



SHEET METAL AND AIR CONDITIONING CONTRACTORS' NATIONAL ASSOCIATION, INC.

February 14, 2011

U.S. House of Representatives
Washington, DC 20515

Dear Representative:

The Sheet Metal and Air Conditioning Contractors' National Association (SMACNA), is supported by more than 5,000 contributing construction firms engaged in industrial, commercial, residential, architectural and specialty sheet metal and air conditioning construction throughout the United States. **On behalf of SMACNA, want to express our support for the prevailing wage language on all legislation, especially bills providing Davis-Bacon coverage on federally assisted construction.** Recently we have supported covering federally assisted projects in housing, energy efficiency and infrastructure legislation to name a few, where a national funding role is vital. The obvious economic and environmental benefits from including prevailing wage coverage as part of assistance to suffering local and state economies cannot be overstated.

SMACNA and our thousands of infrastructure contracting member firms supports legislation that recognizes the importance and merit in prevailing wages as part of any quality based public procurement policy. Federal, state and local prevailing wage laws encourage employers to:

- Pay a locally prevailing wage
- Offer health care coverage to their employees and their families
- Provide for the future retirement of their employees and
- Make a significant investment in the future by training a skilled and safety conscious workforce.

Support of prevailing wages on direct or federally assisted public infrastructure represents a commitment to construction quality and the future. Without prevailing wage statutes, the competitive bid system will erode the wage and fringe benefit standards common in localities across the nation and dismantle bonafide, proven training programs funded by private employers at more than \$700 million annually. Support of a prevailing wage policy fosters practices and programs which lessen today's and tomorrow's burden on the public sector.

From decades of experience SMACNA member firms understand the merit in a public procurement policy that encourages employers to provide quality wages, benefits and training. Further, we know that continuing federal commitment to requiring the payment of prevailing wages and benefits should not be cast as a union versus nonunion issue. **According to Department of Labor reports, nearly 75% of Davis-Bacon decisions for federal projects pay less than the union wage.** In fact, most prevailing wage rates are far below union scale,



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some nearer the minimum wage, almost all without fringe benefits of any kind. Prevailing wage laws seek to prevent the federal government from undermining local economies and prevailing local employment and training practices by reflecting local conditions.

We also ask that you carefully reconsider the critical role the Davis-Bacon Act plays in maintaining a well-trained, highly productive construction workforce. To date this important impact has been almost entirely overlooked. **When productivity, quality of workmanship and life cycles costs of construction are taken into consideration, it becomes apparent that prevailing wage law is not only NOT costing the government money, but may actually be saving it money.** More than half of major private construction is awarded based upon a negotiated rather than a low-bid basis for this very reason- -first costs are not a true indication of the overall cost or quality of construction projects. Numerous studies in recent years have used actual Dodge Reports for thousands of construction project to document lower costs for certain building types in prevailing wage states as compared to non-prevailing wage states due to the greater productivity of trained, skilled workforce.

While Congress has received largely misleading, exaggerated and inaccurate information from anti prevailing wage forces on both the estimated savings and the policy consequences of using locally prevailing wages, we applaud the bipartisan support for the Davis Bacon Act already evidenced in the 112th Congress. First rate construction industry firms should not be disadvantaged when bidding federal projects because they offer their employees locally prevailing wages, health care, pensions and skill training. This would be the impact if the prevailing wages were excluded from major federal infrastructure legislation regardless of the form of economic assistance.

Our contractor membership urges your support of prevailing wage coverage on federal and federally assisted construction legislation as it comes before the 112th Congress.

Sincerely,

A handwritten signature in black ink that reads "Stanley E. Kolbe, Jr." The signature is written in a cursive, flowing style.

Stanley E. Kolbe, Jr.
Director, Governmental Affairs
SMACNA, Inc.