



BRIEFLY...

BETTER STRATEGIES ARE NEEDED TO IMPROVE THE TIMELINESS AND ACCURACY OF DAVIS-BACON ACT PREVAILING WAGE RATES

March 29, 2019

WHY OIG CONDUCTED THE AUDIT

For more than 20 years, Congress, the Office of Management and Budget (OMB), DOL Office of Inspector General (OIG), and Government Accountability Office (GAO) have raised concerns about the timeliness and accuracy of prevailing wage rates mandated by the Davis-Bacon Act (DBA) and published by DOL's Wage and Hour Division (WHD). Construction workers completing contracts financed wholly or in part with federal funds must be paid no less than the minimum wage rates WHD determines to prevail in the area where the work is performed.

In 2003, OMB concluded that the voluntary nature of wage surveys may have introduced reporting bias that could undermine the accuracy of wage rates. In 2004, the DOL OIG reported that inaccurate survey data, potential bias, and untimely wage decisions were continuing concerns. In 2011, GAO reported the need for transparency in the calculation of wage rates.

WHAT OIG DID

We conducted an audit to determine whether WHD timely and accurately determined prevailing wage rates needed for DBA-covered federal and federally-funded construction.

We interviewed WHD officials, analyzed wage rate data, and evaluated a sample of 10 surveys conducted by 4 of WHD's 5 regional offices during FYs 2013-2017.

READ THE FULL REPORT

<https://www.oig.dol.gov/public/reports/oa/2019/04-19-008-001-15-001.pdf>

WHAT OIG FOUND

WHD needs better strategies to improve the timeliness and accuracy of prevailing wage rates needed for DBA-covered federal and federally-funded construction. We based this conclusion on the results below.

In 2016, WHD reported to Congress that the time to complete wage surveys had decreased from an average of 5–7 years in 2002 to 2.4 years in 2015. This is consistent with our analysis that shows WHD took an average of 2.6 years to complete 9 of the 10 surveys we sampled (1 survey was cancelled). However, improvements are still needed to ensure wage determinations are updated in the shortest amount of time. More importantly, WHD needs to ensure contract awards do not include outdated wage determinations that contain prevailing wage rates. To illustrate this point, as of September 2018, 3 percent of WHD's 134,738 unique published rates had not been updated in 21 to 40 years, raising questions about the reliability and usefulness of these rates in assisting contractors to develop bids and consider workers' pay. In one instance, a federal agency's solicitation for bids in May 2017 contained wage rates last updated in 1988.

WHD continued to face challenges in securing sufficient wage data from the local areas that prevailing wages represented. For 7 sampled surveys, the calculation of prevailing wages published for 31 counties did not include a single worker paid in those counties. In addition, for 6 of these surveys WHD was unable to conduct onsite visits to verify the accuracy of wage data used to calculate prevailing wages for 41 percent of contractors selected because they declined to participate.

These issues occurred, in part, because WHD had not developed alternative methods to update wage rates and garner support from employers to ensure prevailing rates were current and accurate. As a result, published wage determinations were not sufficient to implement the program as intended and construction workers were at increased risk of being paid less than the prevailing rate.

WHAT OIG RECOMMENDED

We made 8 recommendations to improve the overall quality and accuracy of DBA prevailing wage rates.

WHD agreed with our recommendations.