

The Davis-Bacon Act, which since 1931 has required payment of "prevailing wages" on federal construction projects, has recently become a subject of considerable legislative effort and court litigation. The major controversy over Davis-Bacon and the many other statutes that also now carry prevailing-wage provisions concerns whether the economic benefits of this requirement outweigh the costs it imposes. Critics of the act have become concerned that it may unnecessarily raise federal construction costs, fuel inflation, and adversely affect employment in the construction industry. Other issues concern how the act is administered, particularly, how prevailing wages--not specifically identified or formulated in the law itself--are determined.

In response to these concerns, several proposals have been advanced to modify or repeal Davis-Bacon. This year, the Congress is likely to consider legislation that would reduce the number of projects to which the Davis-Bacon Act applies or that would alter the way in which prevailing wages are determined.

PLAN OF THE PAPER

This study is intended to help the Congress assess these and other possible modifications of the Davis-Bacon Act. This first chapter outlines the objectives the act was originally designed to achieve and identifies the current concerns about it. To establish context for current deliberations, Chapter II briefly describes today's construction labor market, providing information on wages, employment and unemployment, and collective bargaining agreements. Chapter III considers the potential cost and benefit effects of Davis-Bacon, presenting available evidence where possible. Chapter IV analyses a broad range of legislative options concerning Davis-Bacon and estimates their effects on the federal budget.

THE AIMS AND SCOPE OF DAVIS-BACON

Enacted during the Great Depression, the Davis-Bacon Act was passed in response to the concerns of local contractors and construction workers, who complained that they could not compete for federal government jobs against itinerant contractors employing low-wage migrant labor. During the Depression, it was not uncommon for roving builders paying substandard

wages to low-skilled workers to enter a locality and underbid local firms for the federal contracts available. To safeguard against this practice and protect local firms' and workers' living standards--while also assuring high building quality--Davis-Bacon prohibited federal contracts from being awarded to firms not offering their personnel the local "prevailing wages."

Thus, every contract to which the federal government is party specifies the minimum wages to be paid to laborers and mechanics engaged in various kinds of work. The act applies to all federal construction contracts costing \$2,000 or more and covers construction, alteration, or repair of public buildings or public works, including painting and decorating. It provides that the minimum wages stated in a contract be based on what the Secretary of Labor determines to be the prevailing wage for the corresponding classes of laborers and mechanics on other similar projects within the geographic boundary (most often, the county) in which the work is to be done. A 1964 amendment to the act requires that the Secretary specify prevailing hourly rates for fringe benefits as well as wages. Definitions of terms such as "prevailing," "corresponding classes of laborers and mechanics," "geographic boundaries," and "projects of similar character" are not specified in the law, however, and therefore they are left to the discretion of the Secretary.

Though the act itself applies only to construction work purchased directly by the federal government, prevailing wage provisions, incorporated into more than 58 other laws have been extended to most federally financed and federally assisted construction. ^{1/} These related laws cover construction in areas such as education, health, housing, and transportation, and they specify that Davis-Bacon shall apply to construction involving federal grants, loans, loan insurance, or loan guarantees. ^{2/} Because of the extensive involvement of the federal government in the U.S. economy, Davis-Bacon requirements cover a substantial portion of all new construction. In recent years, from 20 percent to 25 percent of all new construction undertaken each year--\$53 billion in 1981--was publicly financed and therefore was potentially covered by Davis-Bacon. ^{3/}

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1. See The Federal Register (April 29, 1983).
 2. In addition, a number of states have their own prevailing wage statutes for the construction industry. Federally assisted state or local construction projects may be covered by both the state statute and the Davis-Bacon Act. When these prevailing wage determinations differ, the higher of the two is used.
 3. The total value of new construction put in place in fiscal year 1981 was \$238 billion. See U.S. Department of Commerce, Construction Review (September-October 1982).

THE ISSUES

Whatever Davis-Bacon legislation the Congress considers, two basic issues are likely to arise:

- o What are the costs of minimum wage legislation such as Davis-Bacon, and how do they weigh against any benefits provided?
- o Is Davis-Bacon being administered most efficiently--or do current procedures unnecessarily increase the act's costs?

