Task Force to Study the Applicability of the Maryland Prevailing Wage Law

Annapolis, Maryland
March 2014

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Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland

March 25, 2014

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THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

TASK FORCE TO STUDY THE APPLICABILITY OF THE MARYLAND PREVAILING WAGE LAW

March 25, 2014

The Honorable Martin J. O'Malley, Governor
State House

Members, Senate Finance Committee
Miller Senate Office Building

Members, House Economic Matters Committee
Taylor House Office Building

Ladies and Gentlemen:

The Task Force to Study the Applicability of the Maryland Prevailing Wage Law respectfully submits its final report. The task force met five times, including three times during the 2013 interim and twice during the 2014 session. Pursuant to Chapter 402 (House Bill 1098) of 2013, the Task Force to Study the Applicability of the Maryland Prevailing Wage Law was authorized to examine Maryland's prevailing wage law as it applies to school construction projects. This report was written by Michael C. Rubenstein and David A. Smulski and reviewed by Tami D. Burt.

We would like to thank the members of the task force for participation in this complex and controversial matter. We would also like to acknowledge the cooperation and assistance provided by staff, government officials, and the public throughout the process.

Sincerely,

Allan H. Kittleman, Co-chair

John A. Olszewski, Jr., Co-chair

Thomas M. Middleton, Co-chair

Steven R. Schuh, Co-chair

AHK:TMM:JAO:SRS/DAS/ckt

Maryland General Assembly
Task Force to Study the Applicability of the Maryland Prevailing Wage Law
2014 Membership Roster

Allan H. Kittleman, **Co-chair**
Thomas M. Middleton, **Co-chair**
John A. Olszewski, Jr., **Co-chair**
Steven R. Schuh, **Co-chair**

Appointed by Senate President and House Speaker

James L. Doolan
Donna S. Edwards
Diane L. George
George R. Nash, Jr.
Aleksy L. Szachnowicz
Gerard M. Waites

Ex officio

Alvin C. Collins, Secretary of the Department of General Services
Leonard J. Howie III, Secretary of the Department of Labor, Licensing, and Regulation
David G. Lever, D.A., Executive Director, Public School Construction Program

Staff

Michael C. Rubenstein
David A. Smulski

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Task Force to Study the Applicability of the Maryland Prevailing Wage Law

Final Report

Prevailing wage laws date back to the Great Depression and so has the controversy. Prevailing wage laws generally require that workers on a public work performing a specific job or task are paid an amount per hour that is most common or "prevailing" in a specific geographic area. In addition to specifying wages, these laws include work rules that enforce or maintain labor standards for the benefit of employees. The federal Davis-Bacon Act serves as the model for state prevailing wage laws. Maryland enacted its prevailing wage law in 1969.

The purposes of prevailing wage laws are two-fold. First, the laws are intended to stabilize wages in an area by preventing employers from paying less than the amount commonly paid to workers in a region. Second, the laws prevent "unscrupulous" contractors from undermining local employment by "low bidding" on government contracts and/or importing workers at lower wages.

Although all prevailing wage laws are similar in intent, they vary in the methods used to calculate wages and the circumstances under which the laws take effect. Most laws have a minimum dollar amount or threshold for government contracts. A contract must be above the threshold and entail certain types of construction for the law to apply. The federal threshold is for all construction and maintenance contracts valued in excess of $2,000. Maryland law requires that prevailing wages must be paid on any State construction project valued at $500,000 or more and that is at least 50% State funded.

Prevailing wage laws have been the subject of controversy over the years. Opponents charge that prevailing wage laws:

- increase unemployment and the cost of public work projects;
- seldom are accurately calculated; and
- tend to favor union contractors.

Proponents of the laws contend that the converse is true; employers do not always pay the wages that prevail, and that prevailing wages pay a fair wage, one that yields greater income tax revenue and higher local employment.

In 2000, legislation was enacted that removed a restrictive requirement for the applicability or prevailing wage laws to school construction projects, by requiring that a school construction project receiving 50% or more in State funding is subject to State prevailing wage

requirements. School districts could opt out of the requirement by contributing 51% or more of the project's construction costs. For the past several years, legislation has been introduced that would have restored the prevailing wage law to its pre-2000 status, and conversely other legislation would have essentially subjected more school construction projects to Maryland law by altering the percentage to 25% or more in State funding. During the 2013 session, House Bill 1098, as introduced, was similar to the latter.

What was different regarding House Bill 1098 was that the House of Delegates passed an amended version of the bill that greatly expanded the applicability of the Maryland law to any construction project receiving State funds, regardless of the amount. The Senate rejected the House approach and proposed, ultimately with the concurrence of the House of Delegates, a Task Force to Study the Applicability of the Maryland Prevailing Wage Law.

The Task Force to Study the Applicability of the Maryland Prevailing Wage Law

Chapter 402 of 2013 established the Task Force to Study the Applicability of the Maryland Prevailing Wage Law. The task force's primary purposes are to:

- examine the current prevailing wage law and how it applies to school construction projects;
- analyze and examine school construction contracts bid as prevailing wage and nonprevailing wage contracts to determine the effect specified requirements may have on contract costs;
- analyze and examine prevailing wage and nonprevailing wage construction projects through the duration of the project to determine if project quality varies by contract type;
- study how local prevailing wage laws compare to Maryland law; and
- review other state prevailing wage laws, other studies on prevailing wages, and other matters that relate to the scope and application of the Maryland law.

Specific Background

The federal Davis-Bacon Act, originally enacted in 1931, requires contractors working on federal public works contracts valued at more than $2,000 to pay their employees the prevailing local wage for their labor class, as determined by the U.S. Secretary of Labor. Thirty-two states

and the District of Columbia currently have prevailing wage laws; since 1979, nine states have repealed their prevailing wage laws.

Maryland adopted a prevailing wage law in 1945, but it only applied to road projects in Allegany, Garrett, and Washington counties. In 1969, the statute was amended to include State public works contracts of $500,000 or more. There have been periodic changes to the law and the definition of "prevailing wage." In 1983, the law was broadened to include public works projects in which the State funds 50% or more of the total project costs and 75% or more in the case of public schools. Chapter 208 of 2000 reduced the prevailing wage threshold for public schools from 75% to 50% of construction costs, thereby bringing school construction projects in line with prevailing wage requirements for other public works projects.

The number and value of prevailing wage projects has risen dramatically in just two years. The Department of Labor, Licensing, and Regulation (DLLR) advises that its prevailing wage unit currently monitors more than 700 projects, compared with 187 in fiscal 2011 and 446 in fiscal 2012. The total value of those projects has also increased, from $3.1 billion in fiscal 2011 to almost $6.0 billion in fiscal 2014, which includes projects procured by local governments. In fiscal 2013, the DLLR's Prevailing Wage Unit investigated 625 project sites for prevailing wage compliance, recovered $287,000 in unpaid wages on behalf of laborers, and collected $86,000 in liquidated damages on behalf of the State and local governments. The unit has employed an average of three prevailing wage inspectors annually.

Five Maryland jurisdictions – Allegany, Charles, Montgomery, and Prince George's counties and Baltimore City – have local prevailing wage laws requiring public works projects in their jurisdictions to pay prevailing wages. The Montgomery County prevailing wage ordinance does not apply to school construction projects.

A Synopsis of the Current Law

"Public works" are structures or works, including a bridge, building, ditch, road, alley, waterwork, or sewage disposal plant, that are constructed for public use or benefit or paid for entirely or in part by public money. Contractors working on eligible public works projects in Maryland must pay their employees the prevailing wage rate. Eligible public works projects are those carried out by:

- the State; or

- a political subdivision, agency, person, or entity for which at least 50% of the project cost is paid for with State funds.

