

Re: Inclusion of Offsite Custom Fabrication in PA Prevailing Wage Law & Combatting Worker Misclassification

By: Geoff Foringer, Business Representative, Sheet Metal Workers LU #12
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Senator Miller, members of the committee, thank you for the opportunity to speak today.

I am here to testify on two urgent and interrelated issues impacting Pennsylvania's construction industry:

1. The need to include **offsite custom fabrication** under the state's **prevailing wage laws**, and
2. The widespread and harmful practice of **worker misclassification** in our industry.

Offsite Custom Fabrication Must Be Covered

Offsite custom fabrication—such as ductwork, piping systems, electrical systems, and structural steel—has become increasingly common on public works projects. These components are essential to the final construction and are often fabricated specifically and exclusively for a particular project.

However, because this work is performed offsite, it is not currently covered by Pennsylvania's prevailing wage law. This creates a loophole that allows contractors to pay these skilled tradespeople below the prevailing rate—even though they are performing critical, project-specific labor tied directly to a public contract funded by taxpayer dollars.

This is not only unfair to the workers, but it also undercuts local contractors who play by the rules.

Other states—like New York, Illinois, Delaware, and New Jersey—have taken steps to close this loophole by extending prevailing wage protections to offsite fabrication that is custom, project-specific, and delivered directly to the job site. Pennsylvania must do the same.

The Real Cost of Worker Misclassification

The second issue is **worker misclassification**, particularly the mislabeling of employees as independent contractors to avoid paying prevailing wages, payroll taxes, benefits, and workers' compensation. This illegal practice:

- **Denies workers fair pay and protections**
- **Undermines law-abiding contractors**
- **Costs the state millions in lost tax revenue**

According to multiple studies, misclassification in the construction industry is **systemic and growing**, especially on projects where enforcement is weak or the rules are unclear.

Misclassified workers have no access to unemployment insurance, no health coverage, and no retirement security. Many of them are immigrants or workers with limited options, vulnerable to exploitation.

We must increase enforcement, increase penalties, and most importantly—**close the loopholes that allow contractors to skirt the law** through offsite production or sham subcontracting arrangements.

What We're Asking

We are urging the Pennsylvania Legislature to:

1. Amend the **PA Prevailing Wage Act** to explicitly include offsite custom fabrication for public works projects.
2. Strengthen oversight and enforcement against worker misclassification.
3. Provide clear definitions and guidelines so that no contractor can undercut their competitors by cutting corners on labor standards.

This is not just a labor issue. It is a taxpayer issue. It is a fairness issue. And it is a matter of ensuring the quality and safety of public construction.

Let us protect skilled workers. Let us uphold fair competition. And let us make sure our laws reflect the realities of the modern construction industry.

Thank you for your time and your commitment to Pennsylvania's workforce.