

Sept. 11, 1935

Memorandum on National Highway Programs

This is an opportunity to confer about the final rules under which the "Highway" and "Grade Crossing" portion of the Works Program shall proceed. At San Francisco in July a conference of the Western Highway officials, and some of the highway contractors, developed carefully the situation that then existed. Subsequently a fundamental change has occurred because of an amendment to the previous Rules and Regulations under the Relief Appropriation Act of 1935. This Amendment No. 1 was signed by the Acting Secretary of Agriculture and the President of the United States on August 29, and it relates to both the Highway and Grade Crossing programs.

With reference to Works Program highways, for which \$35,000,000 plus has been apportioned to the eleven western States, the new amendment concerns mostly the employment of labor, and consequently Section 12 of the former rules and regulations, signed by the President of the United States July 12, is changed. It now reads essentially as follows:

"Section 12. Contracts for all projects shall provide that (except in executive, administrative, supervisory and highly skilled positions) only persons certified for assignment to work by the U. S. Employment Service shall be employed, and that preference in the employment of persons certified by the U. S. Employment Service shall be given, when they are qualified, to those from the public relief rolls."

You will see that this paragraph changes the former requirement of 90 per cent of all persons working on the contract to be from public relief rolls.

Further with respect to the Works Program Highway fund there is an amendment to Section 23<sup>A</sup>, <sup>of the regulations</sup> which describes the Alternate Plan by which plan the State guarantees employment and specifically provides that the State's guarantee with respect to employment shall relate to individuals secured from the U. S. Employment Service rather than from the relief rolls; otherwise the State's Memorandum of Agreement with the Government for the Alternate Plan remains unchanged. The reliability and efficiency of the U. S. Employment Service is well known to you from your past experience.

There is added a new section<sup>(30)</sup> which warns contractors against violation of the spirit and intent of the rules and regulations on a penalty of disbarment from bidding.

With respect to Grade Crossing elimination structures, for which the Secretary has apportioned to the eleven western States \$26,400,000 plus, the Amendment No. 1 revokes old Section 6 entirely. This section related to the \$1400 man year of direct employment or the alternate 40 per cent of the total cost of the crossing structure for direct employment. Thus at one stroke the overhead and underpass crossing structures are placed on the regular basis for contract construction.

The only exception to the former practice is provided by the amendment to old Section 12 with respect to employment, which amendment is exactly the same as the amendment above quoted with respect to Highway projects; that is to say, that the contract shall provide that only persons in the intermediate and unskilled classifications certified by the U. S. Employment Service will be employed, with preference to those persons from public relief rolls.

Having abolished any restriction with respect to percentage of direct labor employed on a grade crossing contract the old Alternate Plan provided by the regulations of July 12 is superfluous, and accordingly and correspondingly old Section 22 is revoked with respect to grade crossing construction.

Contracts prepared by the State Highway Departments for both Highway and Grade Crossing structures henceforth will accordingly contain new special provisions in harmony with the revised regulations. These provisions will stipulate, <sup>principally</sup> how the contractor shall proceed to obtain labor, and will necessarily revise old Section IV under the caption "Employment of Labor", <sup>chiefly</sup> as follows:

"Whenever the contractor shall need labor of a classification or grade required to be certified for assignment to work by the U. S. Employment Service, he shall inform the designated employment agency of his needs and request a list of names from which he may select those necessary to meet his requirements. Insofar as possible the lists furnished by the employment agency shall contain a number of names at least 25 per cent in excess of the indicated requirements of the contractor, giving the name, whether on public relief rolls, residence, age and previous

occupation of each person listed therein. Persons who are certified for assignment to work on the project and entitled to preference in employment shall be accepted or rejected by the contractor solely on the basis of their fitness to perform the assigned tasks and shall not be discriminated against on any other grounds whatsoever. In the event that a sufficient number of laborers qualified and fitted to perform the class of work required is not obtained by the contractor from the names contained in any list furnished him by the employment agency, the contractor shall continue to request additional lists from the employment agency, or obtain certifications for assignment of persons to work until his employment needs are satisfied. The contractor shall have the right to dismiss any employee or to return employees to the employment agency for reclassification. The contractor shall furnish the employment agency with the names of persons employed from such lists and the names of persons dismissed who were employed from such lists. No laborer who has been employed on the project in compliance with the terms of the contract shall be displaced or his services terminated during continuance of the work of the kind on which he is employed unless his work is unsatisfactory to the contractor. Contractors may require labor of any grade referred by the employment agency as operators of equipment, to furnish satisfactory evidence of competency to perform the work to which the employment relates, before they are employed. Such evidence of competency may be a detailed statement of prior experience, recommendations from former employers or references to former employers who could be contacted for a statement of qualifications. The contractor shall be the sole judge of the evidence of competency or fitness of operators of equipment referred for employment."