Any public works contract valued at less than $500,000 is not required to pay prevailing wages. The State prevailing wage rate also does not apply to any part of a public works contract

funded with federal funds for which the contractor must pay the prevailing wage rate determined by the federal government.

Prevailing wages are wages paid to at least 50% of workers in a given locality who perform the same or similar work on projects that resemble the proposed public works project. If fewer than 50% of workers in a job category earn the same wage, the prevailing wage is the rate paid to at least 40% of those workers. If fewer than 40% receive the same wage rate, the prevailing wage is calculated using a weighted average of local pay rates. The State Commissioner of Labor and Industry is responsible for determining prevailing wages for each public works project and job category.

The Commissioner has the authority to enforce contractors' compliance with the prevailing wage law. Contractors found to have violated the prevailing wage law must pay restitution to the employees and liquidated damages to the public body in the amount of $20 a day for each laborer who is paid less than the prevailing wage. If an employer fails to comply with an order by the Commissioner to pay restitution, either the Commissioner or an employee may sue the employer to recover the difference between the prevailing wage and paid wage. The court may order the employer to pay double or triple damages if it finds that the employer withheld wages or fringe benefits willfully and knowingly or with deliberate ignorance or reckless disregard for the law.

Regarding school construction, the State pays at least 50% of eligible school construction costs in all counties. Costs that are ineligible for State funding include, among other things, planning and design fees and movable objects or equipment (*e.g.*, furniture or bookshelves). Since total construction costs are higher than eligible construction costs, the State often pays less than 50% of total school construction costs in eight counties that receive a 50% State match of eligible costs.

The Governor must include at least $385,000 in the budget each year for the Prevailing Wage Unit within DLLR. In addition, the University System of Maryland, Morgan State University, St. Mary's College of Maryland, and the Maryland Stadium Authority are exempt from the prevailing wage law.

Task Force Activities

To meet its charge, the task force met three times in fall 2013 and continued meeting during the 2014 session. During the first meeting, the task force discussed its charge by reviewing the requirements of Chapter 402. **Appendix 1** is a copy of Chapter 402. Next the Commissioner provided an overview of the State Prevailing Wage Unit and its activities which are described in **Appendix 2**. The meeting concluded with the task force discussing the types of data it would like to review to determine how much paying prevailing wages may cost from bid through project completion (**Appendix 3**).

The second meeting of the task force focused on factors that affect the cost of school construction from the perspective of the Public School Construction Program (PSCP) and reviewed various cost elements associated with the construction of a school, including project type, estimated project cost at contract, and State and local shares of the project cost. In cases of available "side by side" bid comparisons with prevailing wage requirements and without prevailing wage requirements, on average bids with prevailing wages came in at 10% higher (**Appendix 4**). The task force also reviewed data on school construction projects that closed within the past five years with the intent of determining whether projects with prevailing wages had an effect on the final project cost (**Appendix 5**). Due to the many variables associated with constructing a school construction project, the data was inconclusive, and the task force decided to delve further into the matter at the next meeting.

During its third meeting, the task force continued reviewing various prevailing wage data to determine whether paying prevailing wages on school construction projects affect initial and final project costs. Representatives from DLLR and PSCP presented data on 50 projects (**Appendix 6**). They concluded that the number of projects was not sufficiently large enough to draw reliable conclusions because of the extensive variation in project size, location, timing, and type. Although the data compared initial bid costs with final costs, there were no clear patterns or relationships between the two, and many factors besides prevailing wage rates contributed to final costs, according to Dr. Lever from PSCP. Therefore, the task force determined that no reliable conclusions could be drawn regarding the effect of prevailing wage requirements from a review of completed school construction projects in Maryland.

During the remainder of the third meeting, the task force heard a presentation on the PSCP's administrative procedures for reviewing and approving project requests (**Appendix 7**) and was briefed on the local process for bidding school construction projects by a representative from Frederick County who provided an example of a "side by side" bid comparison for a school construction project (**Appendix 8**). The third meeting of the task force closed with the co-chairs requesting a review of the studies submitted by the task force member representing the Washington, DC Building and Construction Trades Council and the task force member representing Associated Builders and Contractors.

During the task force's first meeting of the 2014 session, staff from DLLR presented the review of the literature provided by the task force members (**Appendix 9**). Before detailing the literature review, DLLR staff highlighted the fact that some of the 50 studies presented for review were discounted for various reasons, including that the data presented was not empirical or that the studies did not address the issue of total project cost. Most original research about cost differences between prevailing wage and non-prevailing wage projects was done when the prevailing wage laws were proliferating; later research contested the original research. Many criticisms focused on lack of appropriate comparison groups. Also, while bid data for a single project based on using prevailing wage and non-prevailing wage rates can be compared, there is no basis for comparing actual project costs for a single project, which are a more reliable measure of actual cost because projects are only built either using prevailing wages or not using prevailing wages.

In addition, the task force reviewed data on how changing the prevailing wage State share requirement from 50% through 80% of State share of construction costs would affect the PSCP, and the representative from the Maryland Association of Boards of Education provided "side by side" bid comparison information on selected Carroll County school construction projects (**Appendix 10**).

The task force's final meeting included a discussion of legislation that has been introduced during the 2014 session, which alters various prevailing wage threshold requirements, including:

- SB 204 – Prevailing Wage Rates Reform Act of 2014;
- SB 232/HB 727 – Procurement – Prevailing Wage – Applicability; and
- SB 1068 – Procurement – Prevailing Wage – School Construction.

During the course of its activities, the task force received numerous position or white papers, as well as further bid comparison data on school construction from the Associated Builders and Contractors, an analysis of how much school construction funds stay in Maryland from Anne Arundel County, and information on other State thresholds for prevailing wage projects. This information is presented in **Appendix 11**.

Conclusion

Without any definitive data on the effect of prevailing wage rates on public work projects, particularly relating to the State public school construction program, the task force was unable to make any specific findings; therefore, the task force made no recommendations. There was disagreement among task force members regarding the estimated increase to costs associated with public works projects that are prevailing wage projects versus nonprevailing wage projects. Some task force members believed that the "side by side" comparisons (which suggested an approximate 10% cost increase) reviewed by the task force were a fair reflection of these price differences. Others believed that the DLLR review of empirical studies (which suggested there might be anywhere from no impact to a 3% increase) and the estimate provided by the Department of Legislative Services in its fiscal notes on prevailing wage legislation (which estimated a possible 2 - 5% increase) better reflected the potential costs of a change to prevailing wage law.

Appendix 1

Chapter 402

(House Bill 1098)

AN ACT concerning

~~**Procurement – Prevailing Wage – Applicability**~~
Task Force to Study the Applicability of the Maryland Prevailing Wage Law

FOR the purpose of ~~altering~~ ~~repealing a certain limitation on the applicability of the Prevailing Wage Law to the construction of a public work by revising a certain definition;~~ *establishing a Task Force to Study the Applicability of the Maryland Prevailing Wage Law; providing for the membership and cochairs of the Task Force; requiring the Department of Legislative Services, with assistance from the Department of Labor, Licensing, and Regulation, to staff the Task Force; providing that a member of the Task Force may not receive certain compensation but is entitled to certain reimbursement; providing for the duties of the Task Force; requiring the Task Force to report certain findings and recommendations, on or before a certain date, to the Governor and certain committees of the General Assembly; providing for the termination of this Act;* and generally relating to the applicability of the Prevailing Wage Law.

