



Chairman Dereck Davis
Vice-Chair Dumais
Members
House Economic Matters Committee
241 House Office Building
Annapolis, MD 21401

January 28, 2021

House Bill 37 – Procurement - Prevailing Wage Applicability

Position – Favorable

Dear Chairman Davis and Members of the Economic Matters Committee,

The Baltimore Washington Construction & Public Employees Laborers' District, LiUNA and its 7,000 members living in Maryland support House Bill 37.

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 enable contractors to more easily investment in training and apprenticeship programs because it is built into the hour wage. This not only helps 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 an extra dime of taxpayer money or grants.

Prevailing wage also helps small and local contractors compete on a level playing field against larger companies because it creates a standard floor for wages. And at the same time makes it more difficult for irresponsible contractors who drive construction worker wages down when building our roads and bridges.

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

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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

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 37. 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