

## DAVIS-BACON IS UNION WELFARE TALKING POINTS

- American taxpayers are forced to support over \$1 billion each year to sustain one of the most obsolete, discriminatory, and costly government policies in existence -- the 1931 Davis-Bacon Act. Today, this law represents nothing more than an American welfare program that subsidizes unionized companies.
- The Act imposes burdensome regulations for work practices, wages, and paperwork requirements that discourage the vast majority of the nation's contractors from competing for federal construction projects. As a result, most Davis-Bacon work is performed by a small cartel of corporations that have found a way to feed off the federal government. The Act requires "prevailing wages" which, because of the fraud, abuse, and inaccuracies associated with the process, translate to significantly inflated labor costs. This inflates the overall cost of Davis-Bacon projects by an average of 15%, and up to 38% in rural areas.
- Because Davis-Bacon serves to benefit a very small, special interest sector of government contractors, it has been called union welfare. This discriminatory government program is maintained without providing any benefit to society or the economy in the form of creating jobs, improving services, or saving taxpayer dollars on government projects. In fact, it operates to the contrary. Davis-Bacon reduces competition and restricts entry-level job opportunities for minorities and inner city youth.
- The only significant groups that actively support retention of Davis-Bacon in its present form (or its expansion), are the building and construction trade unions and others which rely on government-funded projects for the vast majority of their work. Davis-Bacon remains today as a sign of government's inability to resist the unions' wage pressure tactics to force employers, the government, and ultimately taxpayers, to forgo the free market and pay workers more than their work is worth.
- Unions spend vast resources to keep this program because it forces taxpayers to line the pockets of the companies, unions, and workers who feed off government projects. Taxpayers are being forced to fill the union's political war chest. The government is essentially subsidizing the union workers' dues, which is automatically taken out of their paychecks. Over seventy percent of union dues is used for political purposes, not collective bargaining. The union political activities in support of the Davis-Bacon Act are thus funded by the Act itself.
- Because of its effect on wages, the Davis-Bacon Act has been used as a tool to defraud taxpayers. Extensive fraud was uncovered in Oklahoma, where wage survey forms (WD-10s) were falsified citing *phony* projects and workers with *grossly inflated* wages and submitted to the Department of Labor in order to increase the mandated wages for public projects. A 1998 study found the system is also rife with "structural fraud" -- the wage

requirements are disproportionately influenced by union rates, which are less than 19% of the population yet have over 50% of the representation (a near impossible statistical occurrence).

- Our federal government should stop providing special interest handouts at the expense of taxpayers. Resources should be spent where they will actually go toward real improvements in schools, roads and environmental infrastructure, not toward lining the pockets of a special interest.