

32BJ Testimony MD SB63 HB74 2026 FINAL.pdf

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Position: FAV



SERVICE EMPLOYEES
INTERNATIONAL UNION
CTW, CLC

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www.seiu32bj.org

**TESTIMONY OF SEIU 32BJ
SENATE BILL 63/ HOUSE BILL 74 2026**

Thank you for the opportunity to testify on behalf of SEIU Local 32BJ in support of SB 63/ HB 74, which would require state construction and service contracts to include an equitable adjustment clause, allowing for cost adjustments when statutory labor standards or collective bargaining agreements raise the minimum required compensation for workers employed on the contracts.

SEIU 32BJ represents 185,000 members across 11 states and Washington, D.C., with 4,500 members in Maryland. Our members provide essential services in public facilities, commercial and residential buildings, airports, and a variety of other locations. 32BJ supports this reform because we understand just how critically important it is to reducing worker turnover and promoting high-quality security, janitorial, and other services in state facilities.

Service sectors are vulnerable to high worker turnover rates driven by low wages.ⁱ High turnover can have profoundly negative impacts on facility safety: less on-the-job experience may lead to more mistakes, accidents, or overlooked hazards.ⁱⁱ 32BJ has long worked to raise standards in the security and janitorial sectors, negotiating collective bargaining agreements that boost wage and benefits levels, improve working conditions, and stabilize the workforce. By reducing turnover, higher compensation standards result in a more experienced workforce that is better able to maintain high security standards at public facilities.ⁱⁱⁱ

Unfortunately, collective bargaining standards may be undermined if state contracts fail to account for union-negotiated increases. The proposed legislation is a commonsense reform to the state's procurement practices to address this issue.

Safeguarding union standards is not only good for facility safety; it also has the potential to save taxpayers money in the form of decreased reliance on Medicaid or other social services. Responsible employers that provide higher-quality jobs also benefit from knowing that they can raise standards without jeopardizing state contracts. And hard-working janitors and security guards also win out when they know they can exercise their right to collectively bargain without risking their jobs.

SB 63/ HB 74 would make modest but necessary reforms to the state's procurement law that have the potential to deliver real benefits to workers, the public, and to the state economy.



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ⁱ Gallear, Amanda. "The Impact of Wages and Turnover on Security and Safety in Airport." UC Berkeley Labor Center. October 18, 2017. <https://laborcenter.berkeley.edu/pdf/2017/SFO-literature-review.pdf>
ⁱⁱ Gallear Amanda, UC Berkeley Labor Center and SFO, The Impact of Wages and Turnover on Security and Safety in Airports: A Review of the Literature, 10/18/17. <https://laborcenter.berkeley.edu/pdf/2017/SFO-literature-review.pdf> Pages 5-6.
ⁱⁱⁱ Gallear, Amanda. "The Impact of Wages and Turnover on Security and Safety in Airport." UC Berkeley Labor Center. October 18, 2017. <https://laborcenter.berkeley.edu/pdf/2017/SFO-literature-review.pdf>

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Jaime Contreras
Capital Area District Director

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AUC of Maryland_SB 63_FAV.pdf

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Position: FAV



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Jason Sebald

Ian Stambaugh

January 28, 2026

Legislative Position: Favorable
Senate Bill 63
State Procurement - Construction and Services - Contract Modification
Senate Budget & Taxation Committee

Dear Chair Guzzone and members of the committee:

Established in 1950, the Associated Utility Contractors of Maryland, Inc. (AUC) is dedicated to advancing the utility contracting industry across the state. Our mission is to foster strong relationships between utility contractors and their clients, uphold the highest professional standards within the industry, and elevate the reputation of utility professionals within the business community. We actively advocate for public policies that address industry challenges and contribute to improving Maryland's overall business environment.

As introduced, SB 63 is a crucial piece of legislation that will provide much-needed relief to contractors and subcontractors who are impacted by legislative or regulatory changes that mandate certain cost increases. By allowing for contract modifications to account for increased costs resulting from statutory changes increasing required compensation or benefits or from the result of changes from collective bargaining, contractors will be able to offset the financial burdens imposed by these changes.

Contractors support this bill because it recognizes the reality that they face when bidding on and performing contracts. When legislative or regulatory changes occur, contractors are often left to absorb the increased costs, which can be devastating to their businesses. By allowing for contract modifications, SB 63 will provide a fair and equitable solution to this problem.

