MARYLAND
Association of
COUNTIES

House Bill 23

Procurement - Prevailing Wage Law - Waiver From Provisions

MACo Position: **SUPPORT**

To: Economic Matters Committee

Date: January 27, 2016

From: Robin Clark Eilenberg

The Maryland Association of Counties (MACo) **SUPPORTS** HB 23. This bill would create a limited waiver process from the State's prevailing wage requirements to allow for needed school construction projects to move forward.

Currently, State prevailing wage laws apply to school construction projects that receive 25% or more in state funding. This low threshold for application of the prevailing wage has resulted in an increase in school construction costs that has strained local budgets and led to the delay of school construction.

This legislation would create two possible grounds for applying for a waiver. First, if a county can show that application of the prevailing wage would cause a county to defer or cancel a school project for which there is demonstrated need, the county may apply for a prevailing wage waiver. Second, or if a county can show that the application of the prevailing wage will increase the cost of constructing an elementary or secondary school by 10% or more, the county may apply for a prevailing wage waiver. The Commissioner of Labor and Industry may grant a prevailing wage waiver to the county within 90 days of the county's application.

Over the past year, according to data gathered by the Interagency Committee on School Construction, recently expanded prevailing wage has increased project costs by an average of over 11%. Theses cost increases mean that limited state and county funding stretches to fewer projects. Counties have delayed renovations of aging schools and counties have suspended construction of schools needed to accommodate growing student populations. The waiver process described in HB 23 would allow consideration of school construction needs to be balanced with other policy interests.

For these reasons, MACo **SUPPORTS** HB 23 and urges the Committee to give the bill a **FAVORABLE** report.