*Parts of the* "General Requirements" of the former special provisions, now no longer applicable under the amended regulations, are omitted.

These omissions are in old Section VI; namely, ~~the stipulations re-~~  
~~garding contracts being subject to future legislation as to hours~~

~~of employment, etc.~~ also stipulations with respect to the amount  
*The stipulations regarding minimum man hours remains in force on highway projects*  
of direct labor on grade crossing structures. Addition to Section VI has been made, warning the contractor against violation in spirit or intent with penalty of becoming ineligible to bid.

You doubtless are interested further in such items as wages, hours of work, day labor projects to be done by the States themselves, and in the actual status of the program to date.

With respect to wages, the State Highway Departments under Section 11 of the rules and regulations, approved by the President July 12, have filed with the Bureau of Public Roads the schedules which contractors shall pay for the different classes of labor as a minimum, and henceforth these rates will be stated in the advertisements for bids. The wages approved by the Bureau are as follows for the respective States:

State	Unskilled	Intermediate	Skilled
Arizona	.50	.62 $\frac{1}{2}$	1.00
Calif.	.60	.68	1.00
Nevada	.62 $\frac{1}{2}$	.70	.90
Wash.	.50	.75	1.20
Oregon	.50	.75	1.20
Montana	.60	.75	1.00
Wyoming	.40	.50	.60
Colorado	.50	.60	.90
New Mexico	.40	.60	.90
Idaho	.50	.60	.75
Utah	.50	.60	.75
	(.55	.65	.85)
	( in Salt Lake County )		

With respect to hours of labor, Section 13 is specific in providing eight hours per day, and 130 hours per month maximum, except that the 130 hour per month maximum limitation may not apply where the State and Bureau determine that the remote location makes it impracticable, in which case eight hours per day and 40 hours per week shall apply, as it shall in general to clerical and non-manual employees. I think it will be found that <sup>the</sup> above provisions will be satisfactory for most contracts. Also that workers will be similarly satisfied. The Bureau's experience data does not indicate that an average of more than 130 hours will occur on highway work of practically any class, because of weather limitations and other contingencies in progress of the contracts. The classification of labor, as listed in the specific provisions of the Chief of Bureau July 12, has been very carefully prepared. However, if experience indicates changes I personally shall be glad to be advised and shall not hesitate to recommend their consideration.

You may now be interested to know to what extent our administrative arrangements with the States have progressed. You will recall that the rules and regulations of July 12 were discussed at San Francisco during the week of July 15. In the ensuing period of sixty days all the western States have adopted their method of procedure with respect to the Alternate Plan, either wholly or in part; every State but one has submitted either an interim or partial program of highway projects; and all but three States have submitted interim projects or either a partial or complete program for grade crossing projects.

A number of States have already opened bids on projects under the Alternate Plan or on straight Works Program highway or grade crossing projects. Surprising as it may seem the bids are lower than the engineer's estimate in many cases. I will cite you a number of bids that have come in, in Washington, Oregon, Utah, and Idaho, which required varying percentages of relief labor:

<u>Project</u>	<u>Low Bid</u>	<u>Engineer's Estimate</u>
Wash. F.A.P. 171-H.	\$21,123.08	\$25,002.79
" " 190-A	48,286.30	61,360.30
Oregon - Oregon Dity Concrete Pave.	132,710.50	162,719.00
Oregon - Central Ore. Hwy., grading	21,662.00	31,441.50
Oregon F.A.P. 205-C (Bridge & over- crossing)	160,735.00	156,705.00
Utah F.A. P. 86-E (Concrete paving)	16,178.09	15,957.50
Idaho Works Program Proj. 119-F (Alter. Plan) grading	43,796.90	43,997.50

