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March 12, 2009

The Honorable Hilda Solis
Secretary of Labor
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

Dear Secretary Solis:

Congratulations on your appointment and confirmation as the United States Secretary of Labor. Your tenure begins at a time of great challenge for our nation's workers and employers, and I know the tasks you face are daunting. I am grateful to have had the opportunity to work with you as a fellow Member of Congress and Representative of the great state of California, and I look forward to continuing our work together on strengthening and protecting a dynamic workforce able to compete in the 21st century.

One of the first areas where I believe we can work together to modernize workplace rules and ensure American workers and employers remain competitive is within the context of federal contracting. On March 4, 2009, President Obama announced a plan to review the guidelines for federal contracting. In doing so, he noted that the government should "*perform its functions efficiently and effectively while ensuring that its actions result in the best value for the taxpayers... The Federal Government must strive for an open and competitive process... The Federal Government shall ensure that taxpayer dollars are not spent on contracts that are wasteful, inefficient, subject to misuse, or otherwise not well designed to serve the Federal Government's needs.*" Indeed, the principles of using taxpayer dollars most efficiently and effectively are the foundation of good governance and a responsibility we owe to the American people. In keeping with these principles, I would encourage the Administration to look at two related policy issues where the federal government can shift course in order to maximize value to the taxpayers: by scientifically calculating the Davis-Bacon prevailing wage determinations and by reconsidering the use of Project Labor Agreements for federal construction projects.

As you know, Davis-Bacon provisions require contractors on federal construction projects to pay their workers the locally prevailing wage. However, the Department of Labor's Wage and Hour Division uses highly flawed, inaccurate methods to calculate prevailing wages resulting, in most instances, in a needlessly inflated cost to the federal government. Currently, prevailing

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wages are determined by using unscientific, self-selected samples. The Wage and Hour Division has spent millions of taxpayer dollars in recent years to rewrite its surveys; however, audits have found higher error rates in the determined wages after the survey overhauls. In order to prevent further waste of taxpayer dollars during difficult economic times, Davis-Bacon prevailing wage rates should be based upon accurate and scientifically-sound data.

Another way to prevent the escalation of costs and speed the return on federal contracts and services is to reconsider the use of Project Labor Agreements (PLAs) for federal construction projects. PLAs reduce competitiveness and increase the cost of federal construction projects by limiting the number of bidders and requiring the use of outdated and inefficient work rules. Furthermore, PLAs take time to negotiate. If the goal during harsh economic times is to stimulate the economy by getting federal dollars out to approved and ready-to-go projects, then PLAs will only serve to slow down the process.

I share the desire to maximize the federal government's effectiveness and efficiency with regard to the taxpayers' dollars. Madam Secretary, I urge you to encourage the use of scientific data for the purpose of calculating prevailing wages and to reconsider the use of Project Labor Agreements.

I thank you for your attention to this matter and look forward to your reply.

Sincerely,

A handwritten signature in black ink, appearing to read "Buck", with a long horizontal flourish extending to the right.

Howard P. "Buck" McKeon
Senior Republican Member