



Chairwoman Delores Kelley  
Vice-Chair Brian Feldman  
Members  
Senate Finance Committee  
3 East Miller Senate Office Building  
Annapolis, MD 21401

January 28, 2021

**Senate Bill 35 – Procurement - Prevailing Wage Applicability**

**Position – Favorable**

Dear Chairwoman Kelley and Members of the Finance Committee,

The Baltimore Washington Construction & Public Employees Laborers' District, LiUNA and its 7,000 members living in Maryland support Senate Bill 35.

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.<sup>1</sup>

(-over-)

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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](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.<sup>2</sup>

**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 Senate Bill 35. Thank you.

Sincerely,

Rick Binetti  
Legislative & Political Director  
BWLDC

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<sup>2</sup> 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)