

The Way **We See It**

Government Affairs editorial supports municipalities

Imagine if your wages were set artificially high by the government. What if it didn't matter how much experience you had or how well you did your job, you would still get paid that governmentally set wage?

Dream no more folks, because if you are in the construction industry and work on public projects in Pennsylvania, the Prevailing Wage Act already mandates your wages are at least a certain rate based on your trade. This includes projects such as the roads and bridges you drive on, the schools you send your children to, and the new sewer plant down the street. All of these projects are required to pay the prevailing wage as set by the Pennsylvania Department of Labor & Industry.

Over the last fifty years, the official prevailing wages have not accurately reflected the market wage in each county. In fact, PSAB recently released a survey of these wages compared with market wages in each county and found the prevailing wage exceeded the market wage between 30 to 75 percent. The net effect of this state mandate on public construction can be an additional cost of up to 15 percent of the total project.

Nowhere else is the pain felt more than municipal road construction and maintenance budgets. Municipalities are charged



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with the upkeep of about 77,000 road miles, so every penny is vital. The prevailing wage law hampers the efforts of municipalities to “do more with less” because they are forced to work under an outdated law that hasn't been updated in fifty years.

A few years ago, the Pennsylvania Supreme Court mandated that all municipalities must use prevailing wages on road resurfacing projects. For years these projects were considered maintenance, which did not require prevailing wage. The court decision required municipalities to rebid the projects using prevailing wage and the comparisons proved the mandate

increased road construction costs. Results of the rebid road projects revealed increased costs as high as 28 percent.

With declining revenues from our gas tax and increasing costs of materials, municipalities cannot afford to provide safe, quality roads and other infrastructure with mandates that artificially increase costs. Unless members of the General Assembly update this archaic law, taxpayers will continue to be shortchanged with fewer local roads resurfaced each year. **(B)**

Ron Grutza, PSAB Assistant Director of Government Affairs, contributed this opinion to the Reading Eagle's Business Weekly.