

Prevailing Wage Hearing

Chambersburg Area School District

Administration Building

Stanley Avenue

Chambersburg, PA

Tuesday, October 11, 2011

Presented by;

Samuel Cressler, Representing...

Franklin County COG

Members of the House Labor and Industry Committee...

Thank you for giving me the opportunity to discuss this important issue of allowing local municipalities, school districts, authorities and all public entities to best manage our financial resources to get the most return for our taxpayers.

I am talking about Prevailing Wage Laws here in Pennsylvania.

My name is Samuel Cressler, I am a township supervisor in Southampton Township/ Franklin County. I am here today as Vice-Chairman of the Franklin County Council of Governments.

This is an issue that is widely concerning all of us that have to explain to our constituents why every government funded project in Pennsylvania, whether it be a new school, municipal building, bridge or even a resurfacing project is inflated in costs and in many cases the work is done by workers and companies that don't have any vested interest in the community.

We strive to get the most return for our taxpayers, providing the best quality and end product for our citizens as possible.

I have brought with me for your deliberation two examples and one income example.

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The first example is a paving job in **Greene Township/ Franklin County** that was bid immediately before the Youngwood Ruling and of course had to be rebid immediately after.

We have not included any administrative costs burdened with that decision.

These bids were in June and August of 2008. Remember paving jobs are material intensive and labor costs are a much smaller portion of the project.

Taking into account the change in the asphalt index, which did change in that time frame, prevailing wage alone increased the cost per day by \$6,639.46 and increased the cost per mile of this maintenance project by \$9,984.01.

There was no change on quality or effectiveness of this project.

I have a copy of an invoice from the **Chambersburg School District**. This invoice clearly demonstrates the lunacy and waste of the current law.

In this billing it has three job categories both prevailing wage and non prevailing wage. For a total of six billing categories all for the same individual, working on the same job site performing the same duties. It depends on which way they turn and how they bend or which tool they pickup to determine which rate applies.

Again I am not including in this discussion the additional administration costs to follow this one person let alone follow an entire project.

These technician positions receive compensation for their work at \$25.00/ Hour when doing non-prevailing wage work and \$42.00/ Hour when doing the prevailing wage work.

The same work is 40% higher just because it triggers this archaic law.

This is why an \$8 Million Dollar Job quickly becomes a \$10/ \$12 Million Dollar Job with no changes in quality or usefulness to the general public.

We will be submitting a few more projects and the empirical data showing the addition costs directly contributed by the current Prevailing Wage Law. I apologize for forwarding this information after the submission deadline and we will not discuss them at this hearing but we are working with contractors that need some additional time to drill down to the exact additional labor costs for the same work.

These savings in dollars could be better used or better yet, saved from being spent to help keep our budgets in line with what the people expect tax dollars to be.

Prevailing Wage – is defined as the hourly wage, usual benefits and overtime, paid to the majority of workers, laborers, and mechanics within a particular area.

I have included with this testimony two illustrations. The first is a map of Pennsylvania pinpointing the 25 Counties that on the next graph show the 2009 median household incomes as per the US Census.

As this graph clearly demonstrates, the living wage that we are striving to protect for our workers is very different from one part of the state to another. We have a difference of median household incomes ranging from \$81,380 in Chester County to \$35,260 in Fayette County.

By using one general set of wage rates for the entire state severely punishes those citizens that don't share in the higher median incomes.

We consider our constituents to be both the **Stockholders** and **Customers** of our entities.

They are stockholders in that they require and expect us as management to provide services and infrastructure at the most economical costs.

They are customers in that they expect a certain level of quality service and responsiveness from us.

To successfully provide these sometimes conflicting benefits to both the stockholder and customer is only hampered by obsolete and outdated rules and regulations mandated and handed down from above.

Our starting position is of course to free us of the chains that hold us down with this current Prevailing Wage Law.

We know that there are a number of Senate and House Bills introduced to soften the negative impact of these mandates and we also understand that the Secretary herself can implement more favorable determinations for the taxpayers of what is and is not a prevailing wage job.

I am making it clear that this issue is about cost savings and budget control. Some would have you believe this issue is about something else.

I want to dispel the myth that this prevailing wage issue is all about union busting. That simply is not the case.

