



# NEWS

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## The Truth behind Minn. Prevailing Wage Law

*D.C. Free Market Group to Release Study on Harmful Wage Law*

WASHINGTON, D.C. — Today, the Alliance for Worker Freedom (AWF), a non-partisan organization dedicated to combating anti-worker legislation and the promotion of free and open labor markets, has released a study dispelling the current myth that Minnesota's prevailing wage law is good for workers employers and taxpayers in the state.

Prevailing wage laws are mandated by the Davis-Bacon Act. According to AWF Executive Director Brian Johnson, this Act, established in 1931, **“was created at a time when the government was the largest contractor to prevent southern African Americans from entering the construction industry in large numbers. Now, it does nothing more than distort wages and hurt taxpayers.”**

In their new study, *A Tale of Two Wages: The Truth Behind Minnesota's Prevailing Wage Laws*, AWF cites that contractors are forced to pay wages that are 30 to 40 percent higher than the market rate. According to the group, these laws are not only outdated, but racially based and use statistically inaccurate wage calculations.

**“Just look at the justification used to pass this law,”** says Johnson. **“Rep. John Cochran of Missouri said in the 1930s that he had ‘received numerous complaints in recent months about Southern contractors employing low-paid colored [sic] mechanics getting work and bringing the employees from the South.’ Why has Congress not repealed such an outdated racist law?”**

Economists estimate that the Davis-Bacon Act artificially inflates wages over 22 percent nationwide and costs taxpayers an extra \$8.6 billion to cover inflated construction costs.

**“When you look at the report, you will see that contractors are forced to pay wages that are 63 percent above the market rate for federal construction projects in Rochester, MN,”** adds Johnson. **“Bottom-line, it is not the job of the federal government to dictate wages which obviously distort the market and leave the taxpayers of Minnesota footing the bill.”**

AWF's new study, *A Tale of Two Wages: The Truth Behind Minnesota's Prevailing Wage Laws* is available on their website, [www.WorkerFreedom.org](http://www.WorkerFreedom.org).

Alliance for Worker Freedom (AWF) is a special project of Americans for Tax Reform dedicated to promoting free labor markets.  
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