



Renee McGuirk Spence, Executive Director
9 Trotters Ridge Court, Catonsville, MD 21228
410-925-2183
pssamed@gmail.com
www.pssam.org

BILL: Senate Bill 40
TITLE: Procurement – Prevailing Wage - Modifications
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POSITION: SUPPORT
COMMITTEE: Finance
CONTACT: Renee McGuirk Spence, Executive Director, PSSAM
Email: pssamed@gmail.com; Cell: 410-925-2183

Senate Bill 40 alters the definition of "public body" to increase, from 25% to 50%, the percentage of money used for construction that must be State money for a certain entity or person to be included with respect to the construction of an elementary or secondary school for purposes of certain provisions of law governing the prevailing wage; authorizing the Commissioner of Labor and Industry to set regional prevailing wage rates for each classification of worker engaged in work of the same or similar character for certain regions; etc.

PSSAM fully **supports** Senate Bill 40.

Senate Bill 40 would provide cost savings opportunities to local school boards when capital projects can be awarded at non-prevailing wage rates. Existing law requires construction projects with a maximum state funding amount greater than 25% to be awarded using prevailing wage rates. Almost all state funded school construction projects fall into this category.

The current law for prevailing wage can result in additional costs of 10% to school construction projects. Under this proposed legislation, the threshold would be raised from 25% to 50% of state funds prior to state prevailing wage requirements taking effect.

Senate Bill 40 is fiscally sound and would provide local school boards the opportunity to avoid paying top dollar on goods and services. Every financial measure that stretches the taxpayer's dollar and allows local school systems to reduce school construction costs is to be applauded. Maximizing the use of public funds is the ultimate goal of every local school board.

For the reasons stated above, PSSAM **supports** Senate Bill 40 and urges a favorable committee report.