I firmly believe that the issue of union, collective bargaining or open employment has no bearing on the governmental bidding or building process. We at this level of government shall have no opinion on how a worker wants to address their employment relationships.

Another concern that keeps rising to the surface is quality. With the introduction of the building code in the State of Pennsylvania arguing that prevailing wage somehow effects quality is no longer relevant.

I am here today to ask you to put forth your recommendation to eliminate the Prevailing Wage Law altogether in Pennsylvania. As I mentioned in our examples there is no way to document the additional administration and auditing costs incurred by tracking every movement of every employee on a job site.

Certainly it is critical to at the very least, index the original threshold determined back in 1961 and carry that into the future, institute a county wage rate, as demonstrated in the attached illustrations, and allow maintenance and repair projects to be done in a fiducially sound manner without prevailing wage worries.

Allowing governmental entities to award their projects to companies that are familiar with the local market and employ local residents to help keep the tax dollars in the local economy is only a (BMP) Best Management Practice for the long term health of the community. In many cases the Prevailing Wage Law only inhibits this goal.

Again thank you for allowing me this time to speak with you on this important issue. We would be happy to elaborate on the importance of this issue in maintaining a strong and economical government that all the people can afford. Mr. Christopher and I are available to discuss this topic at your convenience.

EXAMPLE #1

TABULATION OF SEALED BIDS RECEIVED

FOR

*Wm
517*

2008 ROAD PAVING

<u>Bidder's Name</u>	<u>Total Bid</u> (5,995 Ton - 9.5 MM Superpave 2" Depth - ESAL 0 to .3)
Fayetteville Contractors, Inc.	\$82.45 / ton \$494,287.75 Total
Valley Quarries, Inc.	\$76.05 / ton \$455,919.75 Total

PRE - YOUNGWOOD

On a motion by Todd E. Burns, seconded by Glenn O. Shetter, and by a vote of 2-0, the Board unanimously voted to award the contract for **2008 Road Paving**, consisting of 5,995 ton 9.5 MM Superpave 2" Depth (ESAL 0 to .3) to the apparent low bidder, Valley Quarries, Inc., at their stated bid price of \$76.05 per ton for a total of \$455,919.75.

EXAMPLE #1

TABULATION OF SEALED BIDS RECEIVED

FOR

RE-BID - 2008 ROAD PAVING

Tuesday, August 12, 2008 - 7:00 P.M.

INDEX
834
16 ^{oz} / Ton

CHANGE OF INDEX

<u>Bidder's Name</u>	<u>Total Bid</u> (5,995 Ton - 9.5 MM Superpave 2" Depth - ESAL 0 to .3)
Fayetteville Contractors, Inc.	\$100.30 / Ton \$601,298.50 / TOTAL
Valley Quarries, Inc.	\$96.48 / Ton \$578,397.60 / TOTAL

POST - TOWNSHIP

On a motion by Todd E. Burns, seconded by Glenn O. Shetter, and by a vote of 3-0, the Board unanimously voted that Valley Quarries, Inc. be awarded the **Re-bid for 2008 Road Paving** for approximate quantity of 5,995 ton of 9.5 MM Superpave, 2" Depth, ESAL 0 to .3, at their total bid price of \$578,397.60.

EXAMPLE #2

P0121554
Complete

All Testing Services, Inc.

