

# Davis Bacon, The CARES Act & You!

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# Your Presenters

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# Your Presenters

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# We'll Cover...

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- ❖ Basics of Davis Bacon
- ❖ Basics of the CARES Act
- ❖ When Davis Bacon is triggered
- ❖ Case studies



# Basics of Davis Bacon

WHO?	WHAT?	WHEN?	HOW?
James Davis –DOL Secretary Under Harding, Coolidge, Hoover –US Senator (R-PA) 1930-45	Requires workers be paid the local prevailing wage rate as determined by the Department of Labor.	Construction contract $\geq$ \$2000	Contractors are required to submit certified payrolls
	Requires weekly payment of wages.	Construction includes alteration, repair, painting, and decorating	Onsite interviews are conducted with workers in order to ensure compliance
Robert Bacon –World War 1 hero –U.S. Congressman (R-NY) 1923 TO 1938	Applies to all laborers and mechanics.	For Davis Bacon to apply CDBG funds need to be spent specifically on construction costs vs “soft costs”	Wage Determinations must be posted at the construction site and visible to workers.

# The CARES Act

## WHO?

## WHAT?

## WHEN?

## HOW?

Congress passed the CARES Act passed March 2020

\$5 billion in CDBG FUNDS. Distribution is as follows: \$2 billion direct allocation to states and local governments through the regular program formula

A project does not necessarily need to be COVID related for CARES Act funds to be used or for Davis Bacon to apply

Davis Bacon is enforced through certified payrolls and on-site interviews

\$1 billion to states based on a new formula (public health needs, risk of transmission of coronavirus, number of coronavirus cases compared to the national average, economic and housing market disruptions, and other factors determined by HUD)

CARES Act funds used for a construction contract  $\geq$  \$2000

The CARES was targeted towards states, cities, and individuals impacted by COVID-19

\$2 billion to be allocated directly to states and local governments via a new formula to be developed by HUD (prioritizing risk of transmission of coronavirus, number of coronavirus cases compared to the national average, and economic and housing market disruption resulting from coronavirus).

For Davis Bacon to apply federal funds need to be spent specifically on construction costs vs “soft costs”

Wage Determinations must be posted at the construction site and visible to workers.

**ARE YOU**



**TRIGGERED?**

# When is Davis Bacon Triggered?

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CDBG funds can finance activities other than “construction work” which do not trigger Davis Bacon requirements; e.g., real property acquisition, purchase of equipment, architectural and engineering fees, other non construction



If CDBG funds finance only a portion of a construction work, labor standards are applicable to the entire work.



Construction includes alteration, repair, painting, and decorating.

# What is Construction (2)

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- ❖ **Character of work:** Does the project permanently change the character of a building or is it something that can be easily undone or removed?
- ❖ **Tools involved:** Does the project involve power tools? Demolition? Permanent installation? Heavy machinery?
- ❖ **Workers involved:** The term “laborer or mechanic” includes at least those workers whose duties are manual or physical in nature (including those workers who use tools or who are performing the work of a trade)





# Plexiglass Installation

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- ❖ A CDBG grantee wants to install a dozen pieces of 8ft high, semipermanent plexiglass in their office. Costs of labor and material are estimated to be between \$3000- \$4000. This will require 2 people to fit it into place and a power tool to drill into the floor. Is Davis Bacon triggered?



## Plexiglass (2)

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- ❖ A CDBG grantee wants to purchase 100 portable pieces of plexiglass for their office. The estimated cost for the plexiglass is between \$3-\$4000. The plexiglass does not require drilling and can be moved in and out of the room. Is Davis Bacon triggered?



# HVAC Air Filters

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❖ A CDBG grantee wants to replace all the HVAC air filters in their building. The project will cost \$2500. Installing the air filters will require the use of a ladder, taking out the old filter and putting in the new filter. This will not require the use of power tools. Is Davis Bacon triggered?

