

Federal Tax Reform

The Davis-Bacon Act was enacted in 1931 to establish local labor rates within construction projects contracted by the federal government. The Act requires public works contractors to pay skilled tradespeople no less than the wages that prevail on similar projects within the same region. Most states have adopted similar prevailing wage rate legislation for bidding on state and local government projects.

Congress should not approve any efforts to modify, suspend, or repeal the Davis-Bacon Act or remove existing prevailing wage law provisions from construction contracts utilizing federal funds or assistance, including financing proposals providing federal assistance to local projects.

KEY POINTS

The Act promotes fair competition. Davis-Bacon does not set specific wage rates. It simply requires that all contractors who bid on a federally financed construction project base their bid on a common labor cost. This levels the playing field so that competition instead focuses on management, quality, safety, timeliness, and productivity rather than primarily on workers' wages.

Federal investment stabilizes local communities. The Davis-Bacon Act prevents the undercutting of local labor standards when awarding contracts for federal construction work throughout the United States. This protects local economies from being undercut by out-of-area contractors who pay substandard wages.

The construction industry is especially vulnerable to wage-cutting competition. With limited opportunities to lower costs on project design or materials, contractors are inclined to underbid competitors by cutting wages. Prevailing wage laws, like the Davis-Bacon Act, ensure workers receive fair compensation.

Higher wages produce better outcomes. Low-wage, low-skilled workers have not been trained as well as higher-paid workers. They often take longer to complete work, are more vulnerable to job site accidents, and require additional government assistance. Conversely, higher wage earners receive a superior level of training, offer greater productivity, construct a better end product, and ultimately contribute more to the economy.

NECA ASKS

■ **Oppose all amendments to legislation that would suspend, modify, or repeal requirements to comply with the Davis-Bacon Act. NECA urges**

■ **Congress to reject efforts to weaken prevailing wage protections on federal construction projects and to maintain strong enforcement of Davis-Bacon requirements across all federally funded infrastructure programs.**

■ **Any infrastructure legislation should strengthen, not weaken, Davis-Bacon protections to ensure quality construction, worker safety, and fair competition.**

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The **National Electrical Contractors Association (NECA)** is the voice of the \$270 billion electrical construction industry that brings power, light, and communication technology to buildings and communities across North America. NECA's national office and 118 local chapters advance the industry through advocacy, education, research, and standards development.