The inclusion of a clause requiring contract modification for increased costs due to statutory changes or collective bargaining will provide contractors with the certainty they need to bid on and perform contracts with confidence. This, in turn, will lead to more competitive bidding and better outcomes for the state and its taxpayers.

Whitney Beall
EXECUTIVE DIRECTOR

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Raymond Marocco, Jr.

Dominic Pope

Matthew Ruddo

Jason Sebald

Ian Stambaugh

We urge the Senate Budget and Taxation Committee to give a favorable report on SB 63. By passing this bill, the General Assembly will be taking a significant step towards creating a more fair and equitable procurement process.

Sincerely,

The Associated Utility Contractors of Maryland (AUC)

MD Testimony --Senate.pdf

Uploaded by: Cameron Kilberg

Position: FAV

Senator Guy Guzzone
Chair, Senate Budget and Taxation Committee
142 Lowe House Office Building
Annapolis, Maryland 21401

Senate Bill 63- State Procurement-Construction and Services- Contract Modification
SUPPORT

Dear Chair Guzzone and Members of the Committee,

Thank you for this opportunity to submit this letter of support for Senate Bill 63. I'm writing on behalf of Allied Universal, a leading security and facility services company, which provides proactive security services and cutting-edge smart technology to deliver tailored, integrated security solutions. Allied Universal is the largest security provider in Maryland, employing thousands of security professionals in the state.

Senate Bill 63 would require state construction and service contracts to include an equitable adjustment clause, allowing for cost adjustments when either:

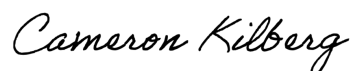
- (1) Increased costs for compensation mandated by statute, or
- (2) Increased costs related to enforcement of collective bargaining agreements.

The bill is carefully crafted to apply only when a contract exceeds \$2 million with a term of 3 years or longer. The contract modification would be contingent upon the approval of the Chief Procurement Officer.

The bill protects businesses with large procurement contracts of a duration of three or more years from unforeseen changes in law and enforcement of collective bargaining rights long after the procurement is bid upon.

Senate Bill 63 is a crucial piece of legislation that will provide much needed relief to contractors and subcontractors who are impacted by legislative or regulatory changes that mandate certain cost increases. By allowing for contract modifications to account for increased costs resulting from statutory changes increasing required compensation or benefits, or from the result of changes from collective bargaining, contractors will be able to offset the financial burdens imposed by these changes.

The bill strikes fairness between the State and the business community. For the above reasons, we respectfully request a favorable report.



Cameron Kilberg
Vice President of Government Relations

SB63_FAV 2.pdf

Uploaded by: Donna Edwards

Position: FAV



MARYLAND STATE & D.C. AFL-CIO

Affiliated with the National AFL-CIO

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SB 63 - State Procurement - Construction and Services - Contract Modification

Senate Budget and Taxation Committee

January 27, 2026

SUPPORT

Donna S. Edwards

President

Chairman and members of the Committee, thank you for the opportunity to submit testimony in support of SB 63. On behalf of our 700 affiliated unions, I offer the following comments.

SB 63 seeks to require procurement contracts for construction and services to include provisions for contract modification in the case of increased costs due to statutory changes or collective bargaining agreements.

Often, contracts are written years before a project is started, allowing for inflation, cost-of-living, and other factors to change the original agreed-upon terms. Allowing contract modification will ensure workers receive the wages and benefits they are entitled to.

SB 63 supports responsible labor practices by reinforcing that government contracts should align with the evolving economy and labor standards. For these reasons, we urge a favorable vote on SB 63.



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SB 63 - State Procurement - Construction and Services - Contract Modification

Senate Budget and Taxation Committee

January 27, 2026

SUPPORT

Donna S. Edwards

President

Madame Chair and members of the Committee, thank you for the opportunity to submit testimony in support of SB 63. On behalf of our 700 affiliated unions, I offer the following comments.

SB 63 seeks to require procurement contracts for construction and services to include provisions for contract modification in the case of increased costs due to statutory changes or collective bargaining agreements.

Often, contracts are written years before a project is started, allowing for inflation, cost-of-living, and other factors to change the original agreed-upon terms. Allowing contract modification will ensure workers receive the wages and benefits they are entitled to.

SB 63 supports responsible labor practices by reinforcing that government contracts should align with the evolving economy and labor standards. For these reasons, we urge a favorable vote on SB 63.