This analysis distinguishes two types of costs that might be associated with Davis-Bacon. One is the actual federal dollars paid for a good or service, a cost that may be raised by Davis-Bacon; such costs are the more easily quantified. The second type is costs that occur if the act causes resources to be used in a less efficient manner than in an unregulated free-market setting. These are often called "economic" costs, and they are measured in terms of reduced productivity.

Cost and Benefit Effects of Minimum Wages

Legislation such as Davis-Bacon that requires the payment of minimum wages influences how the market works, potentially both imposing costs and yielding benefits. To the extent that minimum wages are binding, they may inflate wages--and therefore both costs and prices--and they may adversely affect employment. (When the market wage is above the legislated minimum, of course, the law is not binding and has no impact.) At the same time, minimum wage legislation may have effects beneficial to society, as do various other federal laws that affect market outcomes. Both the costs and benefits are difficult to quantify and to counterbalance.

Costs. In most cases, Davis-Bacon requirements--by reducing competition--raise wages and thus federal costs. To the extent that wages below the allowed minimum exist in local markets, the act raises the wages paid on federal projects above competitive levels; contractors who might have won federal contracts on the basis of the lower rates are precluded from doing so. If higher wages are associated with higher productivity, however, the resulting cost increase would be offset somewhat.

Minimum wages may also impose costs on society by changing the way resources are used in the economy. Market wages reflect the relative scarcity of labor among alternative uses--that is, they convey signals for workers to seek employment where their efforts will be valued most highly. Legislatively imposed minimums interfere with these signals, potentially leading to reduced employment levels, increased unemployment, and shifts

in employment in favor of higher-wage workers--such as union labor--who now face artificially slight competition from lower-wage workers. 4/

Finally, minimum wages may affect general price levels. If higher wages on federal projects were to affect wages in private construction or in other sectors of the economy, then general price levels might rise. Moreover, the effects of increased project costs on federal spending and the budget deficit might also contribute to inflationary pressures.

Benefits. Though the Depression circumstances and specific problems that motivated passage of Davis-Bacon are long since past, some conditions still exist in the construction industry that might encourage wage cutting. As is discussed in Chapter II, the construction industry is characterized by informal and short-lived relationships between firms and employees, wide fluctuations in demand, and high unemployment levels. Together with relatively easy market entry and exit by contractors, these factors combine to offer incentives to cut wages to win federal contracts. These points argue in favor of maintaining the protection offered by Davis-Bacon.

On the other hand, without Davis-Bacon, widespread reductions in communities' living standards would not likely result from government construction contracts because of a number of offsetting factors. For one, other federal legislation (such as the Fair Labor Standards Act and the National Labor Relations Act), collective bargaining agreements, and labor-management stabilization committees in the industry would moderate wage fluctuations to some degree. For another, government construction--when combined with private construction in local markets--should generally increase the demand for construction workers' services, thereby causing some upward pressure on wages. Finally, wage cutting would be limited somewhat if workers were to respond to falling wages on federal projects by withholding labor, preferring instead to remain unemployed while searching for jobs in higher-wage sectors. This outcome is particularly likely when this job hunting is subsidized by Unemployment Insurance. 5/

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4. As discussed in Chapter III, increasing wages on government projects may reduce overall construction employment. Further, minimum wages may create artificial wage differentials between markets, causing some workers to remain unemployed while waiting for jobs in relatively higher-wage markets, rather than take available employment in lower-wage markets.
 5. See Congressional Budget Office, Dislocated Workers: Issues and Federal Options (July 1982), and Unemployment Insurance: Financial Condition and Options for Change (June 1983).