~~BY repealing and reenacting, with amendments,~~
~~Article – State Finance and Procurement~~
~~Section 17–201~~
~~Annotated Code of Maryland~~
~~(2009 Replacement Volume and 2012 Supplement)~~

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That ~~the Laws of Maryland read as follows~~:

~~**Article – State Finance and Procurement**~~

~~17–201.~~

~~(a) In this subtitle, unless the context indicates otherwise, the following words have the meanings indicated.~~

~~(b) "Apprentice" means an individual who:~~

~~(1) is at least 16 years old;~~

~~(2) has signed with an employer or employer's agent, an association of employers, an organization of employees, or a joint committee from both, an agreement including a statement of:~~

~~(i) the trade, craft, or occupation that the individual is learning; and~~

~~(ii) the beginning and ending dates of the apprenticeship; and~~

~~(3) is registered in a program of the Council or the Bureau of Apprenticeship and Training of the United States Department of Labor.~~

~~(c) "Commissioner" means:~~

~~(1) the Commissioner of Labor and Industry;~~

~~(2) the Deputy Commissioner of Labor and Industry; or~~

~~(3) an authorized representative of the Commissioner.~~

~~(d) "Construction" includes all:~~

~~(1) building;~~

~~(2) reconstructing;~~

~~(3) improving;~~

~~(4) enlarging;~~

~~(5) painting and decorating;~~

~~(6) altering;~~

~~(7) maintaining; and~~

~~(8) repairing.~~

~~(e) "Council" means the Apprenticeship and Training Council.~~

~~(f) (1) "Employee" means an apprentice or worker employed by a contractor or subcontractor under a public work contract.~~

~~(2) "Employee" does not include an individual employed by a public body.~~

~~(g) (1) "Locality" means the county in which the work is to be performed.~~

~~(2) If the public work is located within 2 or more counties, the locality includes all counties in which the public work is located.~~

~~(h) "Prevailing wage rate" means the hourly rate of wages paid in the locality as determined by the Commissioner under § 17–208 of this subtitle.~~

~~(i) (1) "Public body" means:~~

~~(i) the State;~~

~~(ii) except as provided in paragraph (2)(i)~~ **(2)** ~~of this subsection, a unit of the State government or instrumentality of the State;~~

~~(iii) any political subdivision, agency, person, or entity with respect to the construction of any public work for which [50%] 25% or more of the money used for construction is~~ **FUNDED IN WHOLE OR IN PART WITH** ~~State money; and~~

~~(iv) notwithstanding paragraph (2)(ii) of this subsection, a political subdivision if its governing body:~~

~~1. provides by ordinance or resolution that the political subdivision is covered by this subtitle; and~~

~~2. gives written notice of that ordinance or resolution to the Commissioner.~~

~~(2) "Public body" does not include:~~

~~(i) a unit of the State government or instrumentality of the State funded wholly from a source other than the State; or~~

~~(ii) any political subdivision, agency, person, or entity with respect to the construction of any public work for which less than [50%] 25% of the money used for construction is State money.~~

~~(j) (1) Subject to paragraph (2) of this subsection, "public work" means a structure or work, including a bridge, building, ditch, road, alley, waterwork, or sewage disposal plant, that:~~

~~(i) is constructed for public use or benefit; or~~

~~(ii) is paid for wholly or partly by public money.~~

~~(2) "Public work" does not include,~~ ~~INCLUDE:~~

~~(I) A STRUCTURE OR WORK WHOSE CONSTRUCTION IS PERFORMED BY A PRIVATE NONPROFIT INSTITUTION OF HIGHER EDUCATION, REGARDLESS OF PAYMENT WHOLLY OR PARTLY BY PUBLIC MONEY; OR~~

~~(II) unless let to contract, a structure or work whose construction is performed by a public service company under order of the Public Service Commission or other public authority regardless of:~~

~~(i) 1. public supervision or direction; or~~

~~(ii) 2. payment wholly or partly from public money.~~

~~(k) "Public work contract" means a contract for construction of a public work.~~

~~(l) "Worker" means a laborer or mechanic.~~

(a) There is a Task Force to Study the Applicability of the Maryland Prevailing Wage Law.

(b) The Task Force consists of the following members:

(1) two members of the Senate of Maryland, one of whom shall be a member of the minority party, appointed by the President of the Senate;

(2) two members of the House of Delegates, one of whom shall be a member of the minority party, appointed by the Speaker of the House;

(3) the Secretary of Labor, Licensing, and Regulation;

(4) the Secretary of General Services;

(5) the Executive Director of the Public School Construction Program;

(6) the following members appointed by the President of the Senate and the Speaker of the House:

(i) one member of the AFL–CIO;

(ii) one member of the Washington, DC Building and Construction Trades Council;

(iii) one member of the Associated Builders and Contractors;

(iv) one member from the Maryland Association of Counties;

(v) one member from the Maryland Association of Boards of Education; and

(vi) one member representing a local school system that solicits bids for school construction at the 50% threshold under the Prevailing Wage Law.

(c) The Task Force shall be cochaired by the members from the Senate of Maryland and the House of Delegates.

(d) The Department of Legislative Services, with assistance from the Department of Labor, Licensing, and Regulation, shall staff the Task Force.

(e) A member of the Task Force:

(1) may not receive compensation as a member of the Task Force; but

(2) is entitled to reimbursement for expenses under the Standard State Travel Regulations, as provided in the State budget.

(f) The Task Force shall:

(1) examine the current Prevailing Wage Law and how it applies to school construction projects, including:

(i) the current process as it relates to the Interagency Committee on School Construction procedures;

(ii) the determination of whether a project is bid as a prevailing wage or nonprevailing wage project;

(iii) how the current prevailing wage thresholds apply and affect bids for school construction projects; and

(iv) whether there are differences in the application of the Prevailing Wage Law based on project size and cost;

(2) analyze and examine school construction contracts bid as prevailing wage and nonprevailing wage contracts to determine the effect the following requirements may have on contract costs, including:

(i) overhead costs associated with complying with the Prevailing Wage Law;

(ii) other related contractor overhead costs that may apply;

(iii) fringe benefits provided to workers;

(iv) licensing requirements;

(v) reporting requirements; and

(vi) union requirements that may affect staffing levels;

(3) analyze and examine prevailing wage and nonprevailing wage construction projects through the duration of the project to determine if project quality varies by contract type, accounting for the following:

(i) local school system–driven modifications;

(ii) unforeseen condition modifications; and

(iii) defective workmanship;

(4) study how local prevailing wage laws compare to the Maryland Prevailing Wage Law;

(5) review:

(i) other state prevailing wage laws;

(ii) other studies on the effect of prevailing wage laws on construction costs, community well–being, worker wages and income tax revenues, and State and local budgets; and

(iii) any other matter that relates to the scope and application of the Maryland Prevailing Wage Law.

(g) On or before December 31, 2013, the Task Force shall report its findings and recommendations relating to the effect of the Maryland Prevailing Wage Law on school construction to the Governor and, in accordance with § 2–1246 of the State Government Article, the Senate Finance Committee and the House Economic Matters Committee.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2013. *It shall remain effective for a period of 1 year and, at the end of June 30, 2014, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.*

Approved by the Governor, May 2, 2013.

Appendix 2

Prevailing Wage Compliance

CONTRACTS FOR PUBLIC WORKS

The Division is responsible for implementing the prevailing wage law on covered public works contracts, ensuring proper classification of workers, rates of pay and conditions of employment. The Maryland prevailing wage law and regulations are intended to encourage the development of a high-skill, high-wage growth path for the construction labor market in public works contracting. Union and non-union contractors win public works jobs based on having the most productive, best equipped and best managed workforce. This creates a win/win situation for successful contractors and their workers.

