This document is meant to be an introduction to the Davis-Bacon Act of 1931. The Davis-Bacon Act pertains to fair wages for laborers, and applies to the Greenhouse Gas Reduction Fund (GGRF) program. CDFIs participating in the GGRF will likely have many questions about their Davis-Bacon Act requirements. At the time of the writing of this document, relatively little information is available about those requirements. What information is available can be found here. Expect more information to become available when the Environmental Protection Agency releases additional guidance documents about the GGRF and the Davis-Bacon Act.

Introduction

The Davis-Bacon Act, enacted in 1931, is a significant piece of U.S. labor legislation aimed at ensuring fair wages for laborers and mechanics working on federal construction projects. The Act mandates that contractors and subcontractors pay their workers no less than the locally prevailing wages and fringe benefits for similar work in the area, as determined by the U.S. Secretary of Labor. This requirement applies to federal or District of Columbia contracts exceeding $2,000 for construction, alteration, or repair, including painting and decorating of public buildings or public works.

Key Provisions

Prevailing Wage Determination

The prevailing wage is the minimum wage set for each labor classification in a specific geographic area. It includes both the basic hourly rate and any fringe benefits. The U.S. Department of Labor is responsible for establishing and updating these wage determinations, which depend on the type of construction project, such as building, residential, highway, or heavy construction.

Contract Requirements

Contracts covered by the Davis-Bacon Act must include specific language about minimum wages, withholdings, payroll and basic records, subcontracts, and compliance with the Contract Work Hours and Safety Standards Act. Employers are required to post the Davis-Bacon poster and applicable wage determination at the worksite. Weekly payrolls must be certified and submitted, detailing wages paid and any deductions made.

Enforcement and Compliance

The Department of Labor oversees the administration and enforcement of the Davis-Bacon Act. Federal agencies, however, have the day-to-day responsibility for ensuring compliance. Violations can lead to remedies such as payment of back wages, assessment of liquidated damages, withholding of contract funds, and debarment from future contracts for up to three years.

Related Legislation

The Davis-Bacon Act is complemented by the Contract Work Hours and Safety Standards Act, which requires overtime pay for hours worked beyond the standard 40-hour workweek. The Copeland Act, also known as the Anti-Kickback Law, prohibits contractors from inducing employees to give up any part of their rightful compensation.

Historical Context and Amendments

The Davis-Bacon Act was initially enacted during the Great Depression to protect local workers and communities from being undercut by non-local contractors. It was the first federal prevailing wage law applicable to non-government workers, marking a significant step in federal involvement in labor legislation. The Act has been amended several times, notably in 1935 and 1964, to expand its coverage and clarify wage determinations.

Applicability

The Act applies to all laborers and mechanics whose job duties are physical and manual in nature, including watchmen and working foremen under certain conditions. It does not cover workers whose duties are primarily administrative, executive, or clerical. The requirements are specific to the "site of the work," meaning the physical place where construction occurs, and generally do not cover off-site work.

Conclusion

The Davis-Bacon Act remains a cornerstone of labor law in the United States, ensuring that workers on federally funded construction projects receive fair compensation aligned with local standards. Its implementation and enforcement continue to be a collaborative effort between the Department of Labor and federal contracting agencies.