

# WebMemo



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## Congress Should Free Essential Bridge Repairs from Davis–Bacon Restrictions

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In the wake of the tragic Minnesota bridge collapse, many Members of Congress have called for higher taxes to raise money to repair aging bridges and other essential infrastructure. Instead, Congress should remove restrictions that make repairing bridges unnecessarily expensive. The Davis–Bacon Act requires federal construction contractors to pay wages significantly above market rates, making federal construction more expensive while providing no public benefit. Congress should exempt from Davis-Bacon restrictions the construction or maintenance of any bridge that the Federal Highway Administration’s bridge inspection program classifies as structurally deficient or obsolete. This would enable the government to repair more bridges without raising taxes.

**Calls for Tax Increases Misplaced.** Shortly after the collapse of the I-35W Bridge in Minnesota that killed 13 people, Members of Congress called for immediate action to repair America’s highway infrastructure. These calls are perfectly appropriate. Many of America’s bridges were built before the 1970s and now need significant repairs and upgrades. The Department of Transportation estimates that 13.1 percent of bridges in America are structurally deficient.<sup>1</sup> Upgrading and repairing aging infrastructure is an important government priority.

Some Members of Congress want to raise the federal gas tax to fund these bridge repairs. However, tax increases are not necessary. The problem is not insufficient funds (Congress already spends tens of billions of dollars a year on highway construction projects); rather, the problem is wasteful spending.

Congress diverts billions of dollars to pork-barrel projects that provide little public benefit but *do* help its Members win re-election. And more money is wasted as a result of federal regulations that make construction projects needlessly expensive.

**Davis–Bacon Wastes Tax Dollars.** During the Great Depression, non-union southern contractors employing black workers were moving north to work on construction projects. Congress passed the Davis–Bacon Act in 1931 to protect unionized northern white workers from the new competition.<sup>2</sup> It serves a similar purpose today, shielding unionized construction firms from non-union competition.

Davis–Bacon requires contractors on federal construction projects to pay workers a federally defined “prevailing wage.” The methodology used to calculate this prevailing wage sets it close to union wage scales and well above average wages. Davis–Bacon requirements help unionized construction firms to win federal construction contracts—even though they pay above-market wages—because their non-union competitors must also pay inflated union wages.

Davis–Bacon coverage raises the price of construction projects—including bridge repairs—dramatically. Table 1 shows Davis–Bacon wages and average market wages in several U.S. cities. Davis–

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### Davis-Bacon Wages in Selected Cities

	Detroit	Pittsburgh	Philadelphia	Houston	New York	Washington, DC
<b>Carpenter</b>						
Davis-Bacon	n/a	\$25.64	\$32.65-33.75	\$19.50	\$34.47-40.25	\$23.37
Market Rate	n/a	\$18.46	\$20.64	\$12.77	\$23.94	\$20.20
<b>Electrician</b>						
Davis-Bacon	\$33.55	\$30.08	\$31.09-41.91	\$23.05	\$43.00	\$32.45
Market Rate	\$31.92	\$19.16	\$18.84	\$22.76	\$35.63-41.47	\$25.37-26.97
<b>Plumber</b>						
Davis-Bacon	\$31.03	\$30.15	\$38.93	\$24.46-25.43	\$45.51	\$31.52
Market Rate	\$23.32	\$22.05	\$25.09	\$16.55	\$32.27	\$21.43
<b>Laborer</b>						
Davis-Bacon	\$24.68-25.93	\$19.32-20.07	n/a	\$9.29-12.90	\$28.86	\$11.83-18.41
Market Rate	\$18.79	\$13.24	n/a	\$11.53	\$23.80	\$11.89

**Note:** Market rates are from the period November 2005-April 2006, and Davis-Bacon Rates are from February or March 2007.  
**Sources:** U.S. Department of Labor, Bureau of Labor Statistics, National Compensation Survey, at [www.bls.gov/ncs/ocs/compub.htm](http://www.bls.gov/ncs/ocs/compub.htm), and U.S. Government Printing Office, Davis-Bacon Wage Determinations by State, at [www.gpo.gov/davisbacon/allstates.html](http://www.gpo.gov/davisbacon/allstates.html).

Bacon rates are typically 15 to 40 percent higher than average wages for the same job. In some cases, Davis-Bacon rates are more than double the competitive wage.

Taxpayers foot the bill, because contractors pass on the cost of higher wages to the federal government. The Government Accountability Office found that Davis-Bacon increases federal contractors' costs by more than \$1 billion per year.<sup>3</sup> The Davis-Bacon Act is a classic example of a Washington handout that benefits special interests and provides no public benefit.

**Davis-Bacon Exemption Would Expedite Bridge Repairs.** The Davis-Bacon Act means that taxpayers get less for their money and that every dollar spent on bridge repairs does not go as far as it could. Rather than increasing the already pressing tax burden on the American people, Congress should exempt vital infrastructure repairs from Davis-Bacon restrictions. Congress should amend

the Davis-Bacon Act to exempt work on any bridge that the Federal Highway Administration's bridge inspection program classifies as structurally deficient or obsolete. This would ensure that more taxpayer dollars are spent on vital national needs. It would also enable the government to repair more bridges at a faster rate without needlessly raising taxes.

**Conclusion.** Congress inflates the cost of construction projects by requiring federal contractors to pay inflated union wage rates. Unions strongly support this policy because it means less competition and more money for their members. But it also means higher taxes and fewer essential bridge repairs for drivers. Congress should exempt work on structurally deficient or obsolete bridges from the Davis-Bacon Act. The American people do not need higher gasoline taxes to improve bridge safety. They need a Congress that spends tax dollars more wisely.

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1. U.S. Department of Transportation, *Status of the Nation's Highways, Bridges, and Transit: 2006 Conditions and Performance*, Executive Summary, Chapter 3, at [www.fhwa.dot.gov/policy/2006cpr/es03h.htm](http://www.fhwa.dot.gov/policy/2006cpr/es03h.htm).
2. David Bernstein, "The Davis-Bacon Act: Let's Bring Jim Crow to an End," The Cato Institute, *Briefing Paper* No. 17, January 18, 1993, at [www.cato.org/pubs/briefs/bp-017.html](http://www.cato.org/pubs/briefs/bp-017.html).
3. General Accounting Office, "Budget Issues: Budgetary Implications of Selected GAO Work for Fiscal Year 2000," at [www.gao.gov/archive/1999/cg99026.pdf](http://www.gao.gov/archive/1999/cg99026.pdf).