All Testing Services, Inc.
1912 D Philadelphia Ave
Chambersburg, PA 17201

(717)263-2527
prock@alltestingservices.com

Invoice

09/02/2011	315
Net 30	10/02/2011

Chambersburg Area School District
482 S Main St
Chambersburg, PA 17201

Franklin Co Career /Tech	132
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Date	Description	Rate	Hours	Amount	Total
07/28/2011	Proctor - 1 Shale and 2 Off Site Material (including gradation, atterberg limits, specific gravity and classification)		3	300.00	900.00
07/28/2011	Prevailing Wage Compaction/Bearing		1	42.00	42.00
07/28/2011	Non Prevailing Wage Technician		1.5	25.00	37.50
07/29/2011	Prevailing Wage Compaction/Bearing		1	42.00	42.00
08/01/2011	Prevailing Wage Compaction/Bearing		1	42.00	42.00
08/01/2011	Non Prevailing Wage Technician		1	25.00	25.00
08/02/2011	Prevailing Wage Compaction/Bearing		1	42.00	42.00
08/02/2011	Non Prevailing Wage Technician		1	25.00	25.00
08/05/2011	Prevailing Wage Compaction/Bearing		5	42.00	210.00
08/05/2011	Non Prevailing Wage Technician		2	25.00	50.00
08/08/2011	Non Prevailing Wage Technician		8	25.00	200.00
08/09/2011	Non Prevailing Wage Technician		4	25.00	100.00
08/10/2011	Non Prevailing Wage Technician		8	25.00	200.00
08/11/2011	Prevailing Wage Technician Compaction/Bearing		4	42.00	168.00
08/11/2011	Non Prevailing Wage Technician		4	25.00	100.00
08/12/2011	Prevailing Wage Technician Compaction/Bearing		5	42.00	210.00
08/12/2011	Non Prevailing Wage Technician		3	25.00	75.00
08/15/2011	Prevailing Wage Technician Compaction/Bearing		3	42.00	126.00
08/16/2011	Prevailing Wage Technician Compaction/Bearing		4	42.00	168.00
08/16/2011	Non Prevailing Wage Technician		3.5	25.00	87.50
08/17/2011	Prevailing Wage Compaction/Bearing		2.5	42.00	105.00
08/17/2011	Non Prevailing Wage Technician		5.5	25.00	137.50
08/18/2011	Prevailing Wage Technician		1.5	42.00	63.00
08/18/2011	Non Prevailing Wage Technician		6.5	25.00	162.50
08/19/2011	Prevailing Wage Compaction/Bearing		3.5	42.00	147.00
08/19/2011	Non Prevailing Wage Technician		4.5	25.00	112.50
08/22/2011	Prevailing Wage Compaction/Bearing		3	42.00	126.00
08/22/2011	Non Prevailing Wage Technician		5	25.00	125.00

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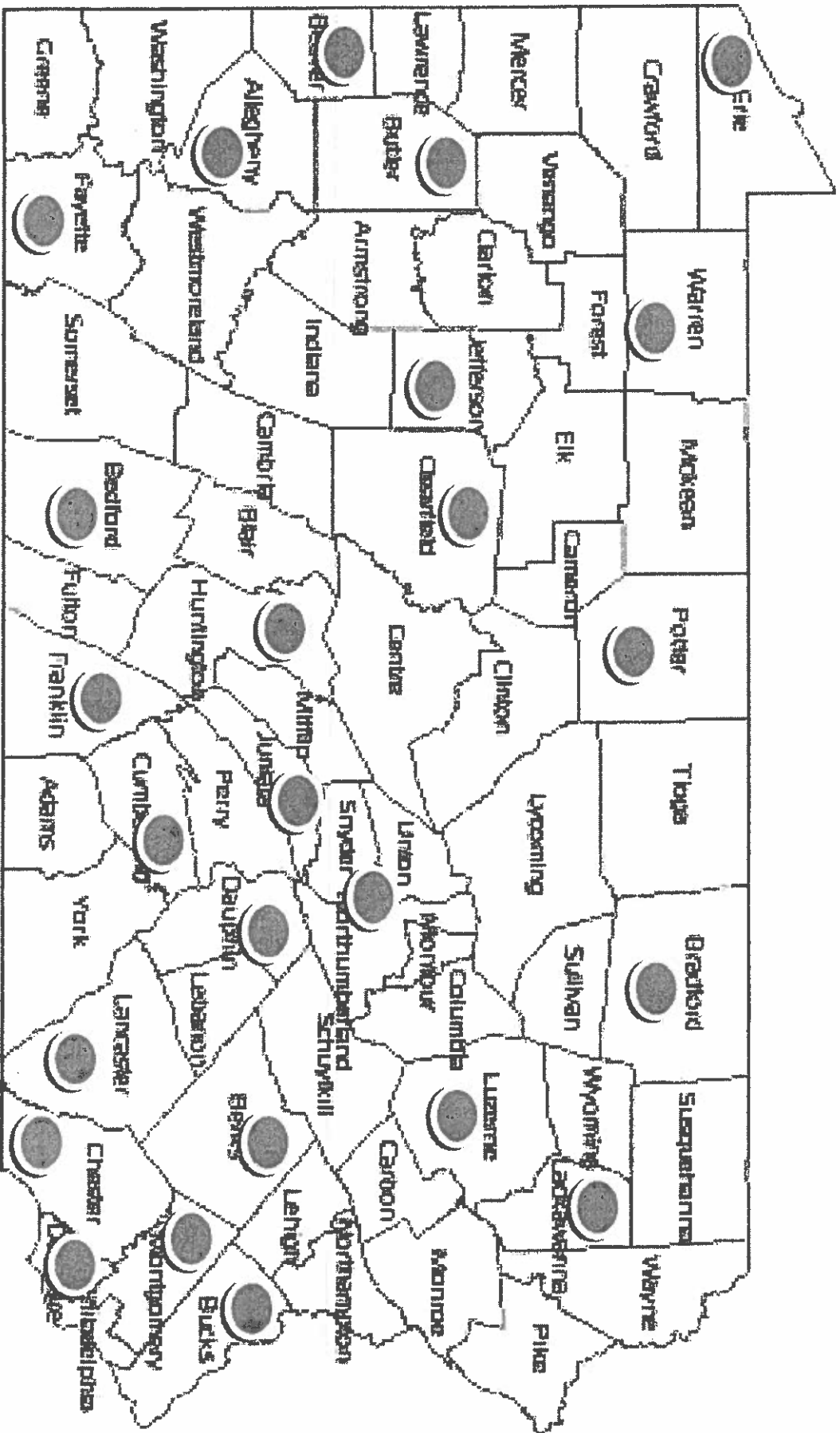
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SEP 21 2011

