



Senate Bill 40

Procurement - Prevailing Wage - Modifications

MACo Position: **SUPPORT**

To: Finance Committee

Date: January 31, 2019

From: Robin Clark Eilenberg

The Maryland Association of Counties (MACo) **SUPPORTS** SB 40. This bill would allow some added flexibility from the State's mandate to apply State prevailing wage laws and regulations to any public school construction project that receives even 25% of its funding from the State.

Any increase in school construction costs slows State and county progress toward meeting the needs for new school construction and renovation of aging education facilities for Maryland's students. In a study on prevailing wage, according to data gathered by the Interagency Committee on School Construction, the application of prevailing wage to a school construction project was found to have increased project costs by an average of more than 10%.

The modifications to the State's prevailing wage law, as set forth in SB 40, would balance the State's school construction needs and goals with other policy interests. Along with a few other changes, this legislation would raise the threshold for prevailing wage back to the same applied to other capital projects. This would align prevailing wage practices with the practice that empowers the party providing the majority of the funding with certain management and oversight controls.

In 2014, the State passed legislation that expanded its prevailing wage program by applying prevailing wage to significantly more primary and secondary school construction projects. Now, prevailing wage must be used on all school projects for which the State provides even one quarter (25%) of the funding or more, rather than only to those projects for which the State provides half (50%) of the funding.

Other bill provisions sensibly recognize that the cost of living is not uniform across the state, and allow that recognition to better inform the application of prevailing wage to public projects.

Since 2014, counties have delayed the renovation of aging schools and the construction of schools needed to accommodate growing student populations. A return to the standard for application of State prevailing wage laws to projects funded with a majority of State funding could speed progress toward State and local school construction goals.

SB 40 reinstates a more balanced approach to the too-uniform prevailing wage law for public schools. For this reason, MACo **SUPPORTS** SB 40 and urges the Committee to give the bill a FAVORABLE report.