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SB 259 – Procurement – Prevailing Wage – Applicability
Hearing before the Senate Finance Committee, February 10, 2022

Position: SUPPORT

The Public Justice Center (PJC) is a not-for-profit civil rights and anti-poverty legal services organization that seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. Our Workplace Justice Project aims to ensure that our state’s low-wage workers receive fair and full payment for their labor, as well as other basic protections on the job. The PJC **supports SB 259** and urges a **favorable** report.

SB 259 Will Better Ensure that Publicly Funded Mechanical Systems Work Promotes Good Jobs and Economic Development and Reduces Income Inequality. Mechanical systems work – HVAC repair, refrigeration, plumbing, electrical, and elevator repair – is skilled work. The workers who do this work under state contracts should be paid enough to provide for their families. Yet the Prevailing Wage Law’s current definition of “construction” excludes these workers. Maryland is missing an opportunity to promote good jobs, reduce poverty, and spur local economic development. Research shows that blue-collar construction workers in states with strong prevailing wage laws earn more, are less reliant on public benefits, contribute more to the local economy, and pay more taxes.¹ Moreover, “[b]y substantially improving the incomes of blue-collar construction workers . . . [payment of a] prevailing wage helps reduce income inequality in the construction industry.”² In short, expanding the reach of Maryland’s prevailing wage law is good policy.

Prevailing Wages Do Not Increase Construction Costs. The vast majority of peer-reviewed research has shown that prevailing wages do not increase costs for a variety of reasons.³ Some 80% of peer reviewed research shows no increase for school construction projects, while 75% show no increase when all types of projects are considered. Thus, increasing costs is not a reason to reject SB 259.

Because SB 259 represents an opportunity to provide more good jobs and reduce income inequality, the Public Justice Center SUPPORTS SB 259 and requests a FAVORABLE report.

¹ See Frank Manzo, IV et al., *The Economic, Fiscal, and Social Impacts of State Prevailing Wage Laws: Choosing Between the High Road and the Low Road in the Construction Industry*, 18 (Ill. Econ. Policy Inst., Feb. 9, 2016), <https://illinoisepi.files.wordpress.com/2017/03/pw-national-impact-study-final2-9-16.pdf>.

² *Id.*

³ *Id.*