

Prevailing Wage and the PA Dirt, Gravel, and Low Volume Road Maintenance Program

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This document was written by the Penn State Center for Dirt and Gravel Roads, and represents a collection of information from various sources compiled for educational purposes only. This document is not meant as a comprehensive guide to Prevailing Wage. It is only intended to clarify the issue of when it applies to Dirt, Gravel, and Low Volume Road Program projects. Neither the Center nor State Conservation Commission makes prevailing wage determinations.

The threshold for paying Prevailing Wage for Dirt, Gravel, and Low Volume Road Maintenance Program projects remains at \$25,000 (not \$100,000).

Why:

Many people are under the impression that the Prevailing Wage (PW) threshold was increased from \$25,000 to \$100,000 for Dirt, Gravel, and Low Volume Road (DGLVR) Program projects as part of the Transportation Bill (act 89 of 2013). While it is true that Act 89 raised the PW threshold to \$100,000, it also specifically defines the sources of funds that this higher threshold applies to. The language in the act, shown at right, applies to "**locally funded**" projects, and in section (c) goes on to define the term "**locally funded**" using 6 numbered funding sources. Because the source of DGLVR funding is NOT listed in any of the six items under (9023 (c)), the legal interpretation is that Section 9023 of Act 89 that increased PW to \$100,000 does NOT apply to the DGLVR Program; therefore, the PW threshold for the DGLVR Program remains unchanged at \$25,000.

It is not clear why it was written this way, and it also leaves several other programs and funding sources out of the PW threshold increase. While several parties are hoping to remedy the situation, the PW threshold currently remains at \$25,000 for DGLVR Program projects.

Remember that PW does not apply to municipal labor regardless of project size or cost. Prevailing Wage only applies to contracted labor on jobs that are over the PW threshold of \$25,000 (in total project costs). For specific details on PW, contact your municipality's solicitor.

Section 40.5. Title 75 is amended by adding a section to read: § 9023. Application of Prevailing Wage Act to locally funded highway and bridge projects.

(a) *Public work.*--For **locally funded** highway and bridge projects, the term "public work" as used in the act of August 15, 1961 (P.L.987, No.442), known as the Pennsylvania Prevailing Wage Act, shall mean construction, reconstruction, demolition, alteration and repair work, other than maintenance work, done under contract and paid for in whole or in part out of the funds of a public body if the estimated cost of the total project is in excess of \$100,000. The term shall not include work performed under a rehabilitation or manpower training program.

(b) *Applicability.*--This section shall apply to a contract entered on or after the effective date of this section.

(c) *Definition.*--As used in this section, the term "**locally funded**" means a highway or bridge project that is funded entirely by funds:

- (1) paid to counties under section 9010(b) (relating to disposition and use of tax), including borrowed funds under section 9010(b)(2)(ii), whether expended by the county or allocated or apportioned to political subdivisions;
- (2) allocated or appropriated to municipalities under the act of June 1, 1956 (1955 P.L. 1944, No.655), referred to as the Liquid Fuels Tax Municipal Allocation Law;
- (3) made available to municipalities from the Highway Bridge Improvement Restricted Account within the Motor License Fund for expenditure on bridge rehabilitation, replacement and removal projects pursuant to the act of December 8, 1982 (P.L.848, No.235), known as the Highway-Railroad and Highway Bridge Capital Budget Act for 1982-1983, and its supplements;
- (4) awarded to municipalities as transportation enhancement grants under section 3116 (relating to automated red light enforcement systems in first class cities) or 3117 (relating to automated red light enforcement systems in certain municipalities);
- (5) allocated from municipal budgetary sources using revenues derived through municipal taxes or fees; or
- (6) allocated to municipalities under 58 Pa.C.S. (relating to oil and gas).

Excerpt (Section 9023) from Act 89 of 2013 (Transportation Bill) relating to prevailing wage.