

Representative Charles Boustany, Jr., MD
Committee on Education and Labor
Modern Public School Facilities: Investing in the Future
February 13, 2008

Chairman Miller, Ranking Member McKeon, and Members
of the Committee:

Thank you for allowing me to speak on this important issue. We all agree that modern public school buildings are important. We also know that building a modern classroom is an expensive endeavor.

In any discussion of school construction costs, I think we need to carefully examine one federal mandate that makes already expensive projects even more expensive for a local community: that is the requirement that construction projects be done using “prevailing wages” under the Davis-Bacon Act.

I’m hopeful that the committee will focus on the critical shortcomings in the way those Davis-Bacon wages are

calculated before forcing local school districts to divert scarce funds away from teachers and students.

Research makes it hard to doubt that Davis-Bacon Act “prevailing wages” would inflate the costs of building our children’s schools and threaten salaries for teachers and in-class dollars for technology, textbooks, and supplies.

For example, a number of studies have found that projects completed under Davis Bacon are 20 percent more expensive than similar projects completed under market conditions. The Congressional Budget Office (CBO) also estimates that the Davis-Bacon Act would cost taxpayers approximately an additional \$10 billion over the 2002 to 2011 period if it were applied.

A 2007 study from Michigan’s non-profit Mackinac Center found that exempting public school districts from the state’s government-set wage scheme would reap an expected annual savings of approximately \$125 million.

And a 2002 study from researchers working for the Ohio

Legislature determined that rescinding prevailing wage requirements for school construction saved \$487.9 million in aggregate school construction during the post-examination period, an overall savings of 10.7 percent.

These are but a few examples of studies documenting the savings that can be achieved by not requiring this federal mandate.

Last year, I met with Bob Manuel, a Police Juror from Evangeline Parish, Louisiana. Bob has worked as an electrical contractor for 32 years and served as President of Louisiana's Police Jury Association. He estimated that Davis-Bacon mandates added 20 to 25 percent to the cost of a sewer treatment facility project in Evangeline Parish. Costly Washington mandates shouldn't penalize small disadvantaged communities that have struggled to rebuild after Hurricanes Rita and Katrina.

Finally, our committee will be negligent if we overlook the numerous problems with Davis-Bacon wage calculations in the first place.

In 2004, the Department of Labor's Office of Inspector General reported that "inaccurate survey data, potential bias, and untimely decisions are continuing concerns." The OIG added that these problems "affect the validity and usefulness of Davis-Bacon wage surveys." I'd like to submit a copy of this report for the record. I challenge anyone on this committee to argue that the Davis-Bacon wage surveys are scientific surveys that need no improvements.

The Office of Management and Budget has reported that Davis-Bacon's flawed wage determinations may "[contravene] the intent of the act not to undermine local wage and benefits standards."

Some – including Department of Labor's OIG - have suggested there is a better way: the statistically superior

wage determination process used by Department of Labor's Bureau of Labor Statistics.

Researchers at Suffolk University compared the current Wage and Hour Division's Davis-Bacon prevailing wage determinations and those from BLS and found that the current method inflates wages by 22 percent on average, costing taxpayers \$8.6 billion each year.

But they found something else. Many construction employees are actually underpaid using the flawed determination method instead of superior BLS figures.

Employees in Florida, North Carolina, Michigan, Virginia, and Maine were some of those Americans who got cheated by the current system's shortcomings.

Continuing to use the current Davis-Bacon wage determination method would lead to a troubling situation in which we lose just by playing. Either taxpayers get overcharged by the system, or construction employees are underpaid. We wouldn't teach that kind of fuzzy math in

school buildings; we shouldn't practice it when building schools.

I again urge Committee Members to fix Davis-Bacon before imposing it on future school construction projects. I thank the Committee and look forward to any questions you may have.