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August 8, 2011

The Honorable Ron Miller, Chairman
PA House Labor and Industry Committee
115 Ryan Office Building
Harrisburg, PA 17120-2093

Dear Chairman Miller:

I write on behalf of the Pennsylvania Chamber of Business and Industry to express support for two bills which amend the PA Prevailing Wage Act and will be the subject of a House Labor and Industry Committee public hearing on August 10, 2011.

The PA Prevailing Wage Act mandates that workers on public works construction projects costing over \$25,000 be paid no less than the local "prevailing minimum wage". The problem is that more often than not the set wage is grossly inflated, burdening local governments and taxpayers with higher costs while providing no real public benefit. The PA Chamber opposes this law because it forces employers to pay workers in excess of what they might voluntarily accept; imposes extensive paperwork and significant administrative costs on employers; and generally hinders job creation and economic growth.

The harmful effects of prevailing wage are numerous: construction projects scuttled or delayed; costs increased by as much as 30 percent; benefits of economic development programs negated, among others. Local governments and school districts are operating under increasingly restrictive budgets and the prevailing wage mandate is one more obstacle impeding efforts to balance local budgets and improve communities through vital infrastructure and construction projects. The PA Chamber supports abolishing the PA Prevailing Wage Act. Short of full repeal, we support bills introduced to reform prevailing wage.

The PA Chamber supports HB 1367, which directs the Department of Labor and Industry to set the prevailing wage rate for each county based on data already compiled by the Department's Center for Workforce Information and Analysis. This commonsense measure will bring some rationality to the process by which prevailing wages are determined so that pay is actually commensurate with the local rate. The PA Chamber also supports HB 1685, which directs the Department to adopt classifications and definitions for jobs subject to prevailing wage. No such guidance currently exists, which creates confusion for contractors who face stiff penalties for any violation.

The PA Chamber supports these efforts to help mitigate the adverse impact of the prevailing wage mandate. We urge the committee to consider these bills when the House returns to session. Thank you.

Sincerely,

Alex Halper
Manager, Government Affairs

cc: Chairman Bill Keller