08/23/2011	Prevailing Wage Compaction/Bearing	3	42.00	126.00
08/23/2011	Non Prevailing Wage Technician	5	25.00	125.00
08/24/2011	Prevailing Wage Compaction/Bearing	3.5	42.00	147.00
08/24/2011	Non Prevailing Wage Technician	4.5	25.00	112.50
08/25/2011	Prevailing Wage Compaction/Bearing	2.5	25.00	62.50
08/25/2011	Non Prevailing Wage Technician	5.5	42.00	231.00
08/26/2011	Prevailing Wage Concrete	1.5	57.00	85.50
08/26/2011	Prevailing Wage Compaction/Bearing	1.5	42.00	63.00
08/26/2011	Non Prevailing Wage Technician	5	25.00	125.00
08/29/2011	Prevailing Wage Compaction/Bearing	4	42.00	168.00
08/29/2011	Prevailing Wage Concrete	1.5	57.00	85.50
08/29/2011	Non Prevailing Wage Technician	2.5	25.00	62.50
08/30/2011	Prevailing Wage Compaction/Bearing	4	42.00	168.00
08/30/2011	Prevailing Wage Concrete	1.5	57.00	85.50
08/30/2011	Non Prevailing Wage Technician	2.5	25.00	62.50
08/31/2011	Prevailing Wage Compaction/Bearing	3	42.00	126.00
08/31/2011	Prevailing Wage Concrete	1.5	57.00	85.50
08/31/2011	Non Prevailing Wage Technician	3.5	25.00	87.50
09/01/2011	Prevailing Wage Compaction/Bearing	4	42.00	168.00
09/01/2011	Prevailing Wage Concrete	1.5	57.00	85.50
09/01/2011	Non Prevailing Wage Technician	4	25.00	100.00
09/02/2011	Prevailing Wage Compaction/Bearing	3	42.00	126.00
09/02/2011	Prevailing Wage Concrete	3	57.00	171.00
09/02/2011	Non Prevailing Wage Technician	2	25.00	50.00