The Prevailing Wage unit operates under authority of the State Finance and Procurement Article, Sections 17-201 through 17-226, *Annotated Code of Maryland.* Coverage of the Prevailing Wage Law extends to any contract for public works in excess of $500,000 when State public funds are used to provide 50 percent or more of the funds for the project. A wage determination issued for a project specifies the wage and fringe benefit rates for each classification of worker determined to be prevailing in that locality for that type of construction.

The Prevailing Wage unit conducts a continuing program to gather current relevant wage data. Statistical information needed to issue wage determinations is obtained through annual surveys and from payrolls submitted by contractors. Wage determinations are issued for each locality in the State (23 counties and the City of Baltimore) and remain in effect for one year from the date they are issued. At the end of 2012, 577covered projects were under construction.

Activity for 2012	
Payrolls received	38,097
Audits performed	9,714
Determinations issued	297
Estimated dollar amount of determinations issued	$14,024,691,397
Wages recovered for employees	$651,033
Liquidated damages collected for violations	$141,430

The Prevailing Wage Law requires contractors to submit certified payroll statements indicating proper worker classification and wages for both straight and overtime work. The payrolls are audited by field investigators to determine whether employees are paid according to the determinations issued. Together with information from field investigations and employee complaints, the audits frequently result in liquidated damages and restitution recovery for the employees.

The Division of Labor and Industry has seen increased compliance by contractors on Maryland public works projects, due in large part to the unit's outreach efforts prior to the start of construction.

SENATE TASKFORCE ON PREVAILING WAGE IN MD.

Jan-July 2013

Contractors on site	1083
Employees interviewed	4139
Restitution recovered	$146,639.00
# Employees receiving	212
Certified received	39,948

Jan-Dec. 2012

Contractors on site	1490
Employees interviewed	7068
Restitution recovered	$651,033.09
# Employees receiving	358
Certified received	34,963

Jan-Dec.2011

Employees interviewed	5583
Restitution recovered	$482,463.37
# Employees receiving	555
Certified received	56,904

Jan-Dec.2010

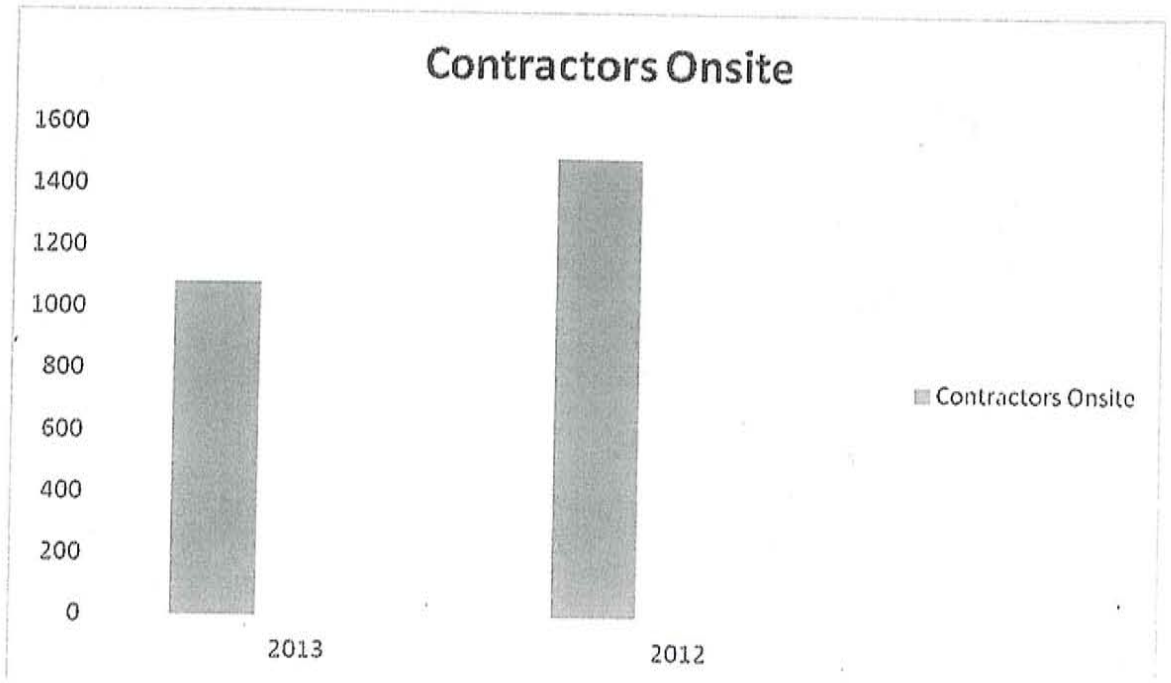
Employees interviewed	4206
Restitution recovered	$380,116.50
# Employees receiving	513
Certified received	42,066

Jan-Dec.2009

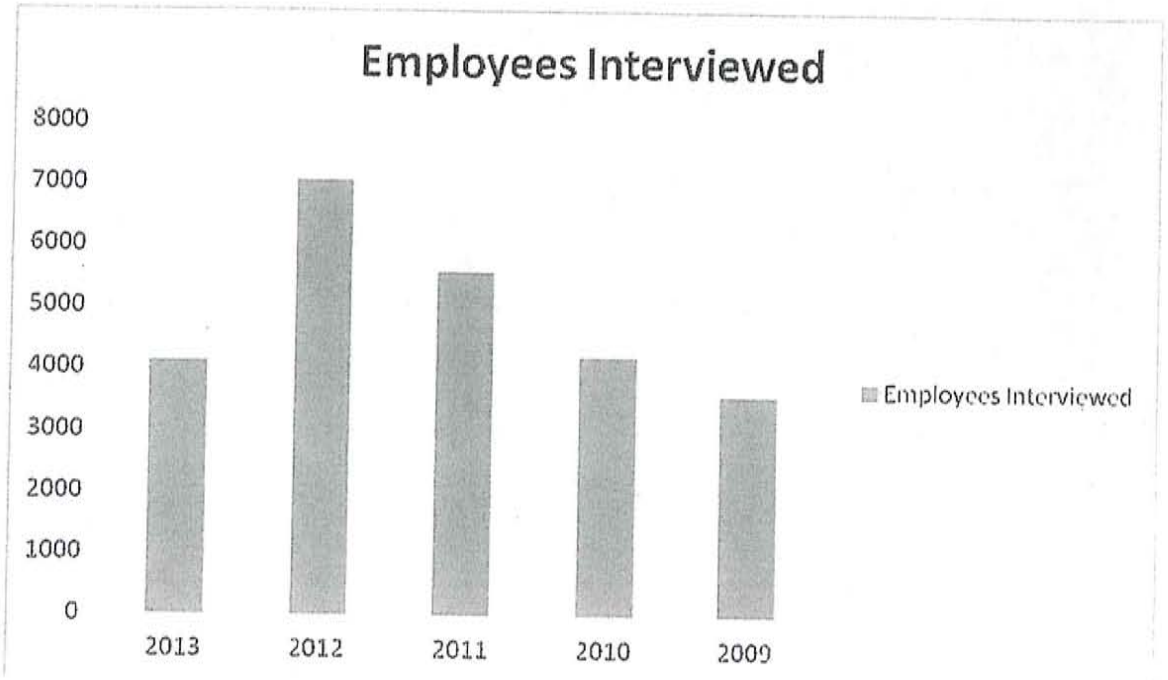
Employees interviewed	3593
Restitution recovered	$428,914.76
# Employees receiving	417
Certified received	43,828

- The PW Unit has registered 251 State Procurement agents since going online in 2010.
- 1947 Contractors and employers have registered since 2010.
- 84 Unions and 10 Trade Associations have registered.
- The electronic certified payroll system collects on average 260 certified payrolls per day.
- The PW Unit no longer needs to store paper certified payrolls.
- Employee SSN's are no longer redacted by hand for an MPIA request which once took almost 4 weeks to complete on large request. Today a report can be generated the same day without exposing any of the employee's personal information.

