

Highlights of [GAO-11-152](#), a report to the Chairman, Committee on Education and the Workforce, House of Representatives

Why GAO Did This Study

Procedures for determining Davis-Bacon prevailing wage rates, which must be paid to workers on certain federally funded construction projects, and their vulnerability to the use of inaccurate data have long been an issue for Congress, employers, and workers. In this report, GAO examined (1) the extent to which the Department of Labor (Labor) has addressed concerns regarding the quality of the Davis-Bacon wage determination process, and (2) additional issues identified by stakeholders regarding the wage determination process. GAO interviewed Labor officials, representatives from contractor associations and unions, contractors, and researchers; conducted site visits to three Labor regional offices; and analyzed data from Labor's wage survey database.

What GAO Recommends

GAO suggests Congress consider amending its requirement that Labor issue wage rates by civil subdivision to allow more flexibility. To improve the quality and timeliness of the Davis-Bacon wage surveys, GAO recommends Labor obtain objective expert advice on its survey design and methodology. GAO also recommends Labor take steps to improve the transparency of its wage determinations. Labor agreed with the second recommendation, but said obtaining expert survey advice may be premature given ongoing changes. We believe obtaining expert advice is critical for improving the quality of wage determinations.

View [GAO-11-152](#) or key components. For more information, contact Andrew Sherrill at (202) 512-7215 or sherrilla@gao.gov.

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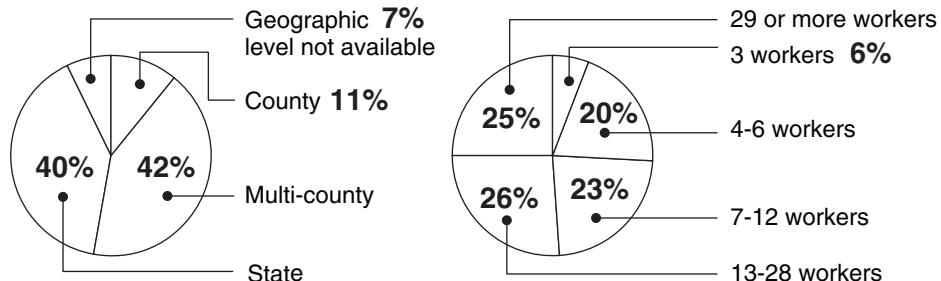
DAVIS-BACON ACT

Methodological Changes Needed to Improve Wage Survey

What GAO Found

Recent efforts to improve the Davis-Bacon wage survey have not addressed key issues with timeliness, representativeness, and the utility of using the county as the basis for the wage calculation. Labor has made some data collection and processing changes; however, we found some surveys initiated under the new processes were behind Labor's processing schedule. Labor did not consult survey design experts, and some criticisms of the survey and wage determination process have not been addressed, including the representativeness and sufficiency of the data collected. For example, Labor cannot determine whether its wage determinations accurately reflect prevailing wages because it does not currently calculate response rates or analyze survey nonrespondents. And, while Labor is required by law to issue wage rates by the "civil subdivision of the state," the goal to issue them at the county level is often not met because of insufficient survey response. In the published results for the four surveys in our review, Labor issued about 11 percent of wage rates for key job classifications (types of workers needed for one or more of Labor's construction types) using data from a single county. The rest were issued at the multi-county or state level. Over one-quarter of the wage rates were based on six or fewer workers.

Percentage of Key Job Classification Wage Rates Issued at Each Geographic Level and Number of Employees Used to Determine Wage Rates, for Four Surveys Reviewed



Source: GAO analysis of Labor data from Florida, Maryland, Tennessee, and West Texas Metropolitan surveys published in either 2009 or 2010.

Little incentive to participate in Labor's Davis-Bacon wage surveys and a lack of transparency in the survey process remain key issues for stakeholders. Stakeholders said contractors may not participate because they lack resources, may not understand the purpose of the survey, or may not see the point in responding because they believe the prevailing wages issued by Labor are inaccurate. While most stakeholders said the survey form was generally easy to understand, some identified challenges with completing specific sections. Our review of reports by Labor's contracted auditor for four published surveys found most survey forms verified against payroll data had errors in areas such as number of employees and hourly and fringe benefit rates. Both contractor association and union officials said addressing a lack of transparency in how the published wage rates are set could result in a better understanding of the process and greater participation in the survey.