



FOUNDATION FOR FAIR CONTRACTING
Mid-Atlantic Region

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MARYLAND SENATE FINANCE COMMITTEE
Chair: Senator Pamela Beidle
Vice Chair: Senator Katherine Klausmeier

**WRITTEN TESTIMONY OF THE
FOUNDATION FOR FAIR CONTRACTING – MID-ATLANTIC REGION
IN SUPPORT OF SENATE BILL 436**

The Foundation for Fair Contracting – Mid-Atlantic Region enthusiastically supports SB436. We are a non-profit labor and management trust headquartered in Prince George’s County that promotes Maryland’s law-abiding construction employers by tackling independent contractor misclassification and prevailing wage theft. Our funders include the National Electrical Contractors Association of Metro Washington, Mechanical Contractors Association of Metro Washington, Ironworkers Employers Association, and several local building trades unions.

The competitive value that these law-abiding employers 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 U.S., found jobs that use union labor achieve 4 percent lower total costs than those that use non-union labor, and are 10 percent more predictable, due to greater productivity, less worker turnover, and the availability of reliably sourced labor - since projects short on skilled labor are twice as likely to have a 10 percent or higher cost overrun. Further, collective bargaining agreements are the single greatest indicator of wage & hour compliance.

Due to entrenched, anti-competitive compliance market failures however, Maryland’s law-abiding construction employers are often underbid through illicit means, losing work to unscrupulous primes and specialty subs who further subcontract down-tier to expendable labor brokers who carry their water because the benefit outweighs the risk. We estimate that Maryland suffers more than \$1 billion of unreported taxable wages a year, resulting in more than \$100 million in unrealized tax revenues – much of it from misclassification and prevailing wage theft. Your constituents and law-abiding businesses are relying on you to be tough on crime and to help bridge government enforcement silos. SB436 serves these imperatives, vote yes.

Thank you for your time and vote.

Respectfully,

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