- The annual statewide survey process is now paperless.
  - 2009 survey submittals 500-600 approx.
  - 2010 survey submittals 9,888
  - 2011 survey submittals 7,688
  - 2012 survey submittals 5,833
- Features of Maryland's Electronic Certified Payroll System
  - Informational Statewide craft rates online for each county and craft and type
  - Procurement portal for requesting wages rates for each project.
    - Before the electronic system request for rates could take 3-4 weeks.
    - Today (Since 2010) wage rate request takes only a few minutes.
- Master Project's list
  - Every active project is listed on the website
    - Downloadable/Printable copy of wage determination
- Certified Payroll button
  - Employers can submit certified payroll 24/7 from any computer
  - Each employer can have as many people logged in and working as they want
  - Once payroll has been submitted, printable receipt for General Contractor
  - Bulk File submission process has been developed and is popular
    - Step-by-step directions are online for the process of aligning an employer's accounting system to the State's electronic process.
    - Several businesses have been expanded and created to process payrolls for employers that don't want to do it themselves. These employers also have the same company process their weekly payroll. Several businesses are located outside of MD and 1 is in Canada.
    - Both Manual and Bulk submittals have a printable receipt that is on State letterhead.
- General Contractor's Log
  - GC's can view their sub's receipts thus eliminating the late payroll submission
  - GC's can request a close out of subs. (audit)
  - GC's can list all subcontractors for the MATC Fund.



*2013 Data January to July 2013



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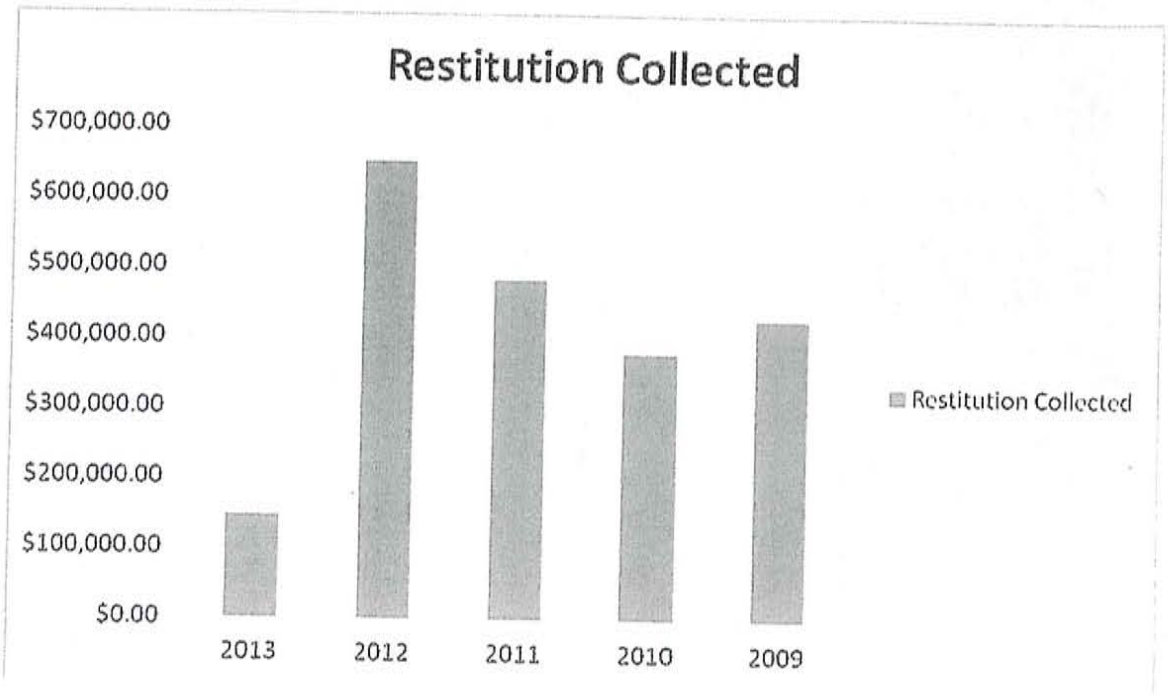
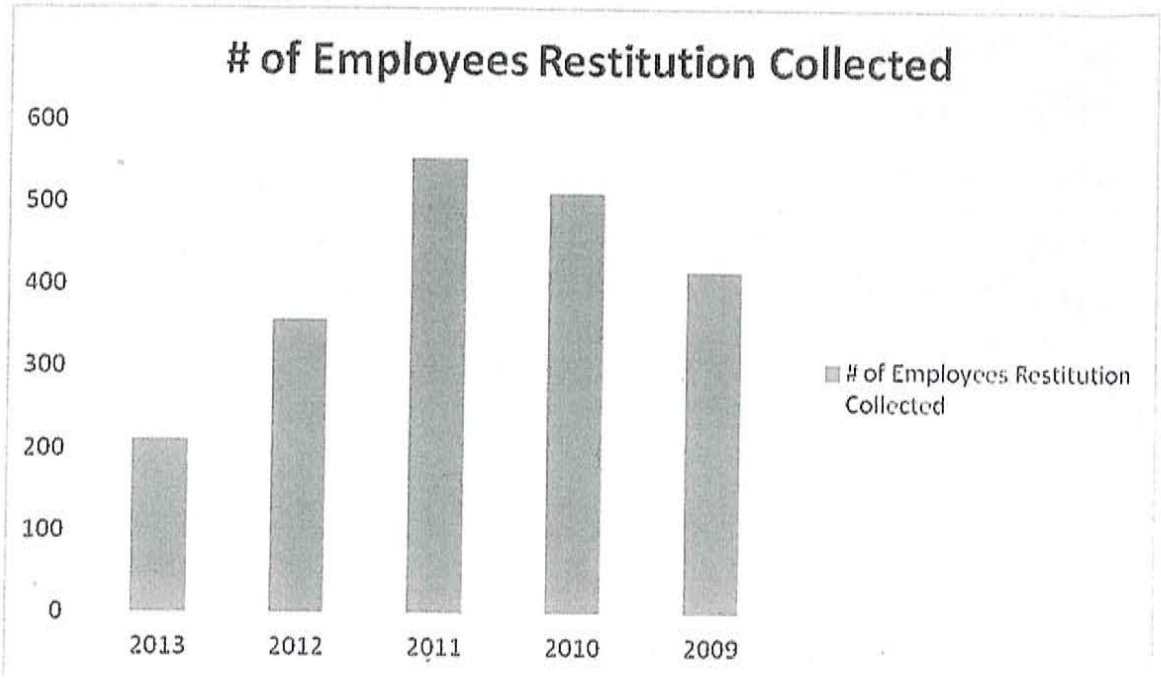
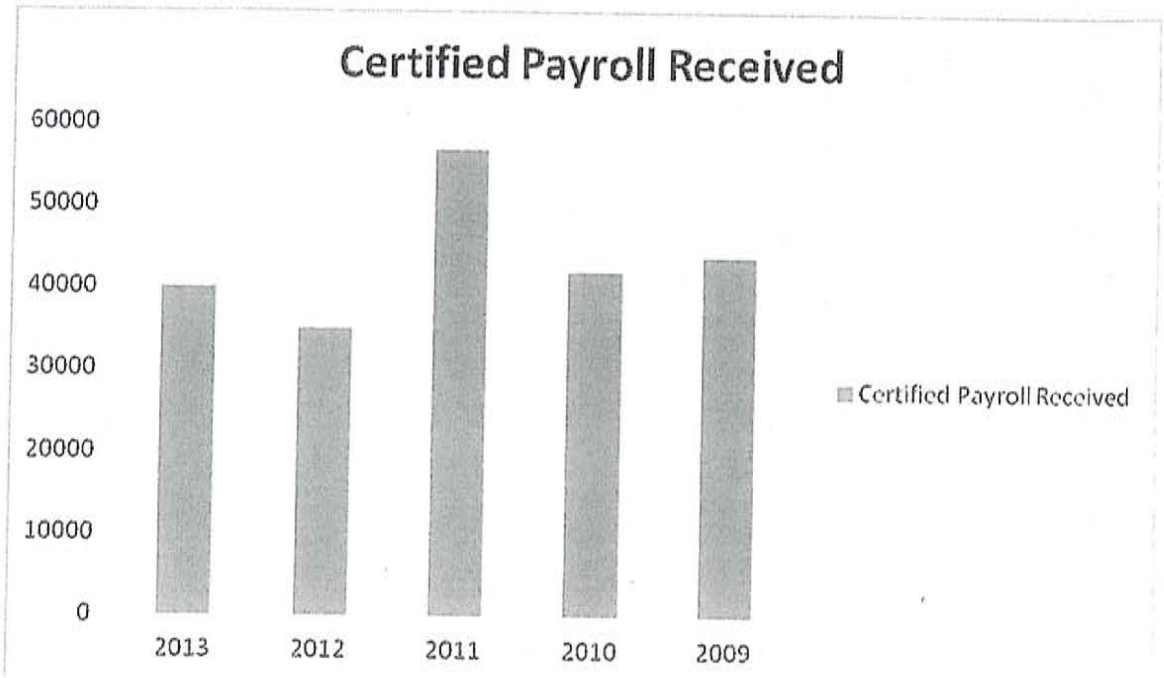