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State Procurement-Construction and Services- Contr

Uploaded by: Marvin "DOC" Cheatham

Position: FAV

CORY V. MCCRAY
Legislative District 45
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Budget and Taxation Committee

Capital Budget Subcommittee
Health and Human Services Subcommittee

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Vote Yes to Senate Bill 63

Bill Hearing: January 28, 2026

Bill Title: State Procurement-Construction and Services- Contract Modification

Dear Chair Guzzone and members of the committee:

Thank you for the opportunity to present testimony in support of **Senate Bill 63**.

SB 63 is a common-sense reform that brings fairness into the State's procurement process. When Maryland enters into long-term contracts, especially for **construction and security services** those contracts can span multiple years and significant economic changes. Yet, as things stand today, there is no clear mechanism to adjust a contract when the law changes in a way that increases labor costs and benefits after the contract has already been awarded.

This bill requires that contracts which are **three years or longer and valued at more than \$2 million** include a clause allowing for an **equitable adjustment** of the contract if costs increase because of **statutory changes that mandate higher compensation or benefits**. For security services contracts, it also covers cost increases resulting from **collective bargaining agreements**. Any contract modification under these provisions would continue to require approval by the **Chief Procurement Officer**, providing responsible oversight and protecting the State's interests.

We all want a procurement system that delivers quality services, that is predictable for contractors, and that holds the State accountable. But we also have to acknowledge that market realities and legal requirements change. Contractors who bid years in advance should not be left holding the bag when a new law or labor standard increases costs beyond what was foreseeable at the time of bidding.

By allowing equitable adjustments for increased costs tied directly to statutory and bargaining-related changes, SB 63 protects workers, promotes compliance with state law, and helps ensure that service providers remain financially viable and able to fulfill their obligations to the State.

For those reasons, I respectfully request a **favorable report** on Senate Bill 63

SB 63_MTBMA_FWA.pdf

Uploaded by: Michael Sakata

Position: FWA



January 28, 2026

Senator Guy Guzzone, Chair
Senate Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, MD 21401

RE: SB 63 – FAVORABLE WITH AMENDMENTS – State Procurement – Construction and Services – Contract Modification

Dear Chair Guzzone and Members of the Committee:

The Maryland Transportation Builders and Materials Association (“MTBMA”) has been and continues to serve as the voice for Maryland’s construction transportation industry since 1932. Our association is comprised of 250 members. MTBMA encourages, develops, and protects the prestige of the transportation construction and materials industry in Maryland by establishing and maintaining respected relationships with federal, state, and local public officials. We proactively work with regulatory agencies and governing bodies to represent the interests of the transportation industry and advocate for adequate state and federal funding for Maryland’s multimodal transportation system.

Senate Bill 63 would allow contracts of three years or more and valued over \$2 million to include a clause requiring contract modification for equitable adjustment for increased costs for compensation and benefits as a result of statutory changes that would increase required compensation or benefits.

We support the intent of SB 63 because contractors should not be required to absorb costs that are created by changes in State law after a contract is awarded. Providing a clear, predictable mechanism for addressing those costs protects taxpayers, promotes fair competition, and supports timely project delivery. However, MTBMA recommends the following targeted amendments to ensure the bill remains neutral, workable, and reflective of Maryland’s construction market.

1. Limit equitable adjustments to statutory changes only. Contract modifications should apply solely to increases in compensation or benefits mandated by State or federal law. References to collective bargaining should be removed to preserve a market-neutral procurement framework and avoid creating unequal treatment across industries.
2. Make approval ministerial when documented cost impacts are demonstrated. Once a contractor substantiates increased costs resulting directly from a statutory change, the contract modification should be required rather than discretionary. This ensures predictability and avoids project delays.



3. Explicitly allow pass-through adjustments to subcontractors. The bill should clarify that equitable adjustments may flow through the contracting chain so that cost impacts are addressed at the level where they occur.

With these amendments, SB 63 would provide a reasonable and balanced approach to managing unforeseen statutory cost increases on long-term contracts, while maintaining fair competition and protecting the public interest. MTBMA looks forward to working with the sponsor and the committee to improve the bill and ensure it works for all parties involved in delivering Maryland's public infrastructure.

Thank you,

A handwritten signature in black ink, appearing to read 'Michael Sakata', written over a horizontal line.

