



Construction Company, Inc., General Contractors

Good Morning Chairman Senator Gordner, Senator Alloway and members of the Labor and Industry Committee. Thank you for the opportunity to give our company's input into how The Pennsylvania Prevailing Wage Act as currently written affects our company and our community.

I am John Helman Treasurer and one of the founders of Brechbill & Helman Construction Company Inc. Brechbill & Helman Construction Co. Inc. is a General Building Contractor working in PA, MD, VA, and W Va. Our contracts range from \$200,000 to \$20,000,000. We construct a wide variety of public and private buildings such as schools, offices, hotels, healthcare, manufacturing, and distribution facilities.

Brechbill & Helman Construction Co. Inc. is an ESOP which is an employee stock owned company under Federal regulation. Brechbill & Helman provides benefits of, health insurance, paid vacation, paid holidays, 401K and profit sharing plans to all full time employees. To be as safe as possible on all our jobsites, Brechbill & Helman employ a full time safety director. Our PA Workmen's Comp EMR is .818. Our out of state rate is .810. This means our workforce has fewer injuries than the average construction company.

Over the past forty years we have only performed a small percentage of our work on PA Prevailing Wage projects because we have found the high wage rates to be very disruptive to our corporate harmony.

When assigning some workers to a higher wage prevailing project, there is a natural tendency for the workers working on lower wage private projects to be envious and question management favoritism. Sometimes the lower paid worker is even traveling a longer distance to work. This can occur even if the other project is a Prevailing Wage project in Maryland since the Maryland Prevailing Wage rates are usually lower than PA Prevailing Wage rates.

Sometimes there also is an interpretive mindset of the PA Prevailing Wage Act enforcement personnel who are used to a union trade work separation. This combined with the human nature of the worker's desire for the highest pay increases the risk of a disagreement over what is the correct wage rate to be applied in some circumstances. Our workers are not as limited in the different tasks they perform as union workers are. The categories and wages on present public project wage determinations follow union trades.

Most of our workers are very versatile and will often perform many different tasks on a given day. On our private projects we do not adjust pay rates based on the type of task being performed.

On Prevailing Wage projects there are different wage rates for different types of work performed. This creates more paperwork and the potential for a disagreement between the contractor, the worker and The PA Prevailing wage Act enforcement division over the proper classification. For example a carpenter setting door frames and doors may move the doors and frames to the location, set the frames, hang the doors and clean up the debris. During the same day there may be a need for more manpower at another part of the same jobsite for setting steel or concrete work. There becomes an issue of how to properly separate the labor work from the carpenter, concrete and steel work all of which often have different rates. Given the potential serious danger of the consequence of a violation of the Prevailing Wage Act, the safe thing for the contractor to do is pay the highest rate for any of the tasks performed that day. This of course can result in higher costs to the owner or cost overruns for the contractor.

If the worker is needed on a different private jobsite on the same day, there is the issue of which jobsite the travel time between jobsites is to be charged to since the worker must be paid for the full day. When the wage rates are different, there is the risk of disagreement. If overtime happens to become involved in this same work week the issue is even more complicated and potentially contentious with state and federal regulations involved. The result is the contractor must spend more time and money to assure all decision making staff carefully consider all manpower decisions made on all projects so as to not violate any state or federal regulations. The result of taking on a PA Prevailing Act project complicates the contractor manpower planning on his other private projects and increases his overhead cost.

When deciding which projects to bid on we most often choose private projects or public projects in Maryland Virginia, or West Virginia because of these and other reasons. Virginia for example does not have any Prevailing Wage rates on most public projects. The Maryland rates are usually closer to our pay structure which does not seem to create as much worker discord for those not working on the prevailing wage project.

We believe the PA Prevailing Wage Act as presently written, and enforced, adds significant costs to PA public work projects. The wage rates are most often the union wage rates and do not come close to private wage rates in most of PA. The enforcement approach appears to also be of the union mindset when evaluating the wage to apply to the work performed. The result is less bidders on PA public works projects and a higher cost to the taxpayer.

Our firm bid on a school project in Frederick County, Maryland in February of this year. The project was bid both with Maryland prevailing wage and no wage rate. The Maryland Prevailing wages were significantly lower than most PA Prevailing Wage rates. Even comparing the lower

prevailing rates the cost savings was 15.5%. This means the taxpayers could receive the same project for 15.5% less.

The proposed revisions to the act will begin to correct but will not completely solve these and other problems. The proposed threshold amount while a good start is way too low. The threshold amount should be indexed to inflation on the \$25,000 threshold amount beginning when the present Prevailing Wage Act was enacted. In addition, the present large amount of school construction with inflated wage rate reports will distort the wage survey data for years. Wage data from existing Prevailing Wage projects should be discounted from new determinations for the first two or three years of the new proposed act.

There was a recent article in the local newspaper citing a study that alleges higher wage rates on Prevailing Wage projects result in more productivity, better quality of work and a better safety record. We strongly disagree with these statements which appear to be commissioned by or fabricated by the unions. If these statements were true the unions would be able to compete with lower wage companies on private and public projects without the need for the PA Prevailing Wage Act.

The taxpayers of Pennsylvania would be better served if the PA Prevailing Wage Act were abolished. Taxes could be lower or more projects could be built with the same amount of money in most of Pennsylvania. This would provide better value for the taxpayers of most of the state and create more jobs with the same expenditure.

In closing, I support your proposed Senate Bill's 820, 821, and 822 and thank you and those who have co-sponsored this legislation. Thank you again for the opportunity to provide input. If you have any questions I will do my best to answer them.

John Helman

Treasurer

Brechbill & Helman Construction Co. Inc