Roger P. Manno, Esq. | Manno & Associates LLC
Attorney | Lobbyist | Maryland Senator and Delegate (Ret.)
Admitted to practice law in MD and DC
c 202.425.3523 | o 888.422.0131 | e rmanno@mannoandassociates.com
www.MannoAndAssociates.com

February 28, 2005

Honorable Joseline A. Pena-Melnyk
Chair
House Health and Government Operations Committee
240 Taylor House Office Building
Annapolis, Maryland 21401

Honorable Pamela Beidle
Chair
Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, Maryland 21401

Re: Maryland Apprenticeship and Prevailing Wage Transparency Act (HB850 / SB3) - Favorable

Dear Chairs Pena-Melnyk and Beidle, and Members of the House Government Operations Committee and Senate Finance Committees:

On behalf of my clients, the Mid Atlantic Pipe Trades Association (UA), including UA Plumbers & Gasfitters Local 5 and UA Steamfitters Local 602, as well as the Mechanical Contractors Association of Metropolitan Washington, I appreciate the opportunity to submit testimony in strong support of the Maryland Apprenticeship and Prevailing Wage Transparency Act, critical legislation that advances workforce accountability, fair competition, and safeguards public investments in infrastructure projects.

Data-Driven Approach to Workforce Integrity

This legislation seeks to establish two public databases: one for tracking certified apprenticeships and another for ensuring compliance with prevailing wage laws. By doing so, Maryland will align itself with successful models already implemented in Nevada and New York, where similar systems have significantly curbed fraud and increased transparency in public works projects.

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Lessons from New York

- New York's prevailing wage compliance database has led to an 18% reduction in wage theft cases and a 21% increase in recovered lost wages since its implementation.

- The state has also seen a decline in unemployment insurance (UI) fraud, as verified payroll records provide a verifiable audit trail for regulators.

Lessons from Nevada

- Nevada's apprenticeship tracking system has contributed to a 12% increase in apprenticeship completion rates and greater accountability for program sponsors.

- The system has also improved workforce planning by providing policymakers and employers with real-time insights into labor supply and demand.

Combating Wage Theft and Worker Misclassification

Wage theft and worker misclassification continue to present systemic challenges in Maryland's construction industry. Unscrupulous contractors misclassify workers as independent contractors, evading payroll taxes, workers' compensation, and unemployment insurance contributions. This creates an uneven playing field for law-abiding businesses and leads to significant losses in state revenue.

By implementing a statewide certified payroll database, Maryland will:

- Enhance regulatory oversight to detect and prevent wage theft.

- Ensure accurate unemployment and workers' compensation contributions.

- Protect workers from exploitative practices that erode labor rights and financial security.

Ensuring Accountability in Apprenticeship Programs

Maryland's apprenticeship programs are among the most effective workforce development tools available. However, ensuring program integrity requires systematic oversight. By mandating the creation of an apprenticeship database, the state will:

- Provide transparency regarding program outcomes and certification rates.

- Enable stakeholders to assess apprenticeship quality and effectiveness.

- Facilitate strategic workforce planning by ensuring a steady pipeline of skilled labor.

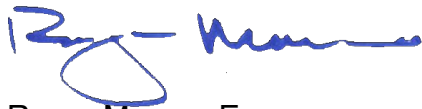**Fiscal Responsibility and Long-Term Economic Benefits**

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The establishment of these databases is a cost-effective solution that will yield significant long-term savings. Increased compliance with prevailing wage laws will reduce lost tax revenue due to misclassification, ensuring that public funds are spent effectively. Furthermore, improved apprenticeship tracking will enhance workforce development initiatives, helping Maryland maintain a competitive, highly skilled labor force.

Conclusion

The Maryland Apprenticeship and Prevailing Wage Transparency Act represents a strategic investment in economic integrity, labor rights, and fiscal responsibility. Drawing from proven successes in New York and Nevada, this legislation offers a well-documented pathway to greater transparency and accountability in Maryland's workforce. I urge the committee to pass this bill and ensure that Maryland continues to lead in responsible labor practices.

For these reasons, I respectfully request a favorable report.

Sincerely,

Roger Manno, Esq.
Manno & Associates LLC