

Mr. CRAMER. Mr. C. J. Potter, president of that AGC and Preston Ager, manager of the Louisiana heavy branch, estimated a 25- to 30-percent increase; is that correct? They have a 10 percent in Texas, 5- to 10-percent in Kansas, 20 percent in Louisville, Ky., area, and the Kentucky Highway Department estimates would add approximately another 20 percent. Are those figures that you recall seeing?

Mr. SPROUSE. Yes; I point out, Mr. Cramer, that in the case of Tampa, Fla., area, as I recall he said labor costs. That is a very definite answer. In some of the replies they refer to the administrative costs of applying the Davis-Bacon Act, so it is now not all labor costs.

In Florida, Clay McCullers' answer was labor. In some States we advertise it would not affect the cost. They are already heavily unionized and they pay wages above the Davis-Bacon.

Mr. CRAMER. Mr. Teer, you recall, I am sure, from the Davis-Bacon Act, the interstate section, in 1956 and in section 116 we put some restriction on how it should be administered. I recall that very vividly because I helped to write in the restriction.

In the first instance, and I am reading from that section, they shall be paid wages at rates no less than those prevailing for the same type of work, No. 1, restriction on similar construction and No. 2, restriction in the immediate locality, No. 3 restriction, and now as I gather by your testimony and other information that has come to your attention these restrictions have not been properly divided in the interstate experience; has that been your experience?

Mr. TEER. It has; yes.

Mr. CRAMER. I understand, for instance in some places in New Jersey, Mr. Sprouse, that a high operating engineer's wage rate has been applied as the prevailing wage rate.

Mr. SPROUSE. That is correct.

Mr. CRAMER. For contract purposes; is that correct?

Mr. SPROUSE. That is correct.

Mr. CRAMER. Well, that clearly violates the stated intent of Congress relating to the same worth, does it not?

Mr. SPROUSE. Yes, sir; you will also recall, Mr. Cramer, because you were one of the leaders in this also that we had in 1956 a court review. It was knocked out in the other body.

Mr. CRAMER. I recall that, also.

So, the experience we have had on Interstate System, as this has been administered, certainly would not recommend extending even that limited language to the AGC, let alone considering our cost problem.

Mr. SPROUSE. No, sir.

Mr. CRAMER. I gather, Mr. Gilvin and members of the panel, that you are generally approaching this as similar to that expressed by some members of this committee. That we are going to have these new programs and they certainly should be financed at the expense of present, ongoing interstate programs.

Mr. GILVIN. That is correct, if we are going to have this new stuff, we need new financing.

Mr. CRAMER. Thank you very much.