



MARYLAND STATE & D.C. AFL-CIO

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**HB 1175 - Education – Public School Employers and Employees – Subcontracting for Services
House Ways and Means Committee
February 28, 2024**

SUPPORT

**Donna S. Edwards
President**

Maryland State and DC AFL-CIO

Madame Chair and members of the Committee, thank you for the opportunity to provide testimony in support of HB 1175. My name is Donna S. Edwards, and I am the President of the Maryland State and DC AFL-CIO. On behalf of the 300,000 union members in the state of Maryland, I offer the following comments.

HB 1175 requires public schools that are considering using private subcontractors to follow a process that includes informing the Public Employee Relations Board, notifying and bargaining with exclusive representatives of public school employees. HB 1175 also requires subcontracting agreements to include nondiscrimination agreements, provide displaced workers the right of first hire, and bans on union busting tactics by subcontractors.

While private subcontractors are commonly advertised as a way to help state and local governments lower costs, they involve a level of “privatization” where profits are placed above the public good and transparency for taxpayers is nearly non-existent. Accountability and oversight are of paramount importance on any project, but they become even more important when we spend the taxpayers’ money. Public trust in government is predicated on the belief that our institutions are spending our money in a fiscally responsible way. In order to do that, there must exist adequate oversight on every dollar spent.

We urge the committee to issue a favorable report on HB 1175.

2022 Maryland State & DC AFL-CIO Convention
Thursday, October 13 - Saturday, October 15, 2022

Resolution #17 - Privatization
Passed Unanimously

WHEREAS, public sector workers are the backbone of federal, state, county, and local governments, providing essential services needed by Marylanders in good times and bad; and

WHEREAS, the government's responsibility for the welfare of all is being eroded by replacing public functions with private, for-profit, unregulated enterprises, or privatization; and

WHEREAS, privatization often replaces family-sustaining jobs with jobs providing lower pay and diminished benefits, while generating no savings and decreasing service quality. Government accountability and flexibility is sacrificed, while the local economy suffers; and

WHEREAS, privatization of public services, like outsourcing in the private sector, is often simply an attempt to operate in a low-wage, non-union environment, and

WHEREAS, privatization is part of a larger economic agenda to shred the social contract and eliminate economic mobility for workers. Public sector employment has traditionally offered stronger equal opportunity, higher rates of unionization, and more anti-discrimination protections than the private sector, especially to historically excluded populations such as African Americans, Latinos, women, and veterans. Privatization disproportionately affects the stability of these communities with multigenerational impacts, such as reduced contributions to the tax base, the inability to purchase a home, decreased access to higher education, etc.; and

WHEREAS, privatization engages large, often multi-state corporations to handle public services. Their sole purpose is to profit off the public domain. Unlike public workers, these corporations take their profits out of the communities they are supposed to serve. They are often given a "tax break" which reduces or waives their contributions to the local tax base and increases their profits; and

WHEREAS, privatization does not allow transparency of the inner workings of contractors. This lack of regulation leaves workers vulnerable to abuse and leaves taxpayers shut out from oversight. Private contractors may also subcontract, making accountability difficult or impossible. Any resources or information gathered in the course of that service becomes the contractor's private property, which can be sold or reviewed for other purposes; and

WHEREAS, increasingly, politicians at all levels in Maryland are seeking to privatize government services by outsourcing those services to the private sector or hiring contractual and temporary workers rather than hiring into the merit system. If it is special education in Anne Arundel County, nursing care in State Hospitals, or groundskeeping on College Campuses, the work is always done best by full-time career employees and union members; and

WHEREAS, private contractors have little or no incentive to complete a job or service or do so within time and fiscal limits. They may stall operations for financial gain or benefit from recurring problems, adding to fiscal woes. While public workers struggle to work within fixed budgets, private contracts

often contain language that allows gross cost overruns, ultimately driving up the cost of public services; and

WHEREAS, the public has a right to expect honest, efficient public service workers, who are responsive to Marylanders' needs and provide services fairly, without regard to profits, political goals, or personal gain; be it

THEREFORE. BE IT RESOLVED, that the 2022 federal, state, and local elections provide an opportunity to reshape the debate about privatization and outsourcing on our terms; and to restore and enact safeguards so that vital public services are not auctioned off to the lowest bidder; and

BE IT FINALLY RESOLVED, that the Maryland State and D.C. AFL-CIO takes advantage of this opportunity by continuing to aggressively oppose privatization and outsourcing and by exposing contractors and educating the membership, elected officials and the public about the problems related to privatization, and by working in coalitions with other concerned groups.