



Chairman Derek E. Davis Vice-Chair
Kathleen Dumais Members
Economic Matters Committee House Office
Building
6 Bladen Street, Rm. 21
Annapolis, MD 21401

February 11, 2020

House Bill 582 – Procurement Prevailing Wage Applicability

Position – Favorable

Dear Chairman Davis and Members of the House Economic Matters Committee,

The Baltimore Washington Construction & Public Employees Laborers’ District, LiUNA and its 7,000 members support House Bill 582 – Procurement Prevailing Wage Applicability.

Prevailing wage laws ensure that construction workers earn a fair day’s pay and benefits for a fair day’s work by setting a minimum wage rate for public construction investment. Yet, Maryland’s prevailing wage threshold of \$500,000 is the highest of any state in the U.S. and well above the Federal Government’s threshold of \$2,000.

Leveraging MD’s capital investment through Prevailing Wage strengthens local economies, saves taxpayers, and builds our middle class by ensuring workers earn family-supporting wages, healthcare and pension benefits when building our state’s infrastructure.

Prevailing wage rates include investment in training and apprenticeship programs which not only provide a career path for workers but also ensure that projects are built to the highest standards of quality. In fact, the Baltimore/DC Building Trades invest more than \$21 million a year in Maryland on apprenticeship training and continuing education. All without a dime of taxpayer money or grants.

Expanding Prevailing Wage makes it more difficult for irresponsible contractors, who pay low wages and benefits when building our roads and bridges, to mismanage and mistakes, creating a workplace environment with more accidents, change orders, and cost overruns.

Construction work is dangerous and it’s even more dangerous without a strong prevailing wage law. An analysis of Bureau of Labor Statistics data on worker fatalities in construction bears out that states with weak or non-existent prevailing wage laws have a much higher incidence of fatal workplace incidents.¹

¹ [A Weakened State: The Economic and Social Impacts of Repeal of the Prevailing Wage Law in Illinois, University of Illinois at Urbana-Champaign, https://ler.illinois.edu/wp-content/uploads/2015/01/PWL_policy-brief_spreads041.pdf](https://ler.illinois.edu/wp-content/uploads/2015/01/PWL_policy-brief_spreads041.pdf)

(-over-)

Lowering wages reduces on the job productivity. For example, a study of highway and bridge work in 10 states found that when high wage workers were paid double that of low-wage workers, they built 74.4 more miles of roadbed and 32.8 more miles of bridges for \$557 million less.²

The bottom line is that Prevailing Wages are good for Maryland's communities.

- Prevailing wages strengthen the overall economy by supporting good local jobs and spending from those local jobs at local businesses, such as grocery stores, malls and gas stations.
- Prevailing wages prevent government spending from driving down local wages and living standards.
- Prevailing wages maintain standards for workers from all backgrounds and enable minorities to benefit from training and apprenticeship programs that open doors to opportunity in the
- construction industry.

We urge the Committee for a favorable report on House Bill 582. Thank you.

Sincerely,

Rick Binetti
Legislative & Political Director
BWLDC

² [Wages, Productivity and Highway Construction Costs, CLRC, March 2004. http://www.faircontracting.org/PDFs/prevailing_wages/wages_productivity_highway.pdf](http://www.faircontracting.org/PDFs/prevailing_wages/wages_productivity_highway.pdf)