

BLS Data is Not Prevailing Wage-- It is a Pay Cut for America's Middle-Class Construction Workforce

“Too many of our leaders have forgotten that it’s their duty to protect the jobs, wages and well-being of American workers before any other consideration.”—Donald J Trump, September 15, 2016

Some politicians are advocating that the current method for determining federal prevailing wage rates (US DOL Davis Bacon surveys) be replaced by Bureau of Labor Statistics (BLS), Occupational Employment Statistics (OES) surveys. **The effect of this change would be to cut the wages of hundreds of thousands of blue-collar construction workers by 26%.**

The US Department of Labor’s Davis-Bacon Surveys are designed to establish the actual wage paid to private construction workers in 3,000 localities and counties across the nation. By including the total value of wages, fringe benefits and training contributions by job classification *where the work is performed*, these surveys establish a basic market standard for contractors bidding on federally-funded projects. This creates a level playing field for businesses that is proven to produce more local hiring, more middle-class jobs, and higher quality workmanship on federally funded construction projects at good value for taxpayers.

The Commissioner of the Bureau of Labor Statistics has stated that OES data is not designed for prevailing wage determinations (Groshen, 2013). A closer look reveals why:

- OES data excludes fringe benefits (health and pension) and training contributions which represent 20% of total compensation in non-residential construction.
- OES data over-represents residential construction—a low skill and low wage sector of the industry. This distorts the actual wage rates for the higher-skilled workers needed on public works jobs.
- OES does not account for the skill level of workers (apprentice vs. journeyman) or the actual hours they work. This too distorts wage rates downward—in that it does not reflect the higher market wages paid to higher skilled workers, nor the seasonal or episodic nature of the industry.
- The OES cannot report county-level data because the OES attributes all of a contractor’s work to the contractor’s business address instead of where worksites are located. This **betrays the intent of the Davis-Bacon Act**, which is to encourage more local hiring by reflecting local market standards.
- Unlike annually updated Davis-Bacon surveys, the OES uses survey data that is up to three years old.

OES Data Invites Wage Cuts That Will Produce Lower Quality, Higher Poverty, and NO Project Savings: Wages and benefits account for just 20% of total project costs on public works. Research shows that any savings from lower wages is offset by losses in productivity, increased reliance on lower skilled workers, and higher spending on materials, fuels, and poverty assistance programs for blue-collar construction workers (Manzo et al., 2016).

OES Standards Will Hurt Local Economies: By distorting wage rates below actual local standards, the use of OES data will give a competitive advantage to out of area workers and contractors. This will produce less local hiring and fewer local construction workers with money to spend. This dynamic will ripple out to all sectors of the economy in the form of lost jobs, lower tax revenues, and reductions in economic output.

Congress and the Executive Branch should not use *Occupational Employment Statistics (OES)* information provided by the Bureau of Labor Statistics (BLS) to determine prevailing wage rates. The data is not suitable for public construction and would result in a failure to meet the goal of Davis-Bacon prevailing wage policies to promote local market standards.