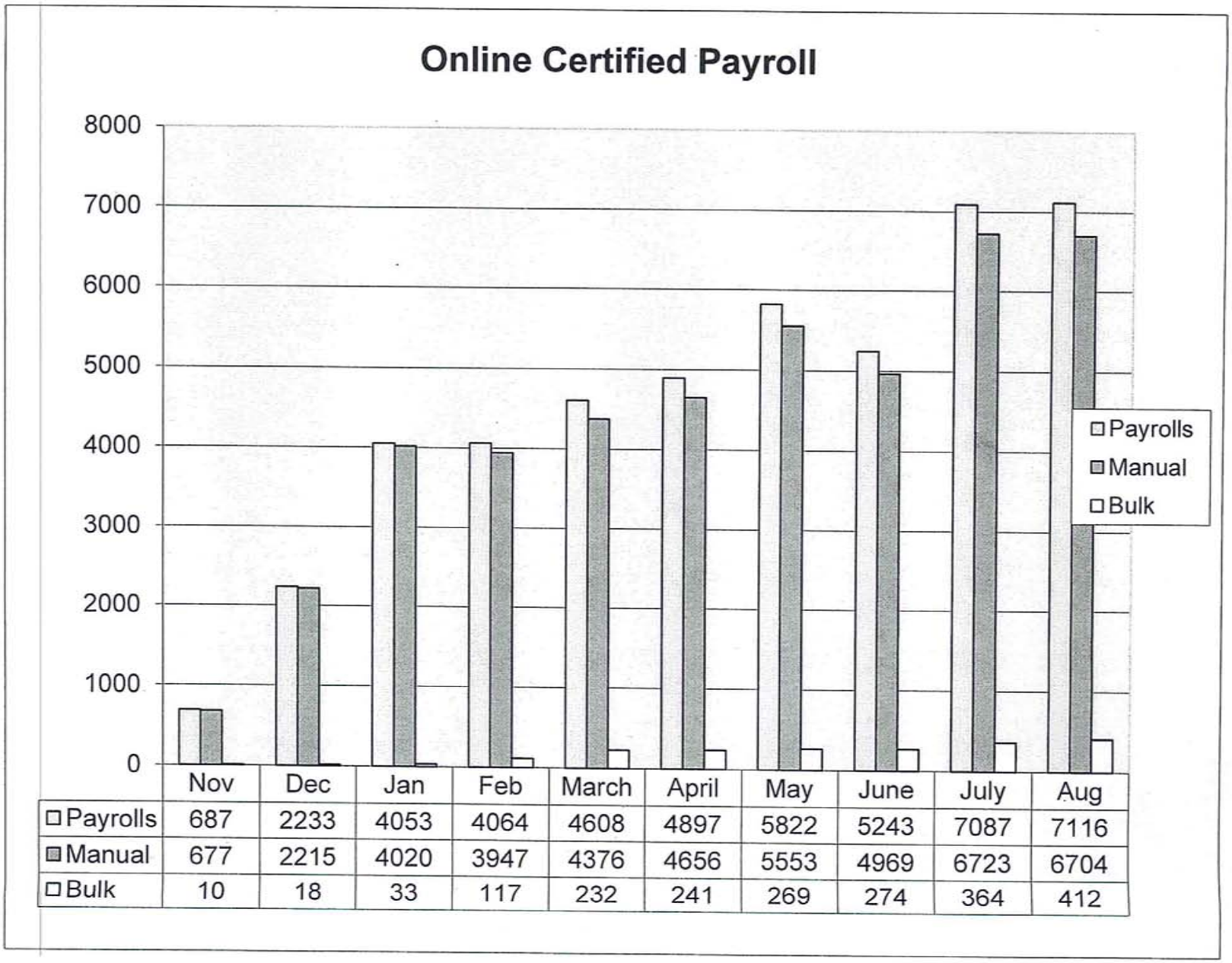
*2013 Data January to July 2013



*2013 Data January to July 2013



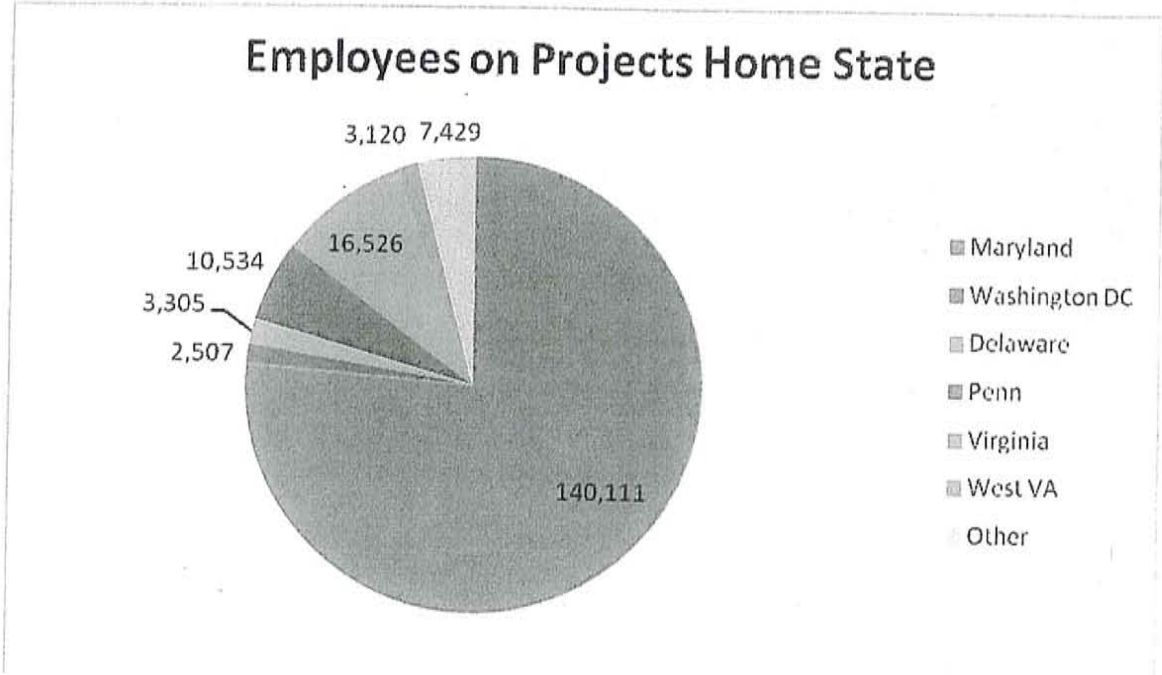
*2013 Data January to July 2013



	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug
Payrolls	687	2233	4053	4064	4608	4897	5822	5243	7087	7116
Manual	677	2215	4020	3947	4376	4656	5553	4969	6723	6704
Bulk	10	18	33	117	232	241	269	274	364	412

IssueDate	Determinat	ProjectNum	CountyCD	CountyName
6/7/2013	16673	01.014.2014	1	001 - Allegany County
6/18/2013	16757	03.097.13 ASP	5	005 - Baltimore County
6/18/2013	16764	03.160.13 ASP	5	005 - Baltimore County
3/14/2013	16099	PSC#05.008.13	11	011 - Caroline County
2/14/2013	15973	06.036.13SR	13	013 - Carroll County
3/7/2013	16057	PSC 06.020.14C	13	013 - Carroll County
3/13/2013	16092	PFP 13-041	15	015 - Cecil County
8/27/2013	17261	2014CIP-18EEIP1-1213	17	017 - Charles County
8/27/2013	17268	2014CIP-18EEIP2-1213	17	017 - Charles County
8/27/2013	17275	2014CIP-18EEIP3-1213	17	017 - Charles County
2/1/2012	14188	PSCP #01.011.2013	1	001 - Allegany County
1/13/2012	14055	JMI-621-12-03-147-12	5	005 - Baltimore County
1/3/2012	13922	JNI-787-12	5	005 - Baltimore County
1/5/2012	13950	JNI-765-12	5	005 - Baltimore County
1/5/2012	13957	JNI-766-12	5	005 - Baltimore County
2/1/2012	14181	JNI-786-12	5	005 - Baltimore County
11/2/2012	15539	04.002.12	9	009 - Calvert County
11/2/2012	15546	04.015.13	9	009 - Calvert County
3/19/2012	14496	06.015.2012 SR	13	013 - Carroll County
3/26/2012	14531	06.018.013C	13	013 - Carroll County
1/26/2012	14132	PSCP 06.025.13SR	13	013 - Carroll County
12/19/2012	15756	PFP 13-022	15	015 - Cecil County
2/1/2012	14195	PSC 08.046.11C REV	17	017 - Charles County
6/19/2012	15147	FGBAC 2-1213	17	017 - Charles County

ProjectName	DescriptionofWork	UserID
Westmar Middle Roof Replacement Phase 2	Removal and replacement o	140
Hereford Middle School - Air Conditioning Installation	installation of chiller and nev	2330
Arbutus Elementary School - Air Conditioning Installation	installation of chiller, air han	2330
Preston Elementary School	Total renovation and additio	723
Roof Replacement at Westminster West Middle School	Replacement of approximat	142
Eldersburg Elementary School Open Space Enclosure Project	Conversion of five open spac	170
Rising Sun HS Roof Replacement	Complete removal of existin	478
Lighting Retrofits at 6 schools - FY 2014 CIP EEI	Lighting retrofit project for 6	703
Lighting Retrofits at 6 schools - FY 2014 CIP EEI	Lighting retrofit project for 6	703
Lighting Retrofits at 6 schools - FY 2014 CIP EEI	Lighting retrofit project for 6	703
Fort Hill Roof Replacement, Phase 2	Removal and replacement o	140
REPLACEMENT OF WINDOWS, BLINDS AND DOORS-DEER PARK MIDD	Removal and replacement o	694