A second potential benefit is that the prevailing-wage criterion may help assure that the federal government does business with reliable firms that do high-quality work. A private investor has the freedom to accept a high bid if it promises better quality, employment terms, or reliability. Federal agencies, in contrast, must award contracts to the lowest bidder, unless the low bidding contractor is determined to be unqualified.^{6/} Screening unqualified contractors is difficult for several reasons, however. For one, carefully researching the credentials of all contractors who submit bids for federal projects would require either a significant period of time, which could slow the contracting process, or increased funding for a larger staff of contract officers. Moreover, the process is complicated by the fact that contractors enter and exit the industry frequently and hence, may be hard to judge on the basis of past performance. Finally, the quality of the product is difficult to assess; defects may not appear for some time after work is completed. By providing a strong incentive for contractors to use highly skilled labor, minimum prevailing wages under Davis-Bacon might help to ensure quality construction. (A contractor who used less-skilled labor at a given wage would have higher costs and hence, would submit a higher bid than one who used more highly skilled labor at that rate.) Setting minimum wages may, however, be a costly way of achieving quality control; in most labor markets, factors other than skills determine wage levels. For example, union construction workers receive higher wages than nonunion workers (see Chapter II), though the two may be comparably skilled.

Stability in the construction industry is a third potential benefit from setting minimum wages, which may aid in the recruitment and training of skilled labor. In other sectors of the economy--in manufacturing, for example--wages tend to remain stable (or to increase in many cases) during downturns in the business cycle. One primary reason for this stability is that many skills in these industries are specific to particular firms. In such instances, individual employers must invest in hiring and training their work forces; this offers an incentive to maintain relationships with employees by providing wage stability through cyclical downturns and slack periods of demand for those firms' products. In the construction industry, however, employment relationships are generally short, lasting only for the duration of a project. Further, most skills are applicable to a variety of projects. As a result, contractors can choose from a pool of readily available skilled labor, rather than train their own work forces. Some, therefore, might choose to reduce short-run costs by cutting wages. Such practice by individual contractors may discourage workers from acquiring construction

6. Determining whether contractors are qualified or unqualified is generally left to the discretion of the agency's contracting officer. This rating might depend on past performance both in terms of quality of work and labor practices.

skills, even though the best interests of the industry as a whole are served by maintaining a supply of skilled labor. To the extent that Davis-Bacon adds a degree of stability to wages, it may aid the industry by encouraging workers both to undertake training and to remain in construction trades--thereby lowering the costs of construction in the long run.

Administrative Issues

At least five questions have been raised regarding the administration of Davis-Bacon:

- o What is the appropriate definition of "prevailing wages"?
- o How can a prevailing wage be measured most accurately?
- o For what labor classifications should prevailing wages be issued?
- o How should contractors' compliance be assured? and
- o What size of projects should the act cover?

Defining Prevailing Wages. Though the prevailing-wage concept has a potentially significant impact on the costs of Davis-Bacon, no generally accepted definition of the term exists. Various obstacles stand in the way of devising a widely acceptable definition. In many localities, for instance, wages of workers in a single craft or trade, rather than being uniform or at least clearly dominated by one rate, may range widely.

Many different concepts of prevailing could be used in administering Davis-Bacon. For one, in a given locality, a prevailing wage could mean a rate actually paid to the largest number of workers in one classification earning the same amount; this might but might not include a majority of the workers. Though such an approach would mirror actual rates paid to some workers, it could lead to a wage standard that would be substantially different from (either higher or lower than) the rate actually paid to many local workers. For example, union wages--often the highest in a local market--might be chosen as prevailing, even though more than half the workers earn less. Or it could mean the average for the locality--which would reflect the local wage structure, because all wages paid would be included in the calculation. Though this latter approach would often lead to less pronounced differences between the prevailing wage and other rates in the locality, it might also result in a wage standard not actually paid to any workers in the area. Nonetheless, many variations or combinations of these two approaches are possible.

Measuring the Prevailing Wage Accurately. A related issue is how the prevailing wage might be measured most accurately. Specifically, how should wage data be sampled to calculate the prevailing rates? One way of gathering information is to rely on the voluntary submission of wage information by contractors. Though this method does not require large administrative expenditures for staff, it might lead to biased wage samples and hence, to inaccurate wage determinations. Extensive field surveys of wages in localities, on the other hand, would produce more accurate information; but they mean large staff costs.

