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House of Representatives  
Commonwealth of Pennsylvania  
Harrisburg

MEMORANDUM

**DATE:** March 22, 2011  
**TO:** All House Members  
**FROM:** Representative Fred Keller *FBK*  
**SUBJECT:** Legislation to Raise the Threshold of the Prevailing Wage Act

I plan to introduce, in the near future, legislation to raise the threshold of the Prevailing Wage Act from \$25,000 to \$185,000. This legislation also establishes an automatic COLA to ensure that the threshold is adjusted upward every year. This law was enacted in 1961 with its current \$25,000 threshold; public projects whose costs are under this amount are not subject to the act's requirements. I believe that the current threshold is archaic (over 48 years old) and needs to be adjusted for inflation, which equates to approximately \$185,000.

It is important to note that the Prevailing Wage Act establishes "prevailing" minimum wage rates that must be paid on public construction projects; the rates established under the act often reflect union wage rates and may not be representative of the actual wage rates paid on most private sector construction projects in a municipality. The requirement for higher wage rates on public construction projects can elevate the costs of such projects anywhere from 10%-20%.

I firmly believe that adjusting the threshold for inflation makes common sense and will relieve our municipalities/school districts from Prevailing Wage Act mandates for work on relatively small projects. This legislation is strongly supported by the Pennsylvania State Association of Township Supervisors, Pennsylvania State Association of Boroughs, Pennsylvania School Boards Association, and other local government organizations. Please contact Sharon Jones at 787-3443 or by e-mail at [sjones@pahousegop.com](mailto:sjones@pahousegop.com), if you wish to cosponsor this legislation.