Press Release

Davis Bacon Final Rule Could Worsen Inflation

PAULINA ENCK | AUGUST 16, 2023

The Department of Labor recently issued the final rule entitled "Updating the Davis-Bacon and Related Acts Regulations," which will revise regulations surrounding the Davis-Bacon Act and Related Acts that apply to federal and federally subsidized construction projects. In a new insight, Labor Market and Immigration Policy Analyst Isabella Hindley walks through the changes in the final rule and considers its economic implications.

Key points:

- *The two most significant changes in the final rule will implement the "30 percent rule" – which would increase prevailing wages for approximately 32 percent of construction workers – and revoke the separation of metropolitan and rural wage data.*
- *These revisions will increase the cost of construction by mandating higher wages and, thus, raise federal and private spending.*
- *The cost increases will worsen the already significant inflationary pressures plaguing the economy.*

Read the analysis