



## **H.R. 1483 – Highway Trust Fund Reform Act**

Rep. Virginia Foxx (NC-05)

### **Background**

The Davis-Bacon Act (1931) requires that workers employed on federal public buildings and public work projects be paid the local prevailing wage as determined by the Secretary of Labor. Initially, the Act applied to construction projects in excess of \$5,000; but, in 1935, the act was amended to render its terms applicable to projects of \$2,000 and above.

Over time, the act was added to more than 50 individual public works statutes. As each of these statutes came up for renewed funding, the Davis-Bacon provision became a subject of dispute; and, by the 1960s, such disputes became both numerous and contentious. Some have suggested that the act, having long outlived its Depression-era origins, should be repealed.

The Davis-Bacon Act was adopted before federal minimum wage standards existed. With the general minimum wage floor established by the Fair Labor Standards Act (1938), the Davis-Bacon Act's "super minimum wage" for federal construction work is both unnecessary and inequitable. By exempting federal highway construction projects from Davis-Bacon and paying market wages instead, the costs of federal construction can be significantly reduced.

CBO has affirmed three different ways Davis-Bacon increases construction costs:

- By raising wages on federal projects,
- By requiring labor to be used in a costly fashion, and
- By imposing reporting and paperwork requirements on contractors.

### **Summary of H.R. 1483**

This legislation stabilizes the federal Highway Trust Fund by exempting it from Davis-Bacon's outdated, wasteful labor requirements for highway construction projects.