

client
ALERT

Department of Education Places Six
Month Moratorium on
Multi-Prime Waivers

As many of you know, there has been a long running debate over the costs and benefits of the requirement in Pennsylvania that public school districts enter into separate prime contracts (referred to as “multi-prime”) for general construction, plumbing, HVAC and electrical work on public school construction projects. However, in 2000, the General Assembly in Harrisburg, in response to a growing perception that the multi-prime delivery system was more costly and less effective than the single prime system, approved the Mandate Waiver Program, which permits public schools to obtain waivers from the Pennsylvania Department of Education (“DOE”) to the multi-prime contracting requirement.

But, on July 8, 2008, in response to many concerns raised about the economic efficiency of the Mandate Waiver Program, the DOE established a task force to investigate the waivers’ impact on taxpayers. The report of the task force is due within six months of July 8, 2008. In the meantime, the DOE placed a six month moratorium on granting the waivers.

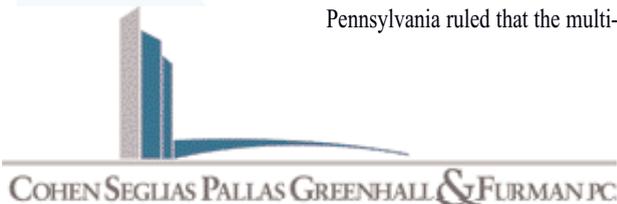
This is not the first time that the waiver program has been delayed. In 2003, the DOE stopped issuing waivers when its ability to legally waive the multi-prime requirement was challenged in Court, but it resumed considering and issuing the waivers in November of 2007 after the Supreme Court of Pennsylvania ruled that the multi-prime

requirement could be legally waived by the DOE. The Mandate Waiver Program was scheduled to be in effect until June 30, 2010.

In the wake of the Supreme Court’s ruling permitting the waivers, numerous organizations and coalitions lobbied in Harrisburg against the Mandate Waiver Program. A major complaint was that the waivers did not uniformly result in taxpayer savings.

As you can imagine, there is significant support and numerous arguments for and against the Mandate Waiver Program. Associations and coalitions made up of Pennsylvania contractors and subcontractors continue to lobby in support of their positions as they provide the task force with information on the positive and negative impacts of the multi-prime requirement.

CSPG&F will monitor the investigations of the DOE task force and will provide updates as developments occur. In the meantime, please do not hesitate to contact us should you have any questions or concerns about this or any other construction issue affecting your business. For more information on the history and effects of the Mandate Waiver Program, please contact Jason Copley or Robert Ruggieri at 215-564-1700.



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