



Issue brief

Prevailing Wage

Pennsylvania's prevailing wage law, enacted in 1961, requires that workers on public projects costing \$25,000 or more be paid a state-determined minimum rate, which is typically the local union wage. This number is often grossly inflated, paying workers far above what they would otherwise accept and burdening employers and taxpayers with higher costs.

The PA Chamber has long opposed this law not only because it mandates that employers pay higher wages than what the market might dictate; but because it can add significantly to the cost of public construction projects. Legislation is being considered that would address questions that have never been answered by the 50-year-old law—how should the prevailing wage rate be determined, and how are certain prevailing wage jobs defined and classified?

What current legislation addresses prevailing wage?

Several bills are under consideration that would reform Pennsylvania's prevailing wage law, including:

[House Bill 1271](#) would exempt from current law certain road maintenance work, which until a recent court decision, had not been subject to the law. This bill would go a long way toward easing the burden on local governments, many of which have been forced to curtail or completely cancel regular road maintenance work because they cannot afford the inflated wages that result from the prevailing wage mandate.

[House Bill 1367](#) would direct that a prevailing wage rate be determined on a county-to-county basis using occupational wage data already compiled by the Labor Department's Center of Workforce Information and Analysis.

[House Bill 1685](#) would provide clear worker definitions and craft classifications using a prevailing wage handbook that is published by the Federal Bureau of Labor Statistics and referenced by contractors. Clear definitions don't currently exist and harsh penalties have resulted for employers for unintentionally failing to comply with the law, which is confusing and has not been consistently interpreted.

How would these bills improve the Commonwealth's prevailing wage law?

Pennsylvania's prevailing wage law burdens employers and taxpayers with inflated public construction costs that may negate the economic benefits of such projects. Short of a full repeal of the law, the PA Chamber supports H.B.s 1367 and 1685—and other prevailing wage reform measures—because they would streamline the process of determining wage rates and provide long overdue definitions of the jobs to which the prevailing wage mandate applies.

PA Chamber position: *Support prevailing wage reform*

GOVERNMENT AFFAIRS DEPARTMENT

GENE BARR

President and CEO

Phone: 717 720-5469

Email: gbarr@pachamber.org

SAM DENISCO

Vice President,

Government Affairs

Phone: 717 720-5580

Email: sdenisco@pachamber.org

ALEX HALPER

Manager, Government Affairs

Phone: 717 720-5471

Email: ahalper@pachamber.org

ALISHA WELLS

Manager, Government Affairs

Phone: 717 720-5431

Email: awells@pachamber.org