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***PENNSYLVANIA HOUSE OF REPRESENTATIVE'S LABOR & INDUSTRY
COMMITTEE TESTIMONY***

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Thank you Mr. Chairman and members of the Pennsylvania House of Representatives Labor & Industry Committee for the opportunity to speak with you today in support of House Bills 1367 and 1685. The Pennsylvania Council of General Contractors (PennCGC) believes in the principles of fair, efficient, and competitive construction (bidding, awarding, and building). This morning the PennCGC is submitting testimony in support for House Bills 1367 and House Bills 1685. To accurately convey our support for these two bills, I wish to look at each bill separately.

House Bill 1367: The intent of House Bill 1367 shall enable Pennsylvania's Occupational Wages to set the prevailing wage for public construction throughout the Commonwealth. The dictionary defines the term "prevailing" as: dominant; prevalent; common; and yet, in Pennsylvania's public works arena, the construction prevailing wages are set at the ceiling – the highest level. This ceiling wage is currently set by the nearest union's negotiated wage – even if there are no union locals in a respective county. It has become commonplace to set the prevailing wage at this ceiling level and expect all companies to use this wage in their bidding procedures. A ceiling wage is not a prevalent or common wage.

Pennsylvania's Occupational Wages are collected by the Pennsylvania Department of Labor & Industry for **ALL** occupations: teachers, truck drivers, physicians, construction workers, etc. It is collected in a non-partisan, unbiased manner. Their collections truly reflect the mean and median

wages for ALL occupations. These wages are the common and prevalent wage for each respective county in Pennsylvania. The occupational wages determined by the department reflect the true intention of this 50 year old act.

Some supporters of prevailing wages advocate using surveys on private and public construction work to determine the prevailing wage. In the past, attempts to use this “survey concept” have resulted

1. Privacy issues regarding employees’ private information
2. Lawsuits filed by both labor and businesses
3. Misleading data
4. and consequently, boycotts from contractors

If the occupational wages are used, then there is no need for a survey. The occupational wages is a survey already being completed so there is no additional cost to the taxpayers. The Department of Labor & Industry already collects the prevalent and common wage for ALL occupations on a county by county basis in a non-partisan, unbiased manner – free from privacy issues, lawsuits, and misleading information. It is time to make the prevailing wage in Pennsylvania the true intent of the lawmakers who wrote and passed the bill 50 years ago – a prevalent, common wage for each respective county.

House Bill 1685: House Bill 1685 develops a standard set of job responsibilities for public construction enforced consistently throughout the state. Currently, prevailing wage job responsibilities (the work a laborer does vs. the work an electrician does) are enforced using regional union trade agreements between a union local, the union contractors, and the other union locals in other trades. These agreements are confidential and available to only the contractors who work

under a collective bargaining agreement and building trade local unions who negotiate the work rules between each other.

Here is the reality:

1. If you are contractor who is not signatory to a collective bargaining agreement you cannot see the work rules. If you cannot see the work rules, you have to guess. If you guess wrong, you are penalized by Labor & Industry.
2. If you are an employee who chooses not to work for a union, you cannot see the work rules. If you cannot see the work rules, you have to guess. If you guess wrong, you are penalized by Labor & Industry.

Compounding the problem, the prevailing wage enforcement officers make their judgments independently; they do not have to consult with each other or match decisions statewide; nor do they have to be consistent. This hinders contractors who wish to work in other areas of the state, because they have to “once again” guess the work rules that are secretive and subjective to interpretation.

In addition, contractors and employees who choose not to be signatory to a collective bargaining agreement are also penalized because of their multi-tasking abilities to work on public work sites. In collective bargaining work, the work rules between the different trades are clearly defined between themselves. The workers only work on their regulated tasks. Without enforceable job responsibilities made public in the beginning of the bidding process, contractors and their employees have to guess the trade pay rate for work performed. If they guess wrong as interpreted by the prevailing wage investigator, the contractor is penalized.

House Bill 1685 will create standard set of job responsibilities for public work consistent throughout the state. Then ALL contractors and their employees know the rules and the regulations. Plus, the prevailing wage enforcement officers can enforce the prevailing wage consistently.

For years, we have heard accusations of companies evading prevailing wage to win work. Previous administrations have collected millions of dollars in penalties to create the impression of tough enforcement. This is neither an appropriate use of oversight, nor a constructive use of public and private resources. There are also statements that the prevailing wage job requirements are on the Labor & Industry website. This website has vague information, varies from county to county, and is not used by the prevailing wage enforcement officers. House Bill 1685 will create reliable standards for the bidding, working, and consist in the enforcement by Labor & Industry.

House Bills 1367 and 1685 will restore the true purpose of Pennsylvania's Prevailing Wage Act. ALL contractors will work under the same rules and regulations. There will be a fair and even playing field in public construction. Every contractor and employee will know their responsibilities, will be paid accordingly, and will have confidence their good faith decisions will not be capriciously overturned.

I wish to once again thank the committee for the opportunity to present my testimony before you today.

Respectfully Submitted,

Hank Butler; PennCGC