

**PRESIDENT SUSPENDS WAGE LAWS FOR GULF COAST WORKERS**

On September 8, the President suspended the Davis-Bacon Act for federally contracted cleanup and reconstruction projects in counties and parishes directly affected by Hurricane Katrina. The Davis-Bacon Act—a federal law since 1931—requires federal construction contractors to pay the prevailing hourly wage for each occupation in a geographic area. The prevailing hourly wage for construction occupations averages \$9.50 per hour in the affected areas of Alabama, Mississippi, and Louisiana. However, the President’s repeal of Davis-Bacon enables federal contractors to hire minimum-wage workers to rebuild the Gulf Coast. The Presidential Proclamation became effective immediately and will continue until overturned by Congress or rescinded by the President.

EXECUTIVE PROCLAMATION COULD LAST SEVERAL YEARS, AND STUNT WAGE GROWTH IN REGION

The Davis-Bacon Act requires every construction contract (more than \$2,000) administered by the federal government to pay all laborers and mechanics not less than the locally prevailing wage. For the purposes of rebuilding the Gulf Coast, “construction” will include contracts for improvements to structures such as bridges, dams, streets, sewers, power lines, cemeteries, pumping stations, docks, piers, jetties, breakwaters, levees, canals, and channels.

The cost of recovery and reconstruction effort in the Gulf Coast region begins at \$200 billion, according to the estimates put forth by the White House. The Gulf Coast Recovery effort is also expected to employ tens of thousands of people and last several years.

In suspending the wage rates set forth in the Davis-Bacon Act, President Bush proclaimed that his action would “result in greater assistance to these devastated communities and will permit the employment of thousands of additional individuals.” The Davis-Bacon Act suspension only applies to federal construction contracts in the jurisdictions of Alabama, Mississippi, Florida, and Louisiana declared disaster areas by the President pursuant to Hurricane Katrina. For more information, see <http://www.whitehouse.gov/news/releases/2005/09/pri nt/20050908-5.html>

The suspension will remain in force until rescinded by the President or amended by Congress, and does not apply to federal contracts awarded prior to September 8. Federal contractors performing applicable projects are also exempt from submitting certified payroll records for work performed in the affected areas.

This Davis-Bacon suspension is the most recent repeal of the Act since President George H.W. Bush suspended the federal law in 1992 in the wake of Hurricanes Andrew and Iniki which damaged Florida, Hawaii, and Louisiana.

CONGRESSIONAL RESPONSE TO DAVIS-BACON REPEAL

Since the Presidential Proclamation repealing the Davis-Bacon Act for Katrina-affected areas, the U.S. Congress has responded in the following ways:

- On September 13, Representative George Miller (D-CA) introduced the Fair Wages for Hurricane Victims Act (H.R. 3763) that would reinstate Davis-Bacon protections for Hurricane Katrina-affected areas along the Gulf Coast. The legislation currently has 204 co-sponsors, and has been referred to the U.S. House Committee on Education and the Workforce. To view the legislation, see <http://thomas.loc.gov/cgi-bin/query/C?c109:/temp/~c109DoGN1d>. Also, on September 19, Senators Schumer and Clinton sent a letter to President Bush calling for a rescission of the

Davis-Bacon repeal, noting that Davis-Bacon remained intact during the federal efforts to rebuild Lower Manhattan in wake of the September 11th World Trade Center attacks.

- On September 15, the Congressional Research Service (CRS)—the nonpartisan, public policy research arm of the U.S. Congress—issued a report questioning the legality of the President’s proclamation. The report called the proclamation an “anomaly” and suggested that President Bush failed to act in accordance with the National Emergencies Act in repealing Davis-Bacon in the affected areas. As a result, CRS noted that the “propriety of the President’s action in this case may be ultimately decided in the courts.” For more information, see <http://www.fas.org/sgp/crs/natsec/98-505.pdf>
- On September 22, 37 House Republicans sent a letter to the President calling for a termination of the Davis-Bacon suspension no later than November 8. The House members noted that “prevailing wages attract workers with more experience and training, who are more productive . . . and results in completion of construction projects in less time, lowering overall costs.”

You are encouraged to copy and distribute this edition of THE POLICY PAGE

The Center for Public Policy Priorities is a 501(c)(3) nonpartisan, nonprofit think tank. Give online at www.cppp.org.

LABOR STANDARDS REMAINING FOR FEDERAL PROJECTS IN THE DISASTER AREAS

The Davis-Bacon suspension does not currently affect other federal laws designed to provide labor protections. Among the standards that remain for federal projects in the affected areas include:

- Contract Work Hours and Safety Standards Act (Overtime provisions);
- Service Contract Act (a federal law that mandates prevailing wages for federalized service industry jobs such as maintenance and food preparation);
- Fair Labor Standards Act (Minimum Wage, Overtime, and Child Labor provisions);
- Occupational Safety and Health Act (selected provisions)