WoodLawn High School (03-050-12)	Replacement of windows, dc	696
Replacement of Windows, doors and Blinds Chatsworth Elem	REPLACEMENT OF WINDOW	696
Window, Door and Blind Replacement Cedarmere Elementary	Peplkacement of Windows. I	696
Randallstown Elementary Roof	Replace thre styles of roofs	696
Mutual ES Systemic Renovation	Installation of a wet fire sup	149
Plum Point ES Roof Replacement	Replacement of approximat	149
Freedom ES Heat Plant Conversion	Removal of oil fired steam b	142
Robert Moton Elementary School Open Space Enclosure Project	Conversion of five open spac	170
William Winchester ES Roof Replacement	Remove existing roof memb	629
Rising Sun ES HVAC Project	Replace rooftop HVAC equip	478
St. Charles High School	The project will consist of th	703
F.B. Gwynn Center - Gym A/C & Exterior Doors Replacement	Provide HVAC Roof top unit	703



* May 2012 till August 2013.

- 183,532 Employee Records
  - 76.34% – MD – 140,111
  - 1.37% – DC – 2,507
  - 1.80% – DE – 3,305
  - 5.74% – PA – 10,534
  - 9.00% – VA – 16,526
  - 1.70% – WV – 3,120
  - 4.05% – Other – 7,429

The question is "How many Maryland Residents worked" on PW projects? The time frame was from May 2012 till August 2013.

Appendix 3

Data Relevant to Prevailing Wage in Maryland (DRAFT)

3 Years back

1. How many…
    a. …school construction projects?
    b. … prevailing wage, school construction projects?
    c. … non-prevailing wage, school construction projects?
    d. … include the political subdivision for each project.
2. Bid Cost of each project.
    a. Number prevailing wage.
    b. Number non-prevailing wage.
3. Close-out (or final) cost of each project.
4. Number of prevailing and non-prevailing wage projects based on cost threshold alone.
    a. Include the political subdivision for each project.
5. Number of prevailing and non-prevailing wage projects based on % of state money alone.
    a. Include the political subdivision for each project.
    b. Include information where possible about the how much "ineligible" cost from state perspective is included in local percentage.
6. New school construction cost per square foot.
    a. Cost per square foot of each project.
    b. Average cost per square foot for new construction statewide.
    c. Average cost per square foot for new construction on prevailing wage projects.
    d. Average cost per square foot for new construction on non-prevailing wage projects.
7. Safety data with MOSH where possible for each project.
8. In state or out-of-state contractor (general & in each specification) where possible.
9. How many "double bids" (simultaneous bids & side by side bids) in the time frame?
10. Other questions?

