



Pennsylvania Association of School Business Officials

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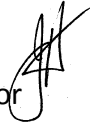
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TO: Members of the Pennsylvania House of Representatives

FROM: Jay Himes, CAE
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SUBJECT: Support House Bills 709 (Kampf) and 1191 (Marsico)

DATE: October 17, 2011

Reform of the state's Prevailing Wage Act is a critical mandate relief initiative for schools and other local governments across the state. The Pennsylvania Association of School Business Officials (PASBO) maintains that the state's Prevailing Wage Act is a mandate of the worst case: it has outlived its original intent; it adds unnecessary costs to school districts and taxpayers; it prohibits local discretion; and it stifles competition by creating artificial market conditions. For the costs prevailing wage requirements exact, there is no corresponding benefit to justify continuation of this public policy. House Bills 709 (Kampf) and 1191 (Marsico), which were voted favorably from the House Labor and Industry Committee on October 3rd, would provide school districts with much needed legislative relief on prevailing wage requirements, and will have a significant impact on school budgets and a corresponding impact on taxpayers.

Construction and construction-related expenses consume considerable resources in school budgets. The *Journal of Education Finance* examined the effect of prevailing wage laws on the cost of school construction projects, finding that schools pay over 10% more in labor costs compared to private sector wages for all labor classifications (Bilginsoy & Phillips, 2000). Pennsylvania school districts spent over \$7 billion on school construction and renovation projects over the last 10 years. Over \$700 million in taxpayer dollars went to paying prevailing wages on these projects, money school districts would have otherwise had to use in the classroom or could have remained in the hands of Pennsylvania's taxpayers.

PASBO urges the House of Representatives to act swiftly and send House Bills 709 (Kampf) and 1191 (Marsico) to the Senate for its consideration. Creating an "opt-in" process by resolution or ordinance would allow school districts/taxpayers to decide whether to pay contractors a prevailing wage if the school board or taxpayers wishes to do so, providing school districts with the greatest amount of flexibility relative to prevailing wage requirements. Please act now to allow local action to reduce school construction costs.