



News Release

ABC MEMBER TESTIFIES DAVIS-BACON ACT IS 'FATALLY FLAWED'

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For Immediate Release
April 14, 2011

WASHINGTON, D.C. – In testimony today before the U.S. House Committee on Education and the Workforce Subcommittee on Workforce Protections, Associated Builders and Contractors (ABC) member Thomas Mistick, principal of Church Restoration Group, Cranberry Township, Pa., stated that the Davis-Bacon Act, as administered by the U.S. Department of Labor, “hinders economic growth, increases the federal deficit; and imposes an enormous paperwork burden on both contractors and the federal government.” Mistick spoke at the hearing “Examining the Department of Labor’s Implementation of the Davis-Bacon Act.”

“The clear answer to the problems created by this fatally flawed and unfixable system is to repeal the Davis-Bacon Act and let the market set acceptable wage rates through open and competitive bidding,” Mistick said.

Mistick’s testimony followed the April 6 release of a Government Accountability Office (GAO) [report](#) that found the U.S. Department of Labor’s (DOL) Davis-Bacon wage survey process suffers from a lack of transparency in how the published wage rates are set and contains data errors regarding the number of employees and hourly and fringe benefit rates.

“The main reason the Davis-Bacon Act causes so many problems is that the Department of Labor has failed to achieve the act’s stated objective of determining true ‘prevailing’ wages and instead has repeatedly issued wage determinations that are vastly inflated above the true market rates seen on private sector construction projects,” he said.

“The GAO report stated that more than ‘one-quarter of the final wage rates for key job classifications were based on wages reported for six or fewer workers,’” Mistick said. “The report cited insufficient resources with which to complete the surveys, the inability to provide all information requested, and a justifiable lack of confidence in the DOL’s process as contributing factors.

“At a time of shrinking public construction budgets, the Davis-Bacon Act’s fundamentally flawed system is arbitrarily limiting the amount of construction that can be built by needlessly increasing project costs. Jobs have been lost, businesses have closed and taxpayers are getting four buildings for the price of five because of this broken process,” Mistick said.

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Note: The Davis-Bacon Act is an 80-year-old wage subsidy law administered by the U.S. Department of Labor that mandates “prevailing” wages for employees of contractors and subcontractors performing work on federally financed construction projects.

Associated Builders and Contractors (ABC) is a national association with 75 chapters representing more than 23,000 merit shop construction and construction-related firms with nearly two million employees. Visit us at www.abc.org.