

Testimony for PA State Senate Democratic Policy Hearing, Pittsburgh, PA

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Good afternoon, Chair Miller and members of the committee. My name is Todd Farally, Political and Legislative Director for Sheet Metal Workers' Local 19. My Local union represents thousands of skilled workers who dedicate their craft to building and maintaining buildings throughout Pennsylvania.

I are here today to advocate for the inclusion of Custom Fabrication under Pennsylvania's Prevailing Wage Act, a long-overdue correction to a loophole that has persisted since the Act's inception in 1961.

The Origins and Intent of the Pennsylvania Prevailing Wage Act

When the Prevailing Wage Act was established in 1961, it was designed with a clear purpose: to protect local contractors, workers, and the Commonwealth itself from the dangers of cheap, underregulated labor that undermined quality, safety, and fair wages. At its core, the Act set local wage standards for public projects, ensuring that contractors bid on a level playing field and that workers received family-sustaining wages. It was a Republican-led bill, backed by Pennsylvania contractors, to prevent out-of-state competitors from undercutting local businesses by exploiting low-wage labor.

The Loophole in the Law

However, the Act only applies to work performed directly on-site. For over 60 years, a significant portion of labor—Custom Fabrication work completed offsite—has been excluded from these protections. This omission has left thousands of skilled workers fabricating project-specific components like HVAC duct systems, plumbing assemblies, electrical units, and more, without the prevailing wage they deserve. These components are specifically designed and manufactured for individual projects, with unique job numbers and detailed time documentation linking the work directly to public projects. Yet, the workers fabricating these critical parts are not protected under the Act.

Why Custom Fabrication Must Be Included

1. **Boosting Pennsylvania's Economy and Tax Base:** Fair wages for fabrication work mean stronger local economies. When workers are paid appropriately, they spend those wages within their communities, strengthening local businesses and significantly bolstering the tax revenues for the Commonwealth. Closing this loophole would generate additional tax revenue from properly classified wages that are currently going untaxed when work is performed out of state or at reduced rates.
2. **Protecting Pennsylvania Jobs and Contractors:** The loophole allows bad actors in state and out-of-state to produce these custom pieces at wages far below Pennsylvania's prevailing rate, undercutting good intentioned local contractors and exploiting workers.
3. **Adapting to New Technologies and Techniques:** Modern construction techniques have shifted significant portions of what was once performed on-site to offsite shop settings. Prefabricated **mechanical rack systems**, which include ductwork, piping, plumbing, electrical, and other mechanical trades components, are built in controlled environments and shipped to job sites for quick installation. While efficient, this shift has created opportunities for contractors to exploit lower wages in non-prevailing wage shops, further eroding local economies and the Commonwealth's tax base.
4. **Ensuring Quality and Safety:** Custom Fabrication done under prevailing wage not only ensures fair compensation but guarantees quality workmanship. Pennsylvania deserves top-quality public work projects without the risk of subpar, outsourced materials.
5. **Closing the Loophole with Custom Fabrication:** Recently introduced bills in the House and Senate aim to amend the Pennsylvania Prevailing Wage Act to explicitly include Custom Fabrication within Section 2(5) of the Act to define 'Public Work' as including 'custom fabrication as part of its scope.

6. **Enforcement Mechanisms:** Through contractual law, Pennsylvania's Department of Labor & Industry, in partnership with surrounding states, has the power to enforce prevailing wages on Custom Fabrication, even across state lines, with debarment and fines as a deterrent for violators.

I respectfully urge the Pennsylvania Senate to support the inclusion of Custom Fabrication under the Pennsylvania Prevailing Wage Act, correcting a decades-long oversight and providing Pennsylvania's skilled workforce the protection and dignity they deserve. This change will not only protect our workers but will strengthen the very foundation of our local economies and the Commonwealth's tax revenue.

Thank you for your time and consideration. I welcome any questions.