How to choose the appropriate geographic area for sampling wage data is another subsidiary issue. The intent of the act was for minimum wages to represent those prevailing "on projects of similar character to the contract work in the city, town, village, or civil subdivision of the State, in which the work is to be performed." 7/ In some localities, there may not be a sufficient amount of similar construction on which to base a prevailing rate determination. In such cases, should wages be sampled for similar construction in nearby areas or taken from other types of construction in the same area? The former method would result in "importing" wage rates--which might not be representative--from other localities. (In some localities, this would not present a problem, since limited labor availability would necessitate hiring workers from these other areas--at their customary wage rates--in any case.) The latter, on the other hand, though it would assure that local wage rates were paid, might lead to inaccurate prevailing-wage determinations; wages can vary as much among types of construction as among localities.

Determining What Labor Classifications the Act Covers. Whether wage determinations should be issued for lower-wage, less-skilled classifications of labor, or whether all workers should be paid "journeymen's" wages, regardless of skill levels, are another major area of controversy. In particular, should determinations be made routinely for classifications such as "helpers" (less-skilled members of a particular craft who assist journeymen--that is, experienced craftsmen--in their work) and trainees, or should they only be issued on a restricted basis--such as when it can be shown that a helper is not performing a journeyman's tasks? In many areas--particularly those in which unions are not prevalent--contractors make extensive use of helpers and informal trainees at wages substantially below those paid to journeymen. Issuing wage determinations for helper and trainee classifications in these areas therefore would reflect prevailing practice. Unlimited use of helpers on federal projects, on the other hand, might induce some contractors seeking to lower their bid prices either to hire helpers to perform skilled work or to classify journeymen as helpers. In addition, helpers

7. 40 U.S. Code 276.

might be used to substitute for construction laborers adversely affecting the employment opportunities of these workers. 8/

Assuring Compliance. The level of payroll reporting requirements needed to assure compliance with Davis-Bacon is another controversial issue. The Copeland Anti-Kickback Act of 1934 requires that contractors on federally funded or federally assisted constructed projects submit to the Department of Labor weekly statements of wages. The Secretary of Labor therefore has authority to promulgate regulations for implementing this requirement. Detailed payroll submissions--such as a weekly wage report for each worker on a Davis-Bacon project (as currently required)--probably increases the degree of compliance with the act but might well impose additional costs on some contractors. Less detailed requirements--such as a weekly statement of compliance--would cost less, but they might reduce the effectiveness of the act by making enforcement more difficult.

Project Size. A final issue concerns what size projects should be covered by Davis-Bacon. This question is important because the threshold size that implies coverage will, in turn, determine the number of projects covered. The act excludes from coverage contracts valued below \$2,000, because they were thought too small to have an impact on a community's wage standards. In the half century since the act's passage, the \$2,000 threshold level has remained unchanged, though construction costs have risen considerably. Today, however, small contracts of \$40,000 or less, though numerous, account for less than 4 percent of all federal money spent on construction, and large contracts valued at \$1 million or more, though few, account for nearly 63 percent of federal construction dollars (see Table 1). Raising the threshold level--possibly by some index of construction costs--would still exclude contracts that are relatively small. Such an approach might have some adverse consequences for workers on these projects, however, if loss of Davis-Bacon coverage led to wage reductions.

PROPOSED DAVIS-BACON LEGISLATION

In response to these issues, a number of bills have already been introduced in the 98th Congress. Most would repeal the act and remove its provisions from related statutes. One bill before the House of Representatives (H.R. 148), however, would limit the act's coverage by restricting it to

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8. Laborers form a distinct classification of labor, as opposed to helpers who are generally classified as part of another craft (for example, carpenters). Laborers provide much of the routine physical work on construction projects, such as erecting and dismantling scaffolding, loading and unloading materials, and clearing debris.

