantees. Federally-assisted programs not now subject to the Act, such as the multi-billion dollar FHA insured home loan program for single family homes, the VA multi-billion dollar guaranteed home loan program, the multi-billion dollar Federal road (matching grants to States) program, the multi-million dollar Rural Electrification (loans to REA cooperatives) program and other similar Federally-assisted construction programs would be subject to the Act.

This provision is aimed at making Federal Government construction prevailing wage policy uniform in its application. For example, the School Construction Act of 1950, the Federal Airport Act, and the Hospital Construction Act (Federal grants to States) all require the Secretary of Labor to predetermine wage rates. Why not the construction of Roads which are also built as a result of Federal grants? Also FHA insured multi-family rental units are subject to predetermined prevailing rates, so why not FHA insured single family homes and homes built under VA guaranteed home loan program.

2. Requires the Secretary of Labor to predetermine not only the hourly prevailing wage of each laborer and mechanic but also all other cash remuneration found to be prevailing practice in the area. This would include when found to be the prevailing practice, such cash payments as travel time, subsistence allowances, vacation pay, etc., which have been established as a result of collective bargaining between contractors and craft unions.

In addition, all contractors subject to the Act would be required to conform to prevailing practices regarding wages other than cash remuneration. This includes such items as employee health, welfare and retirement contractor financed plans. The bill does not specifically require the Secretary of Labor to predetermine such non-cash employee remuneration.

3. Requires the Secretary of Labor to predetermine prevailing practices regarding hours of work and overtime payment with the specific provision that at least time and one-half the basic hourly wage rate shall be paid for:

- (a) hours in excess of 8 per day
- (b) hours in excess of 40 per week
- (c) work in excess of 5 consecutive days
- (d) work on Saturday, Sunday or legal holidays.

These provisions are aimed directly at placing all Federal contractors on an equal bidding basis and also to prevent the Federal Government from becoming a participant in destroying prevailing employee benefits arrived at through privately negotiated collective bargaining.

4. Confers authority upon Secretary of Labor to make investigations with full and complete enforcement power to carry out the provisions of the Act. Such authority which is now vested in each Federal Contracting Agency has been so lax as to encourage wide spread violations.