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HB 37 -Procurement – Prevailing Wages
Hearing before the House Economic Matters Committee, January 28, 2021
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 and other basic protections. The PJC **supports HB 37**.

HB 37 Will Better Ensure that Publicly Funded Construction Promotes Good Jobs and Economic Development and Reduces Income Inequality. Maryland’s current monetary threshold of \$500,000 is the highest in the country and coupled with a requirement that at least 50% of the funding come from the state, its reach is unduly limited. Yet in limiting the prevailing wage law’s reach, 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 to the local economy, and contribute more in 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 HB 37.

Because HB 37 represents an opportunity to provide more good jobs and reduce income inequality, the Public Justice Center **SUPPORTS HB 37** 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.*

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