TABLE 1. DISTRIBUTION OF DAVIS-BACON CONTRACTS BY DOLLAR VALUES OF PROJECTS, OCTOBER 1981-JUNE 1982

Contract Sizes (In dollars)	Percent of all Contracts	Percent of Dollar Volume
To \$40,000	52.2	3.7
\$41,000 to \$100,000	21.7	5.9
\$101,000 to \$250,000	12.6	8.5
\$251,000 to \$500,000	6.1	9.1
\$501,000 to \$1,000,000	3.5	10.1
\$1,001,000 and Above	<u>3.9</u>	<u>62.7</u>
Total	100.0	100.0

SOURCE: Congressional Budget Office tabulations from the Federal Procurement Data File.

projects costing over \$40,000 in 1983 dollars and adjusting this level for changes in the Consumer Price Index in future years. ^{9/} In addition, the bill would make the act applicable only to the wages of unskilled laborers and would exempt helpers, trainees, and apprentices. A Senate bill (S. 1172) would specify a definition of prevailing wage, ban the use of urban wage surveys for rural areas, recognize semi-skilled helper classifications, and restrict coverage to projects costing over \$100,000. ^{10/} These bills embody just some of the several modifications of Davis-Bacon the 98th Congress may consider (see Chapter IV). In addition, the Administration proposed to make some of these changes through the regulatory process. One change defining prevailing wage has already been implemented, while others have been either partially or fully overturned by the courts.

9. The Federal Construction Costs Reduction Act of 1983 (H.R. 148) was introduced by Representative George Hansen.

10. S. 1172 was introduced by Senator Don Nickles.

CHAPTER II. THE CONSTRUCTION LABOR MARKET

The construction labor market in the United States is unique in several aspects that have a direct bearing on debates about the Davis-Bacon Act. This chapter focuses briefly on the nature and extent of unionization in the building trades, on the employment, wage, and earnings situation, and on skill training.

GENERAL CHARACTERISTICS

The construction industry accounts for significant shares of both the Gross National Product (GNP) and U.S. employment. Over the past decade, new construction put in place has averaged between 8 percent and 10 percent of GNP, and construction workers have, on average, accounted for 5 percent of total employment. Privately owned construction generally accounts for nearly three-fourths of total construction, and most construction work is performed on a contract basis--meaning that the product is built for the use of someone other than the builder.

The federal government classifies construction contractors into three major categories: general building contractors, heavy and highway contractors, and special trade contractors. General contractors engage primarily in the construction of residential, farm, industrial, commercial, and other buildings. Heavy and highway contractors engage in construction and repair of highways, bridges, tunnels, railroads, sewers, and flood-control projects. Special trade contractors provide such services as plumbing, carpentry, industrial machinery and equipment installation, and water-well drilling.

The industry is made up mostly of a large number of small, localized firms. According to the most recent census of construction firms, the average contractor had a payroll of nine employees, and about 60 percent of contract construction employees worked in firms employing fewer than 50 workers.^{1/} In 1977, more than 90 percent of these firms performed contract work exclusively in their home states.

1. See U.S. Department of Commerce, Bureau of the Census, 1977 Census of Construction Industries.

UNION AND NONUNION CONSTRUCTION

Though approximately one-third of all construction workers are members of unions--mostly organized along craft lines--the construction industry has a growing nonunion sector. The nonunion--or "open shop"--sector has expanded from its traditional domination of the residential construction market to encompass large amounts of commercial and industrial building as well. 2/ Recent estimates place the open shop share of contract construction at 60 percent.

The extent of unionization varies by type of construction, region, and occupation. General building contractors tend to be less unionized (about 25 percent of employment), compared to heavy and highway construction and special trade contractors (40 percent). With respect to region, the estimated population of employees in unions ranges from 15 percent in the South to 40 percent in the Northeast and West, and 45 percent in the North Central portion of the country. In addition, the degree of unionization differs among the skilled crafts. While more than half of electricians, plumbers, and cement masons were unionized in 1979, other crafts such as carpenters, painters, and brick masons were about 30 percent unionized.

Though the open shop contractors tend to be smaller than union contractors--that is, firms employing union members only--their numbers seem to be growing along with their share of the market. Of the largest 400 construction firms in terms of volume, 24 percent were open shops in 1982, compared with 13 percent in 1979, and 4 percent in 1969.