**WHAT DO YOU MEAN**

**DUCT TAPE WON'T FIX IT?**

# HVAC System

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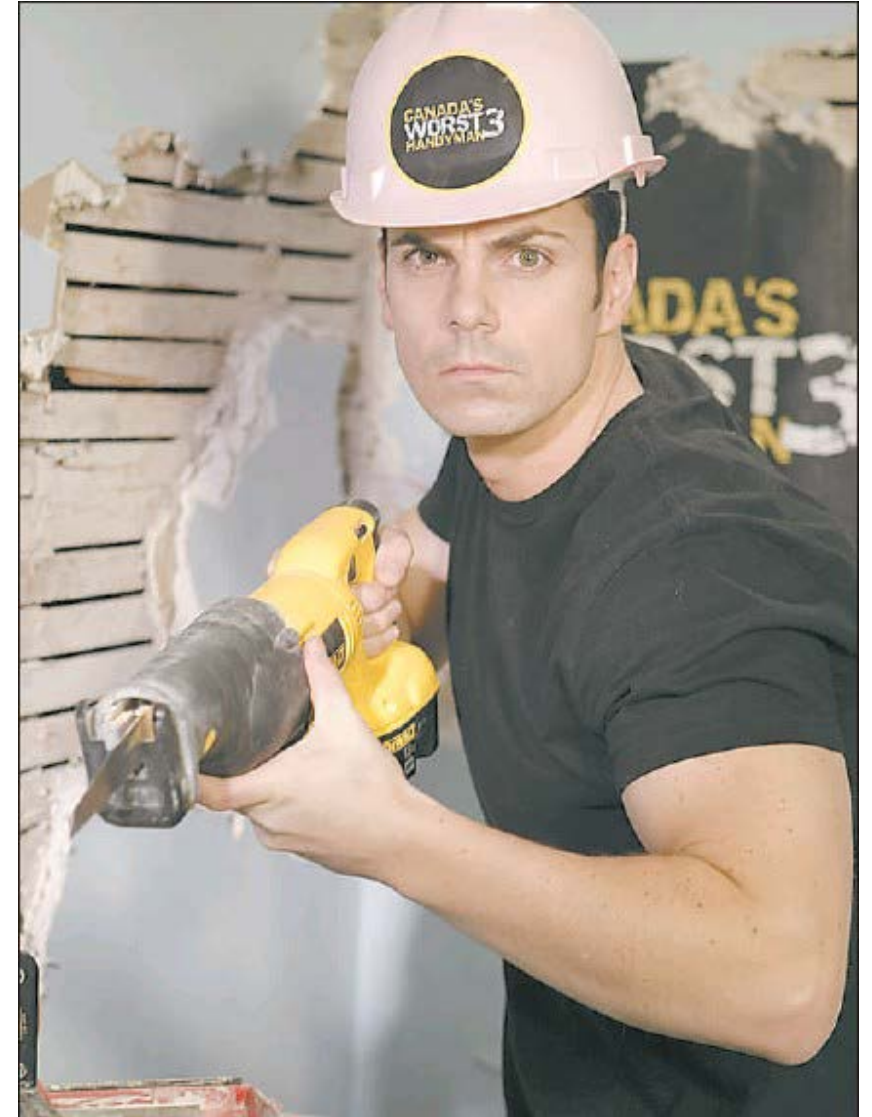
- ❖ A CDBG grantee wants to install an entirely new HVAC system . The cost of replacing an HVAC system is **\$4,820** to **\$9,350** and will require HVAC technicians. Is Davis Bacon triggered?



# Outdoor Seating

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- ❖ A CDBG grantee wants to set up an outdoor seating area. The project will include installing a temporary tent, propane heating; and installing a temporary fence/ barriers. The tent will be installed using spikes and rope. It will not require the use of power tools. The project will cost \$12,500. Is Davis Bacon triggered?



# Temporary signage

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A CDBG grantee wants to put up temporary signs marking 6ft of distance in all their offices. The project will cost \$500. Is Davis Bacon triggered?



# New Equipment Purchases

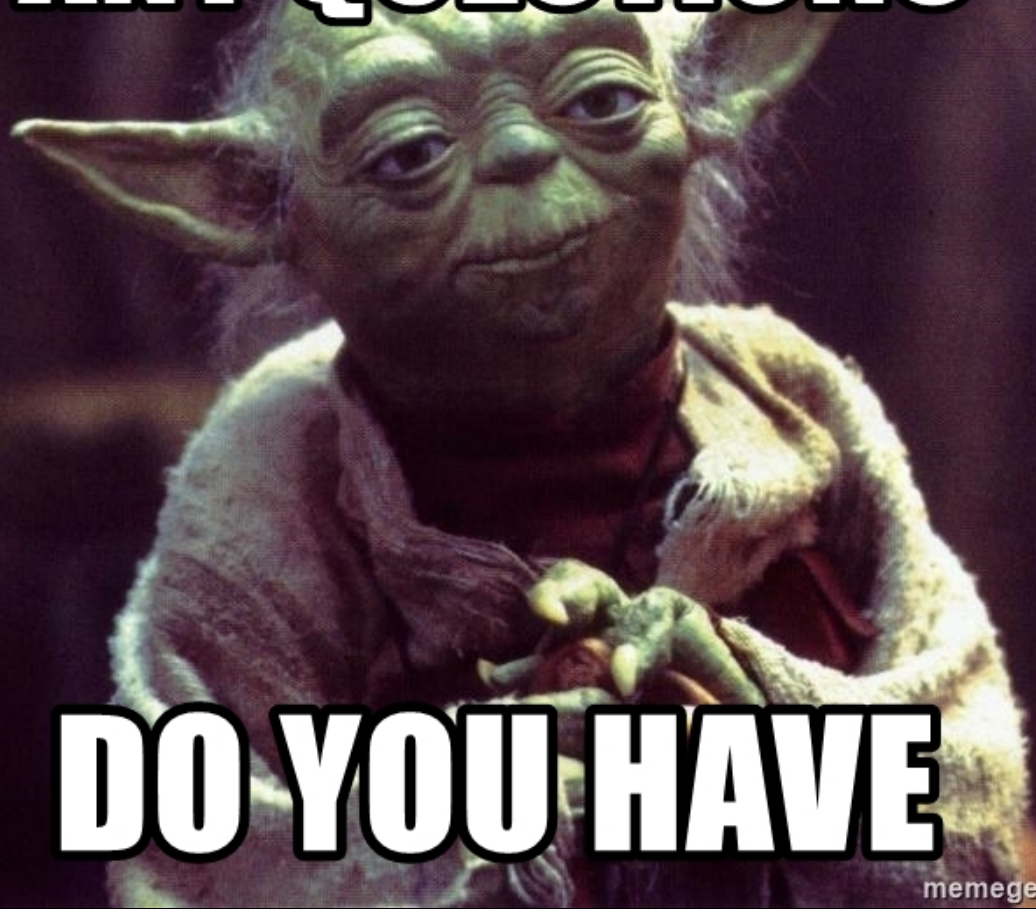
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- ❖ A CDBG grantee wants to install a new refrigerator. This will require simply wheeling and plugging it in. The refrigerator will cost \$2500. Is Davis Bacon triggered?

When you're cooking & the recipe says "chill in the fridge for one hour"



**ANY QUESTIONS**



**DO YOU HAVE**

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