

**NEWBURG BOROUGH
CUMBERLAND COUNTY, PENNSYLVANIA**

RESOLUTION 2019-08

**A RESOLUTION IN SUPPORT OF
AMENDING THE PREVAILING WAGE LAW**

WHEREAS current Pennsylvania law requires that the prevailing wage be paid by contractors on any borough, municipal, or school project over \$25,000, an amount set in 1961;

WHEREAS the Newburg Borough Council finds, based on contractor's estimates, that the effect of this law results in making simple projects and almost any building maintenance 20-40% more costly, results in deferral of needed work, and prevents the Borough from hiring local contractors to do the needed work;

WHEREAS the Pennsylvania State Association of Boroughs compared prevailing wage rates across the Commonwealth's 67 counties and found they exceed market wages by 30-75%;

WHEREAS according to the U.S. Census and wage data, PA state and local governments spend more than \$10 billion on construction. Prevailing wage raises the total cost of construction projects by 20% on average, resulting in \$2 billion in extra costs for PA taxpayers each year;

WHEREAS school districts spent more than \$2 billion on construction in 2008-09. Allowing schools to opt out could save \$400 million per year in property taxes for Pennsylvania residents;

WHEREAS indexing the \$25,000 established in 1961 to 2014 dollars would increase the threshold to approximately \$197,939.80, and allow much more work to be done with available tax dollars, grant funding, and municipal resources;

WHEREAS allowing municipalities and schools to opt out or be exempt from prevailing wage law would allow more and larger projects to be done, including reduction of blight, maintenance and improvement of buildings, community parks and amenities when needed before conditions deteriorate resulting in still higher costs; and,

WHEREAS reducing the projects to the Prevailing Wage Act, would put contractors to work, improve communities and allow taxpayer dollars to be used much more efficiently;

NOW THEREFORE be it resolved, that the Newburg Borough Council urges the Pennsylvania State Legislature to enact an amendment to:

Increase the \$25,000 threshold at which the prevailing wage law currently applies to \$200,000 and adjust for inflation in future years.

Alternatively allow local governments and school districts to opt out of or be exempt from prevailing wage law requirements.

This Resolution is hereby **ADOPTED AND APPROVED** by the Newburg Borough on this 20th day of May, 2019.

NEWBURG BOROUGH:

BY:



NATHAN SHOEMAKER, PRESIDENT

ATTEST:



SARA RHINE, SECRETARY