

Commonsense prevailing wage reform would provide relief to taxpayers, job creators

Citizens to Protect PA Jobs supports legislation Pennsylvania lawmakers are considering that would provide relief to overburdened school district and local government taxpayers by reforming Pennsylvania's costly, archaic and detrimental Prevailing Wage Act.

The Pennsylvania Prevailing Wage Act mandates that workers on public works construction projects costing more than \$25,000 be paid prevailing wage rates.

The problem with the law is that more often than not, the determined wage is significantly higher than private-sector wages in a particular community, especially in rural areas. This burdens local governments and taxpayers with higher costs, while providing no real public benefit.

Studies in other states have shown that prevailing wage mandates can add anywhere from 10 percent to 20 percent to the cost of public works project. With local governments and school districts already operating under increasingly tight budgets and taxpayers at their breaking point, the prevailing wage mandate is just one more obstacle that makes it difficult to balance budgets and undertake vital infrastructure and construction projects.

In addition, it just doesn't make sense for the state to offer economic development programs to help get public works projects off the ground, then force significant project cost increases.

For job creators, prevailing wage forces employers to pay workers in excess of what they might voluntarily accept, and can potentially prevent smaller, local contractors from bidding on public works projects because they cannot afford to pay grossly inflated wages that are beyond those normally paid in their area of the state. The bottom line is that a local project might not necessarily translate into jobs for local residents as a result.

“The prevailing wage law in Pennsylvania is archaic. In today’s economy, things need to change. What’s happening now is many of the maintenance projects you have in the Commonwealth are being curtailed by townships and municipalities, because they can’t afford the prevailing wage.”

■ State Rep. Ron Marsico, R-Dauphin,
Pennsylvania Independent, Oct. 4, 2011

That's why *Citizens to Protect PA Jobs* supports reasonable reforms that will help lessen the law's negative impacts. One such bill (H.B. 1329) would raise the \$25,000 project threshold established in 1961 to an adjusted-for-inflation rate of \$185,000.

As the sponsor of the bill, state Rep. Fred Keller, said, "This legislation is self-explanatory and straightforward, providing relief from this now 50-year-old unfunded mandate, which is ultimately paid for out of the pockets of every working Pennsylvania taxpayer."

Additional bills would exempt from the act certain road work maintenance from prevailing wage (H.B. 1271); stipulate that only projects for which 51 percent or more of the funding is public be subject to the act (H.B. 1541); require school districts and local governments to opt in to paying prevailing wage (H.B.s 709 and 1191); require the state Department of Labor and Industry to set wage rates for each county based on data already compiled by the department's workforce analysis center; among others.

The archaic Prevailing Wage Law has not meant better quality of roads, bridges or schools. It's just another example of government adding burdens to the free market economy that ultimately hits the pocketbooks of hard-working taxpayers, hindering economic growth and job creation in the process.