Before ending this discussion you would probably be interested to know something about the distribution of funds in the West. First let me say that beginning in 1931 there have been apportioned to the States of the Union, for what we may term largely emergency construction, \$1,576,500,000. There remain in the western area unexpended or unobligated practically none of these funds except the Works Program funds provided by the new Act of April 8, and which were

apportioned to the several States June 3, as follows:

State	Highways	Grade Crossings	Total
Arizona	\$2,569,841	\$1,256,099	\$ 3,825,940
California	7,747,928	7,486,362	15,234,290
Colorado	3,395,263	2,631,567	6,026,830
Idaho	2,222,747	1,674,479	3,897,226
Montana	3,676,416	2,722,327	6,398,743
Nevada	2,243,074	887,260	3,130,334
New Mexico	2,871,397	1,725,286	4,596,683
Oregon	3,038,642	2,334,204	5,372,846
Utah	2,067,154	1,230,763	3,297,917
Wash.	3,026,161	3,095,041	6,121,202
Wyoming	2,219,155	1,360,841	3,579,996
<b>Total</b>	<b>35,077,778</b>	<b>26,404,229</b>	<b>61,482,007</b>
	(*incl. Hawaii)		
<b>U.S. Totals *</b>	<b>\$195,000,000</b>	<b>\$196,000,000</b>	<b>\$391,000,000</b>

There is in addition the regular Federal Aid for the fiscal year 1936 of \$125,000,000, from which the western region received \$23,478,314.

Of course, I have omitted above the funds for which the Bureau is directly responsible and which are applied to the construction of National Forest and National Park highways. During the interval since 1930 there has been a considerable sum available for Forest Highways in the West, approximately \$45,000,000, of which we are now putting under contract the last six and one-half million. Similarly, since 1930, there have been some National Park funds, totalling about \$22,000,000, of which we are now putting under contract the last six million. On both the Forest and Park contracts the special provisions require stipulated minimum wages, comparable to those paid by the States, and in general a 40-hour week maximum. There have been funds authorized to be appropriated by Congress for new work beginning in the summer of 1936 on National Forest highways

involving in the West approximately six and one-half million. Similarly, authority exists for another Federal Aid appropriation of \$125,000,000 for the fiscal year 1937.

In closing this discussion may I therefore call to your attention, first, the very great total of all funds that has been made available by the Federal Government since it began helping the States in the construction of highways. Since the first appropriation of \$5,000,000 for the fiscal year 1917, and including now the current fund, these Congressional appropriations total, exclusive of funds for the Forests and Parks, \$2,630,000,000, to which we must add approximately \$150,000,000 for Forests and Parks, making a grand total of more than two and three quarters billion dollars of Federal money for highways. To this Federal money has been added the match money of the States, say roughly, another two and one-half billion, making a total fund of about five and one-quarter billion invested in improved highways in the last eighteen years. The length of roads improved with these funds, excluding any duplications due to stage construction, totals approximately 130,000 miles which is in excess of one-half the total Federal Aid System of 226,000 miles.

The second point is associated with the above huge highway appropriation and it is to call your attention to the build-up and preservation of the highway contracting industry. With almost negligible exceptions the above sum of five and one-quarter billion

has gone into highway contracts and it is a measure of the huge industry in which you are now engaged. As a matter of fact, your industry has not suffered during the years of depression. Highway operation with its attendant revenues of gasoline taxes and registration fees has also suffered only minor diminution of volume. Now, however, the immediate objective of the next twelve months requires your consideration not only to your own profits but of the employment of men on relief. There will be only a comparatively few projects that will not be offered to contract. Those projects that are selected for day labor construction will be so selected after careful consideration and for good reason. The major program will be offered to you contractors to bid upon. Your industry will accordingly not be impaired even by the emergency conditions involving relief labor. I commend to your earnest consideration and efforts the high desirability of whole-hearted cooperation in the handling of this relief labor which you are to obtain from the Federal employment agencies. You have had more than five billion dollars of public money for highway contracts. After careful study and consideration your industry has been preserved with a minimum disturbance under the new emergency. Accordingly it is now up to you to cooperate for the objective of unemployment relief. I urge you to be patient with the honest man who comes to you from the relief rolls. Be patient and accurate with the reports that are required, and lastly, be careful in bidding the work.