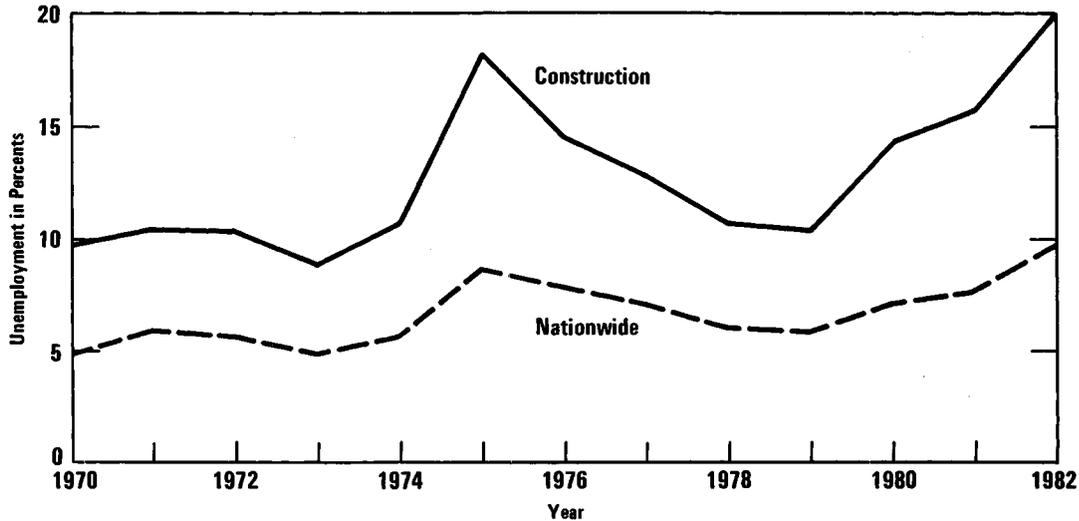
UNEMPLOYMENT, WAGES, AND EARNINGS

The construction labor market is characterized both by high levels of unemployment and by wages higher than is average for other sectors of the economy. The unemployment rate in construction typically exceeds that of every other major industry group, and it has often been double the national rate (see Figure 1). Wages, on the other hand, have been quite a bit higher,

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2. In the construction industry, the term "open shop" is commonly used interchangeably with nonunion. Throughout much of the rest of industry and organized labor, the term usually applies to a firm or other body in which some employees belong to a union while others do not; in such an open shop, most terms of employment are embodied in contracts that are negotiated by the union and management and that cover all personnel, regardless of membership or nonmembership. In the construction industry, mixes of union and nonunion workers are not common, and the term "open shop" therefore implies nonunionization.

on average, than in other major sectors of the economy, especially for the unionized construction sector. Inasmuch as high wages and high joblessness tend to offset one another, average annual earnings for construction workers are generally comparable to those of other workers.

Figure 1.
Unemployment in the Construction Industry and Nationwide:
Fiscal Years 1970-1982



SOURCE: Congressional Budget Office from U.S. Department of Labor, Bureau of Labor Statistics, *Handbook of Labor Statistics and Employment and Earnings*.

Unemployment

Disproportionately high levels of unemployment in construction can be attributed to three basic factors: intermittent employment, cyclical sensitivity, and the seasonal nature of the industry.

The construction labor market is a fluid one, and employment is commonly intermittent. Construction workers are generally hired only for the duration of a particular project, and they therefore must shift from job to job and often from employer to employer--commonly with spells of unemployment between jobs. In 1979--a year of relatively low overall

unemployment--only about half of all construction workers were employed for the full year, compared with 70 percent of manufacturing workers. 3/

The cyclical sensitivity of the construction industry also accounts for high unemployment. Because buildings, factories, and homes entail large capital outlays, expenditures usually fall significantly when the level of economic activity declines. Thus, cyclical unemployment is more severe in construction than in other industries. During the October 1973-June 1975 recession, when joblessness nationwide increased by 4.0 percentage points, unemployment in the construction industry rose by 12.0 percentage points. A similar though less dramatic pattern was observed in the January-July 1980 recession. Between July 1981 and January 1983, the unemployment rate in construction rose by 6.8 percentage points, compared with 3.7 percentage points for the overall economy.