Michael Sakata
President and CEO
Maryland Transportation Builders and Materials Association

SB 63_MAA_FWA.pdf

Uploaded by: Tim Smith

Position: FWA



Senator Guy Guzzone, Chair
Senate Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, MD 21401

January 28, 2026

RE: SB 63 – FAVORABLE WITH AMENDMENTS – State Procurement – Construction and Services – Contract Modification

Dear Chair Guzzone and Members of the Committee:

The Maryland Asphalt Association (MAA) represents approximately 110+ members, including 20 material producers, contractors, engineering firms, and associate members, supporting a 7,000-person workforce. MAA actively collaborates with regulatory agencies to advocate for the asphalt industry, ensuring fair regulations at both the state and federal levels. Additionally, we support adequate funding for Maryland's multimodal transportation system.

Senate Bill 63 would allow contracts of three years or more and valued over \$2 million to include a clause requiring contract modification for equitable adjustment for increased costs for compensation and benefits as a result of statutory changes that would increase required compensation or benefits.

We support the intent of SB 63 because contractors should not be required to absorb costs that are created by changes in State law after a contract is awarded. Providing a clear, predictable mechanism for addressing those costs protects taxpayers, promotes fair competition, and supports timely project delivery. However, MAA recommends the following targeted amendments to ensure the bill remains neutral, workable, and reflective of Maryland's construction market:

1. Limit equitable adjustments to statutory changes only. Contract modifications should apply solely to increases in compensation or benefits mandated by State or federal law. References to collective bargaining should be removed to preserve a market-neutral procurement framework and avoid creating unequal treatment across industries.
2. Make approval ministerial when documented cost impacts are demonstrated. Once a contractor substantiates increased costs resulting directly from a statutory change, the contract modification should be required rather than discretionary. This ensures predictability and avoids project delays.

With these amendments, SB 63 would provide a reasonable and balanced approach to managing unforeseen statutory cost increases on long-term contracts, while maintaining fair competition and protecting the public interest. We look forward to working with the sponsor and the committee to



improve the bill and ensure it works for all parties involved in delivering Maryland's public infrastructure.

Sincerely,

A handwritten signature in black ink that reads 'Tim Smith'. The signature is written in a cursive style with a large, looping 'T' and a long, sweeping 'S'.

Tim E. Smith. P.E.
President
Maryland Asphalt Association

SB 63- DGS Letter of Information 1-28-2026.pdf

Uploaded by: John Woolums

Position: INFO

Senate Bill 63 - State Procurement - Construction and Services - Contract Modification

Position: Letter of Information

Committee: Senate Budget and Taxation Committee

Date: January 28, 2026

From: John R. Woolums, Esq.

The Department of General Services (DGS) takes no position on Senate Bill 63 and is providing this Letter of Information for the Committee's consideration.

This bill would require a procurement contract for construction for 3 years or more in duration and valued at greater than \$2,000,000, to include a clause requiring contract modification for the equitable adjustments of the contract for increased costs due to statutory changes increasing required compensation or benefits. The bill also would require a procurement contract for security services for 3 years or more in duration and valued at greater than \$2,000,000, to include a clause requiring contract modification due to statutory changes increasing required compensation or benefits or collective bargaining. Lastly, a contract modified in accordance with the parameters above would be contingent upon approval by the Chief Procurement Officer.

DGS has concluded that Senate Bill 63 would have an operational and fiscal impact on the DGS Office of State Procurement (DGS OSP). The extent of the impact is indeterminate because the bill does not specify the maximum amount of money or percentage allowed for contract modifications. Similarly, the bill does not specify the number of times a contract may be modified due to statutory changes or collective bargaining. As a result, the fiscal impact could vary greatly depending on the specific statutory change and an individual contract. This same uncertainty applies to modifications related to collective bargaining.

Currently, based on contract type, an equitable adjustment may be negotiated to account for increased costs resulting from unforeseen circumstances, such as changes in project scope or conditions beyond the contractor's control. Expanding the circumstances under which an equitable adjustment is granted would shift a greater portion of that risk to the State, potentially increasing State expenditures and reducing the contractor's incentive to accurately forecast costs at the bidding stage.

When a contractor enters into an agreement with the State, both parties assume certain risks related to contract costs. At the time of bidding or submitting an offer, the contractor must predict the total cost of performing the work based on available information and reasonable assumptions. However, actual performance conditions may differ from those anticipated.

This transfer of risk is also noted in the *DLS, Office of Policy Analysis letter to Chair Guzzone dated 1/7/26* "If the State assumes responsibility for post-award increases in compensation negotiated through collective bargaining, it transfers the risk of this cost escalation from the contractor, who is in the best position to manage and anticipate such costs, to the public. This shift can undermine competitive bidding by reducing contractors' incentives to price labor risks

accurately, lead to unpredictable increases in contract costs, and complicate budget planning for State agencies.” Additionally, the DLS letter notes “were equitable adjustments for existing contracts mandatory based on changes to State law, numerous factors would still make it nearly impossible to quantify the fiscal effect on existing State contracts.”

