



FOUNDATION FOR FAIR CONTRACTING
Mid-Atlantic Region

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Testimony of John L. Lewis Monroe, Executive Director
Foundation for Fair Contracting – Mid-Atlantic Region
Before The House Judiciary Committee
In Support of House Bill 773
February 28, 2023

The Foundation for Fair Contracting – Mid-Atlantic Region (FFC) appreciates the opportunity to submit testimony in support of House Bill 773.

The FFC is a non-profit labor and management trust headquartered in Prince George’s County. We promote Maryland’s high-road construction employers by partnering with industry and government to tackle anti-competitive compliance market failures pertaining to wage & hour laws, licensing, and apprenticeship standards. Since inception in 2014, our small shop has helped underpaid workers achieve more than \$3 million in restitution, stemming from more than 100 wage theft claims. The FFC’s funders include the National Electrical Contractors Association of Maryland, the National Electrical Contractors Association of Metro Washington, the Ironworkers Employers Association, and several local unions of the Baltimore DC Building Trades. Fidelity to workers, end-users, and the taxpayer return on investment for capital construction are core tenets.

The competitive value proposition that our high-road employer partners afford Maryland’s end users is second to none. In fact, a December 2022 study conducted by Independent Project Analysis titled [*Quantifying the Value of Union Labor in Construction Projects*](#), using data from 1550 capital construction projects in the United States ranging from infrastructure to office buildings and schools, both brownfield and greenfield, found projects that use union labor achieve 4 percent lower total costs than those that use open shop labor, and are 10 percent more predictable. Due to entrenched, anti-competitive compliance market failures however, Maryland’s high-road construction employers are often underbid by non-credible amounts, losing work to unscrupulous primes and specialty subs who further subcontract down-tier to entities who carry their water. Maryland’s level playing field promise is a hollow shell. Instead, it’s cheat to compete.

Tackling the construction industry's compliance market failures of wage and hour abuses, minority business enterprise fraud, craft & business licensing misrepresentations, "ghost brokers" and labor trafficking, under-reporting to insurance companies for lower workers compensation premiums, manipulating incident reports, and use of improper materials not consistent with required specs on scopes such as electrical wiring and mechanical insulation on Maryland's public school construction requires our contracting and enforcement functions to leverage the high-road industry, nonprofits, and the private bar through various shared compliance modalities. Maryland's False Claims Act (FCA) is an arrow in our quiver, and the common-sense improvements HB773 afford are needed.

Our valued partners in the False Claims Unit within Maryland's Office of Attorney General (OAG) cannot, and should not, be solely relied upon for intervention on all meritorious qui tam actions. Bandwidth will always be a limiting force, not to mention political winds.

HB773 allows whistleblowers to proceed with claims where the OAG elects not to intervene. When the state does intervene, it should be authorized to serve certain subpoenas. Further, monetary penalties for each violation of the FCA must be sufficient for deterring fraud and financial crimes against our beloved Maryland. The necessary reforms in HB773 remedy the False Claims Act's shortcomings.

Thank you for your time and vote.

Respectfully,



John L. Lewis Monroe
Executive Director
Foundation for Fair Contracting – Mid-Atlantic Region