

FACT SHEET #2 – DAVIS-BACON HISTORY

DAVIS-BACON PROVISIONS FOR CLEAN AND DRINKING WATER SRF PROJECTS

The history and role of the Davis-Bacon Act in the Vermont SRF Program

THE DAVIS-BACON ACT

The **Davis-Bacon Act** was enacted in 1931 in response to the rampant unemployment of the depression era. At the time, the primary intent of the Act was to promote the hiring of skilled, local workers, by discouraging the import of laborers from other regions who would work for lower wages. The U.S. government put this law in place to ensure that any worker involved in a federally-funded public works project is compensated in a fair and timely manner.

The Act is administered and enforced by the **Wage and Hour Division of the Employment Standards Administration**, which falls under the **U.S. Department of Labor (DOL)**.

HISTORY OF DAVIS-BACON FOR VERMONT SRF PROJECTS

The State Revolving Funds for Clean Water and Drinking Water (SRF) provide low interest loans for improvements to public wastewater and drinking water systems. As its name implies, the **SRF is a revolving loan fund that is capitalized with federal grants. In order to receive the grants, states enter into grant agreements that contain the federal requirements for the funds. To date, two federal triggers have required the Vermont SRF to incorporate Davis-Bacon:**

American Recovery and Reinvestment Act of 2009 (ARRA)

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 (ARRA). It included the Davis-Bacon Act as a federal cross-cutting requirement for SRF projects that used this additional pool of money.

Davis-Bacon and SRF: FY10 Appropriations Bill (P.L. 111-88)

The FY10 appropriations bill for EPA (P.L. 111-88) had language requiring all projects funded with SRF monies in FY10 to comply with Davis-Bacon provisions. Through a Continuing Resolution, this same set of language was continued for FY11 as well.

EPA issued guidance stating that in order to comply **all projects using any SRF funds** must now comply with this new federal requirement (as of October 30, 2009).