Lastly, the Chief Procurement Officer (CPO) does not currently approve contract modifications or have oversight over the Maryland Department of Transportation (MDOT). Adding oversight of MDOT’s contract modifications would pose an additional burden that could not be met with existing staff resources.

Again, DGS is providing this testimony for informational purposes, and the Department looks forward to being of further assistance as the Committee considers this bill.

Contact: John R. Woolums, Esq., Director of Government and Legislative Affairs,
(410) 260-2908 (O), (667) 434-0008 (M), john.woolums@maryland.gov.

SB0063 - TSO - LOI - State Procurement - Construct

Uploaded by: Patricia Westervelt

Position: INFO

January 28, 2026

The Honorable Guy Guzzone
Chair, Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, Maryland 21401

Re: Letter of Information – Senate Bill 63 – State Procurement – Construction and Service – Contract Modification

Dear Chair Wells and Committee Members:

The Maryland Department of Transportation (MDOT) takes no position on Senate Bill 63 and offers the following letter of information for the Committee’s consideration.

Senate Bill 63 requires contracts for construction and security services contracts exceeding \$2,000,000 and with terms of three years or longer to include clauses requiring contract modifications to provide equitable adjustments for increased costs to the contractor due to statutory changes in law increasing compensation or benefits. Contracts for security services would also need to include a clause requiring contract modifications to provide equitable adjustments for increased costs for compensation or benefits due to collective bargaining.

Shifting the burden of unexpected costs, even only those associated with new State laws or collective bargaining agreements, from contractors to the State increases uncertainty and could significantly increase project expenses. Depending on the scope of any changes in law or the terms negotiated in a collective bargaining agreement, these added costs could be substantial. In the case of labor union negotiations, the legislation could require the State to pay for cost increases resulting from discussions to which the State is not a party, with no incentive for those conducting the negotiations to minimize cost increases.

When contracts are bid, it is a snapshot in time for the wage rates and collective bargaining agreements in place at that time and it is applicable for the entire duration of the contract. MDOT does not pay construction contractors based on the wage rate classifications and hours they worked. Instead, MDOT pays based on the actual work items, for example: tons of asphalt or cubic yards of excavation. Actual work items do not easily translate into a wage rate-based change order.

Most contractors already plan the risk of increased wage rates or changes to collective bargaining agreements – and formulate this risk into their bid. It is best to keep this risk with the contractors as they know best how to work the risk of increased labor costs into their bids for the scope specified in the contract. Causing MDOT to assume the risk would substantially increase costs when the budgets are already very constrained.

The Honorable Guy Guzzone
Page Two

The advantages of agreeing to a contract price at a particular time are lost to MDOT when the contractor can obtain increased compensation. MDOT Procurement enters into contracts based on available funds projected at the time the contract is signed. Absent a process to account for the potential increase in compensation cost at the time of the creation of a contract, this modification would result in financial shortfall of costs not factored into the budget process at the time of the contract execution.

MDOT would prefer that Procurement Officers retain their authority to decide whether to approve modifications and change orders in order to prevent contractors from deliberately underestimating their costs during the bidding process. Without safeguards, a contractor could submit an unrealistically low bid to win a contract only to seek a higher contract value through a modification once the award is secured. This would undermine the integrity of the competitive bidding and selection processes and create incentives for strategically low bids that do not reflect the true cost of performing the work. Although we could, in theory, cancel a contract in these circumstances, doing so is highly disruptive in practice. Terminating a contract would require conducting an entirely new procurement, which could delay project timelines and increase overall costs.

On a technical standpoint, MDOT would like to note that Senate Bill 63 would require contract modifications in accordance with these new provisions to be contingent upon approval by the Chief Procurement Officer of the Department of General Services' Office of State Procurement. However, MDOT is its own Primary Procurement Unit and neither our Construction contracts nor our Security Services contracts are subject to review and approval by DGS Office of State Procurement's Chief Procurement Officer.

The Maryland Department of Transportation respectfully requests the Committee consider this information when deliberating Senate Bill 63.

Respectfully submitted,

Matthew Mickler
Director of Government Affairs
Maryland Department of Transportation
410-865-1090