



July 13, 2016

Members of Congress:

On behalf of the Competitive Enterprise Institute, I am writing to express CEI's support of Rep. Steve King's (R-Iowa) amendment to the Fiscal Year 2017 Interior and Environment Appropriations bill (H.R. 5538) that states no funds from this Act are to be used to "implement, administer, or enforce" the wage requirements in the Davis-Bacon Act.

The Davis-Bacon Act is an 80-year-old federal wage-subsidy law for federal government construction. This Depression era law bars contractors and subcontractors from paying their workers anything under the local prevailing wage, which is normally equal to the union rate in the area, when working on federally funded or assisted construction contracts of over \$2,000. Forcing federally funded construction projects to pay wages above market rates wastes tax dollars. In addition, the wage requirements needlessly protect unions from competition on federal construction projects.

Without having to pay inflated Davis-Bacon wages, the federal government could undertake more construction projects—build more bridges and buildings, employ more workers—or save money. Research shows that Davis-Bacon wage requirements inflate federal construction costs by [9.9 percent](#). Not enforcing Davis-Bacon's prevailing wage requirements would bolster job creation, productivity, and economic growth.

In November 2013, the [Congressional Budget Office](#) (CBO) listed Davis-Bacon Act repeal as an option to reduce the deficit. The CBO estimated that repealing Davis-Bacon prevailing wage requirements could save taxpayers \$13 billion on federal construction projects between 2015 and 2023.

In addition to being a wasteful law, the Davis-Bacon Act's history is marred with racism. In 1931, Rep. Miles Allgood (D-Ala.), [arguing](#) for the act's passage:

"Reference has been made to a contractor from Alabama who went to New York with bootleg labor. That is a fact. That contractor has cheap colored labor that he transports, and he puts them in cabins, and it is labor of that sort that is in competition with white labor throughout the country."

As the above passage illustrates, the [original intent](#) of the Davis-Bacon Act was to favor white workers belonging to a union over black non-union construction workers. It is time to move past the last relics of the Jim Crow era and stop enforcing the Davis-Bacon Act.

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Tax dollars should always be used wisely. There is no reason the federal government should spend more of taxpayers' money than necessary in the performance of construction projects.

Thank you for your time. We hope you take our thoughts into consideration.

Sincerely,  
Trey Kovacs  
Policy Analyst, Competitive Enterprise Institute