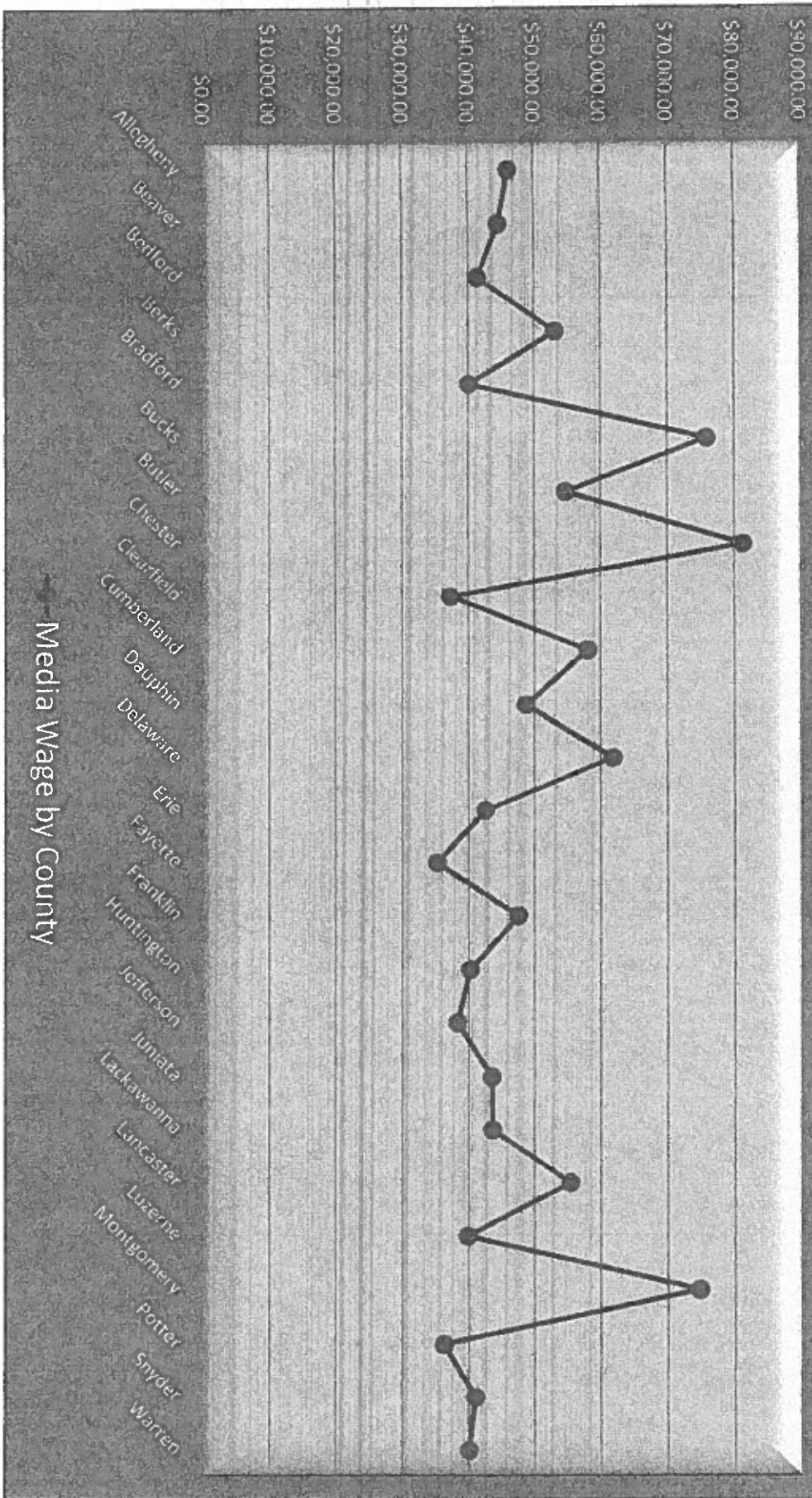
9/12/11 OK
KDW

CMS CONSTRUCTION
INSPECTIONS +
TESTING

Pennsylvania



US Census Media Household Income (2009)



Media Wage by County

County	Median Household Income (2009)
Allegheny	\$46,212.00
Beaver	\$44,557.00
Bedford	\$41,449.00
Berks	\$53,239.00
Bradford	\$40,172.00
Bucks	\$75,895.00
Butler	\$54,803.00
Chester	\$81,380.00
Clearfield	\$37,330.00
Cumberland	\$58,116.00
Dauphin	\$48,792.00
Delaware	\$61,848.00
Erie	\$42,635.00
Fayette	\$35,260.00
Franklin	\$47,611.00
Huntington	\$40,322.00
Jefferson	\$38,364.00
Juniata	\$43,604.00
Lackawanna	\$43,715.00
Lancaster	\$55,504.00
Luzerne	\$39,984.00
Montgomery	\$74,819.00
Potter	\$36,349.00
Snyder	\$41,133.00
Warren	\$40,139.00