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Oct. 10, 2011

The Honorable John Gordner, Chairman
PA Senate Labor and Industry Committee
Senate Box 203027
351 Main Capitol Building
Harrisburg, PA 17120

Dear Chairman Gordner:

I write on behalf of the Pennsylvania Chamber of Business and Industry to express support for legislation to amend the Pennsylvania Prevailing Wage Act, which will be the subject of a Senate Labor and Industry Committee public hearing on Oct. 11, 2011.

The PA Prevailing Wage Act (the Act) mandates that workers on public works construction projects costing over \$25,000 be paid the local "prevailing minimum wage". The problem is that the set wage is typically tied to the local union wage and therefore grossly inflated, burdening local governments and taxpayers with higher costs while providing no real public benefit. The PA Chamber opposes this law because it forces employers to pay workers in excess of what they might voluntarily accept; imposes extensive paperwork and administrative costs; and generally hinders job creation and economic growth.

The harmful effects of the Act are numerous: construction projects scuttled or delayed; significant project cost increases; among others. Local governments and school districts are operating under increasingly restrictive budgets and the prevailing wage mandate is one more obstacle impeding efforts to balance local budgets and improve communities through vital construction projects and infrastructure improvements. The PA Chamber supports abolishing the PA Prevailing Wage Act. Short of a full repeal, we support bills to update and improve the Act, including those which you are scheduled to consider on October 11th.

The PA Chamber supports SB 820, which would set a statewide standard for determining the prevailing wages in each county. The PA Chamber also supports SB 821 to raise the threshold for a project to be subject to the Act to \$200,000; up from the current threshold of \$25,000 that was established nearly 50 years ago. Finally, the PA Chamber supports SB 822, which would exempt from the Act certain road maintenance work, which until a recent court decision, had usually not been subject to the law. This decision has forced many municipalities to curtail regular roadwork.

Thank you for considering the views of the PA Chamber as you review the PA Prevailing Wage Act and these bills that aim to help mitigate the adverse impact of an archaic and increasingly harmful mandate.

Sincerely,

A handwritten signature in black ink that reads "Alex J. Halper". The signature is fluid and cursive, with a large initial "A" and "H".

Alex Halper
Manager, Government Affairs

cc: The Honorable Christine Tartaglione, Democratic Chair