



On behalf of Pennsylvania's local government associations, we write to express our **opposition to SB 908** which would reform Pennsylvania's Prevailing Wage Act and ask Senate Labor and Industry members to vote in opposition of the legislation.

Under the Prevailing Wage Act, prevailing wages must be paid on public projects of more than \$25,000, an amount which has not been updated since the 1960s, and quite frankly, now captures virtually all public construction projects across the commonwealth. Specifically, SB 908 expands the definition of *public works* in the Prevailing Wage Act to include custom fabrication and HVAC duct cleaning. Additionally, the bill prevents the practice of utilizing split rates paid to a worker on a public project. However, this bill fails to address a longstanding concern for local governments, which is the outdated threshold for paying prevailing wages under the act.

Prevailing wage requirements can increase the cost of many middle-range projects, such as construction of prisons, courthouses, schools, and other vital infrastructure, generally by 10 to 15 percent depending on the region in which the project is being done. Some local governments have reported even higher cost increases, upward of 20 to 30 percent in some rural areas, since prevailing wages are typically based on metropolitan areas where costs and wages are comparatively higher. Expanding the scope of a public project under the Prevailing Wage Act to include custom fabrication off-site further compounds the existing struggles local governments have in stretching limited tax dollars on critical public projects. For local governments today, finding enough revenue to provide basic services is challenging enough. Adding another 10 or 15 percent estimated cost to some projects because they require prevailing wages, means some simply will not get done.

In these difficult budgetary times, all levels of government are looking for ways to use limited resources to provide the maximum impact. However, outdated statutory provisions like those in the Prevailing Wage Act create additional costs for local governments and divert taxpayer dollars from their most effective uses such as mental health services, education, public safety, and other essential services.

The approach the legislature should take in addressing the Prevailing Wage Act should start with a long-overdue discussion around increasing the prevailing wage threshold, which has not been increased since the act was implemented over 60 years ago. Increasing the Prevailing Wage Act threshold is a top priority for local governments, and we stand ready to work together with committee members and the General Assembly to finally address this longstanding concern for local governments across Pennsylvania.

Thank you for your consideration of this request. Please contact us if you have questions or need additional information.