Finally, employment in the construction industry has a significant seasonal component. One study found that about 38 percent of construction unemployment could be attributed to seasonal factors. 4/ In many sections of the country, building activity falls off sharply during the winter months and rises again in the summer. From July 1978 through March 1979, for example, construction employment fell by 14.5 percent, compared to 0.1 percent for all industries. Through the spring and summer of 1979, however, construction employment rose by nearly 19 percent, compared with 3.5 percent for all industries. 5/

Wages

Historically, wages in construction have been higher than in most other industries, especially for unionized workers. In 1970, hourly earnings in construction were 56 percent higher than in manufacturing and 62 percent higher than in all private industry in the aggregate. These differentials have narrowed, however, to 37 percent and 50 percent in 1980.

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3. Tabulations from the March 1980 Current Population Survey. Full-year workers were those employed for 50 weeks to 52 weeks. This pattern changes little even if a slightly shorter period is considered--58 percent of construction workers were employed for 48 weeks or more, compared with 76 percent of manufacturing workers.
 4. See Employment and Training Report of the President, 1976, p. 62.
 5. See John Tschetter and John Lukasiewicz, "Employment Changes in Construction: Secular, Cyclical, and Seasonal," Monthly Labor Review (March 1983), pp. 11-17.

Within the construction industry, the most striking wage differentials are between the union and nonunion sectors. In May 1979, union construction workers were paid an average of \$9.40 per hour, compared to \$6.20 for nonunion workers--the latter being close to the average manufacturing wage of \$6.70. Moreover, estimates of union wage premiums for the construction crafts (adjusted for factors such as geographic location, workers' education, size of firm, and type of construction) have ranged from 30 percent to over 60 percent. The Congressional Budget Office (CBO) estimates that total hourly compensation--including fringe benefits--is 54 percent higher for union members than for nonmembers.

Wage rates in construction also vary by region, by urban and rural character, and by occupation. On average, wage rates tend to be highest in the West and North Central regions and lowest in the South. They also tend to be considerably higher in urban areas than in rural areas. Finally, large differentials distinguish the various occupations--particularly among different skill levels. For example, craftsmen, such as carpenters and electricians, earn from 35 percent to 90 percent more per hour than do laborers. The following data on hourly wages, from the May 1979 Current Population Survey, summarizes these variations:

	Average Wage (in dollars)
REGION	
Northeast	7.44
North Central	8.11
West	8.40
South	6.21

URBAN VERSUS RURAL	
In Standard Metropolitan Statistical Area (Urban)	7.80
Not in Standard Metropolitan Statistical Area (Rural)	6.28

TRADE AND CLASSIFICATION	
Carpenter	7.52
Electrician	10.16
Plumber	8.77
Brick Mason	7.55
Painter	6.03
Laborer	4.80
Truck Driver	5.99

Annual Earnings

Though hourly wages for construction workers are high relative to those of workers in other sectors, annual earnings are nearly the same (or even lower) because of intermittent employment and often long periods of joblessness in the construction industry. In 1981, average annual earnings in construction were \$16,800 for unionized workers and \$14,100 for nonunion workers, compared with \$16,700 for manufacturing workers and \$13,400 for all other private-sector workers together. Among workers who were employed for comparable numbers of weeks in 1981, however, construction workers' annual salaries were higher than those of workers in all other categories except for the group who worked 50 to 52 weeks (see Table 2). One explanation why earnings in this category were the same in construction as in manufacturing is that many construction workers who worked a full year were relatively low-paid laborers and clerical personnel. In addition, many union workers employed for 50 to 52 weeks may work fewer hours each week than does the average manufacturing employee.

TABLE 2. AVERAGE ANNUAL EARNINGS BY MAJOR LABOR SECTOR AND NUMBERS OF WEEKS WORKED PER YEAR, 1981

Numbers of Weeks of Work	Construction		Manufacturing	Other Private Wage and Salary Workers
	Nonunion	Union		
20 - 29	6,670	9,270	6,290	4,380
30 - 39	10,060	13,300	8,950	6,700
40 - 49	12,830	18,790	12,970	9,330
50 - 52	19,160	19,690	19,550	16,740
Weighted Average for All Workers	14,125	16,820	16,690	13,390

SOURCE: Congressional Budget Office based on earnings tabulations from March 1982 Current Population Survey.

NOTE: Union status for construction workers was imputed on the March sample by using information from the May 1979 CPS.