



## SHEET METAL AND AIR CONDITIONING CONTRACTORS' NATIONAL ASSOCIATION

June 8, 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 construction firms engaged in industrial, commercial, residential, architectural and specialty sheet metal and air conditioning construction in public and private markets throughout the United States. SMACNA members can be found on a wide variety of projects across the nation in urban and suburban areas. We specialize in heating, ventilating and air conditioning; architectural sheet metal; industrial sheet metal; kitchen equipment; specialty stainless steel work; manufacturing; siding and decking; testing and balancing; service; and energy management and maintenance. **On behalf of SMACNA member companies, I want to express our disappointment with your vote for repealing prevailing wage coverage as part of the debate on H.R. 2017, The Department of Homeland Security Appropriations Act.** By strongly rejecting the amendment offered by Rep. Gosar (R-AZ) the House in a bipartisan vote (183-234) supported common sense economics as well as construction quality and productivity. **We regret you were amongst those supporting the misguided Gosar amendment.**

SMACNA and our thousands of infrastructure contractors greatly appreciate that the majority of the House 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 public infrastructure represents a commitment to construction quality and the future. Without prevailing wage statutes, many contractors will simply shift the cost of employee health, training, retirement and welfare benefits to localities across the nation. Support of a prevailing wage policy fosters practices and programs which lessen today's and tomorrow's burden on the public sector. **Members of Congress should understand that cost shifting of health, retirement and training costs by low bid firms opposing prevailing wage coverage does not save funds for communities on public construction.**

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 a recent Department of Labor report, nearly 75% of Davis-Bacon decisions for federal projects pay less than the union wage.** In fact, most all prevailing wage rates are far below union scale, some at or nearer to 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.



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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 is most likely 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 often overzealous anti prevailing wage forces on both the estimated savings and the policy consequences of using locally prevailing wages, we applauded the bipartisan support for the Davis Bacon Act 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 spending programs.

**While we regret your support for repealing prevailing wage coverage in H.R. 2017**, we offer to meet with you and your staff to explain how local prevailing wage and benefit standards best serve construction quality, productivity and safety for all public projects.

Sincerely,

A handwritten signature in black ink that reads "Stanley E. Kolbe, Jr." in a cursive script.

Stanley E. Kolbe, Jr.  
Director, Governmental Affairs  
SMACNA, Inc.  
Capitol Hill Office



[www.qualityconstructionalliance.org](http://www.qualityconstructionalliance.org)

## Prevailing Wage Laws

### **Quality Construction Alliance Position:**

*QCA supports prevailing wage provisions in current law and in innovative financing options being enacted by the Congress. QCA opposes repeal of the Davis-Bacon Act, in whole or part. Congress should act now to fund urgently needed infrastructure improvements and school construction while enforcing prevailing labor and benefit standards with uncompromised training program requirements. This is the quality effort the taxpayer expects. The improvement of the country's infrastructure and schools demand the highest quality and safest work product. To ensure best value, high quality construction, job-site safety, and to ensure a skilled workforce for the future through apprenticeship and training programs, Davis-Bacon prevailing wages should be applied with strict enforcement to all projects using federal dollars.*

### **Issue:**

The Davis-Bacon Act requires that the local prevailing wage rate be paid to various classes of laborers and mechanics working under federally financed or federally assisted contracts for construction, alteration, and repair of public buildings or public works.

In the current session of Congress a number of concerted attempts to repeal or undermine the Davis-Bacon Act have been unsuccessful, failing to generate any majority support. Efforts to include prevailing wage in projects using innovative financing were successful in the stimulus package passed in the 111<sup>th</sup> Congress. Prevailing wage laws should support all federal construction project funding to support local economic standards.

- Davis-Bacon is as valid today as it was when it was enacted more than 75 years ago. It still protects local economies and the interest of the government in job quality, cost-effective construction and safety.
- Objective studies show that the Davis-Bacon Act and its implementation at the state level protect builders, workers, and local economies alike, while maintaining competitive prices, job quality, and job-site safety—all of which suffer where Davis-Bacon requirements are removed. Projects in areas without Davis-Bacon frequently cost more per square foot than in areas with prevailing wage protections.
- Davis-Bacon's detractors suggest that coverage for so-called "innovative" financing is expansion of the Act. In fact, Davis-Bacon coverage has been applied to a variety of federal programs that provide financial assistance other than, or in addition to, the traditional method of financing construction with direct federal grants.
- Given the extended downturn in the construction industry, needed infrastructure authorizations should be expedited including full Davis-Bacon coverage. Every billion dollars in infrastructure funding that the government puts into the economy creates 47,000 jobs.
- Highly technical mechanical and HVAC systems required for infrastructure repair and new technology systems require highly skilled labor for installation. Application of the Davis-Bacon Act facilitates the bona fide apprenticeship programs that produce these skilled workers.
- Dr. Peter Phillips of the University of Utah found that when Kansas and other states he examined repealed their state prevailing wage laws, there were no significant savings in school construction costs. For example, in Kansas following repeal apprenticeship training fell 38 percent, employer contributions to pension and health funds decline 17 percent and worker injuries rose 19 percent



INTERNATIONAL COUNCIL OF EMPLOYERS  
of Bricklayers and Allied Craftworkers

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