

BILL: House Bill 23
TITLE: Procurement - Prevailing Wage - Waiver from Provisions
DATE: January 27, 2016
POSITION: SUPPORT
COMMITTEE: Economic Matters Committee
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The Maryland Association of Boards of Education (MABE), representing all of the State's boards of education, supports House Bill 23, which would establish a process to allow school systems to receive waivers from prevailing wage requirements for school construction projects. This bill is consistent with MABE's longstanding position in favor of repealing or limiting the scope of prevailing wage requirements as they apply to school construction projects.

State policy regarding prevailing wage and school construction shifted in 2000 when the General Assembly enacted legislation to lower the percentage of State funding triggering prevailing wage requirements from 75 percent to 50 percent. Following 2000, the 50 percent threshold resulted in dramatically increased project costs for many school systems and unnecessarily diluted the benefit of the State and local investment in public school construction during these years. In 2014 the General Assembly again lowered the threshold of state funding mandating prevailing wage from 50 percent to 25 percent.

For many years now, local boards of education have bid construction projects both as prevailing wage and non-prevailing wage projects. These bids provide convincing evidence of cost savings under the non-prevailing wage rates. In light of the significant potential cost savings, MABE strongly supports the approach of House Bill 23 which would establish a reasonable waiver process contingent on a cost increase of 10 percent or more. This waiver process would achieve significant cost savings and maximize the value of all available school construction funds. A very recent report by the Maryland Public School Construction Program (PSCP) confirms the high cost of prevailing wage:

“There is incontrovertible evidence that prevailing wage rates increase construction costs. The PSCP has examined 262 trade package and small project bids that were solicited both with and without prevailing wage rates, and finds that prevailing wage rates increase bid costs by an average of 11.65%. These side-by-side bids are taken at the same time, for the same scope of work, and are submitted by the same contractors; all factors are therefore the same except for the labor rates.” (Citation on reverse)

MABE and the local boards we represent greatly appreciate the fact that the General Assembly and Governor consistently strive to sustain robust funding for school facilities projects benefiting students in each of the twenty-four school systems. MABE also firmly believes that providing relief from increased costs arising under prevailing wage requirements (increases of 10 percent or more) would provide an important boost to State and local efforts to address these school facility needs. For these reasons, MABE requests a favorable report on House Bill 23.

Citation:

THE COST OF SCHOOL CONSTRUCTION: A Comparison of the Monarch Global Academy and Conventional School Facilities, Report to Governor Larry Hogan and the Board of Public Works Interagency Committee on School Construction, October 28, 2015 (p. 34).

Link: <http://www.pscp.state.md.us/Reports/Monarch%20Final%20Report%2010-28-15.pdf>