Appendix 4

FACTORS THAT AFFECT THE COST OF SCHOOL CONSTRUCTION: THE OWNER'S PERSPECTIVE

David Lever

September 30, 2013

BID PRICES:

Competition: Number of bidders

- Availability of private sector work (easier schedules, rules are less complex (e.g. no MBE))
- Geographic location
- Jurisdictional location: stringency of regulations, payment structure
- Other work bidding on the same day (e.g. GSA, military)
- Other work underway concurrently (e.g. BRAC, NSA: draws down on supply of subs)
- Complexity of project: drives away some bidders
- Who the CM is

Size, Length And Complexity Of Project

- Size: economies of scale
- Length: risk increases for prices of end-of-project materials, equipment
- Complexity: integration of many systems, increase of project management

Timing Of Bid

- Day of the week: Mondays are bad

Payment Structure

- Length of time from submission of requisition to payment → financing charges may be needed
- Retainage: reduction of retainage with time and performance, variable retainage per CSI division
- Prevailing wage or non-prevailing wage

Delivery Method:

- General contracting (GM)
- Construction Management Agency (CMA)
- Construction Management At-Risk (CMR)

Macroeconomic factors:

- Availability of materials and equipment
- Availability of labor
- Overseas competition for both
- Cost of importing labor

BID AND FINAL PRICE:

Clarity Of Documents

- Does bidder have to carry costs to cover areas that may not be clear in the documents?
- Will there be a large number of change orders due to errors and omissions?

Occupied or Not Occupied; Number Of Phases (renovation mainly, possibly replacement)

- Need for mobilizations/de-mobilizations

- Adds to complexity of management, e.g. maintaining egress throughout, controlling dust and noise, testing schedules.

FINAL COST:

Project Management

- Review of documents
- Control of RFIs
- Control of change orders
- Punch list and warranty

LEA	Project Name	Bid Date	Project Type	Contractor	Base Bid Cost with Prevailing Wages	Alternates with Prevailing Wages	Total Contract with Prevailing Wages	Base Bid Cost without Prevailing Wages	Alternates without Prevailing Wages	Total Contract without Prevailing Wages	% of Increase for Prevailing Wages Base Bid Cost	% of Increase for Prevailing Wages Alternates	% of Increase for Prevailing Wages Total Contract	Avg. Increase per Bid Package	Comments
Carroll	Freedom E.	11/8/12	Boiler replacement	Towson Mech	822,000		822,000	739,000		739,000	11.23%		11.23%		
				M&E Sales	859,176		859,176	835,176		835,176	2.87%		2.87%		
				EMJA	981,600		981,600	869,900		869,900	12.84%		12.84%		
				Mick's Plumb.	998,000		998,000	854,746		854,746	16.76%		16.76%		
				RW Warner	1,050,000		1,050,000	927,000		927,000	13.27%		13.27%		
				Denver Elek	1,089,900		1,089,900	1,067,200		1,067,200	2.13%		2.13%		
				M&M Welding	1,124,000		1,124,000	1,082,000		1,082,000	3.88%		3.88%	9.00%	
	Hampstead E.	2/16/12	Roof replacement	SSK Contracting	715,000	65,000	780,000	660,000	45,000	705,000	8.33%	44.44%	10.64%		
				National Roofing	731,000	26,200	757,200	694,000	23,400	717,400	5.33%	11.97%	5.55%		
				Roofing & Sustainable	897,000	9,000	906,000	869,000	8,000	877,000	3.22%	12.50%	3.31%		
				Cole Roofing	914,562	30,469	945,031	850,436	27,884	878,320	7.54%	9.27%	7.60%		
				Simpson of Md	1,079,000	20,000	1,099,000	981,000	17,000	998,000	9.99%	17.65%	10.12%		
				J&K Contracting	1,184,000	2,500	1,186,500	1,054,000	2,000	1,056,000	12.33%	25.00%	12.36%	8.26%	
Howard	Elkridge E.	3/27/12	Roof replacement	Tecta America E	1,299,900		1,299,900	1,281,000		1,281,000	1.48%		1.48%		
				Cole Roofing	1,327,981		1,327,981	1,236,618		1,236,618	7.39%		7.39%		
				Vatica Contract	1,378,000		1,378,000	1,318,000		1,318,000	4.55%		4.55%		
				CitiRoof Corp.	1,436,000		1,436,000	1,310,000		1,310,000	9.62%		9.62%		
				Autumn Contract	1,652,000		1,652,000	1,652,000		1,652,000	0.00%		0.00%		
				J&K Contracting	1,687,000		1,687,000	1,657,000		1,657,000	1.81%		1.81%		
				Simpson of Md	1,797,000		1,797,000	1,689,000		1,689,000	6.39%		6.39%	4.48%	
	New Elem.	5/7/12	New construction	MRP Contract	4,100,200	597,300	4,697,500	3,752,300	568,800	4,321,100	9.27%	5.01%	8.71%		
				Keller Brothers	4,345,000	568,700	4,913,700	4,038,000	536,400	4,574,400	7.60%	6.02%	7.42%		
				Homewood Gen.	4,493,800	521,300	5,015,100	4,257,000	491,700	4,748,700	5.56%	6.02%	5.61%		
				Hancock & Albanese	4,704,000	566,000	5,270,000	4,439,000	533,900	4,972,900	5.97%	6.01%	5.97%		
				Brawner Builder	4,750,000	717,000	5,467,000	4,600,000	660,000	5,260,000	3.26%	8.64%	3.94%		
				Bob Porter Co.	4,770,000	556,500	5,326,500	4,370,000	522,500	4,892,500	9.15%	6.51%	8.87%	6.75%	
	Manor Woods Elem.	3/23/12	Roof replacement	Vatica Contract	969,294	183,514	1,152,808	952,495	180,677	1,133,172	1.76%	1.57%	1.73%		
				CitiRoof Corp.	1,244,250	288,000	1,532,250	1,095,500	258,000	1,353,500	13.58%	11.63%	13.21%		
				Simpson of Md	1,292,000	217,000	1,509,000	1,249,000	201,800	1,450,800	3.44%	7.53%	4.01%		
				Autumn Contract	1,297,000	268,000	1,565,000	1,297,000	268,000	1,565,000	0.00%	0.00%	0.00%		
				Cole Roofing	1,313,411	255,389	1,568,800	1,165,830	229,619	1,395,449	12.66%	11.22%	12.42%		
				Tecta America E	1,540,000	322,800	1,862,800	1,520,000	274,800	1,794,800	1.32%	17.47%	3.79%		
				J&K Contracting	1,858,000	341,000	2,199,000	1,828,000	321,000	2,149,000	1.64%	6.23%	2.33%	5.36%	
	Clarksville E.	1/24/12	HVAC replacement	Towson Mech	4,555,000	610,000	5,165,000	4,104,000	517,500	4,621,500	10.99%	17.87%	11.76%		
				Phillips Way	5,042,000	963,000	6,005,000	4,518,000	853,000	5,371,000	11.60%	12.90%	11.80%		
				M&M Welding	5,817,075	952,896	6,769,971	5,583,210	896,631	6,479,841	4.19%	6.28%	4.48%		
				RW Warner	6,220,000	1,050,200	7,270,200	5,240,000	868,200	6,108,200	18.70%	20.96%	19.02%	11.77%	
	New M. #20	3/5/13	1A - General Construction	North Point Buildes	3,194,000	24,000	3,218,000	3,024,000	23,000	3,047,000	5.62%	4.35%	5.61%		
				Hancock & Albanese	3,457,000	24,000	3,481,000	3,310,000	23,000	3,333,000	4.44%	4.35%	4.44%		
				Keller Brothers	3,329,000	25,000	3,354,000	3,181,000	25,000	3,206,000	4.65%	0.00%	4.62%		
				Homewood Gen.	3,535,000	25,000	3,560,000	3,350,000	24,000	3,374,000	5.52%	4.17%	5.51%		
				MRP Contract	3,877,200	23,800	3,901,000	3,661,800	23,800	3,685,600	5.88%	0.00%	5.84%		
				William F. Klingensmith	3,515,700	23,300	3,539,000	3,251,400	23,300	3,274,700	8.13%	0.00%	8.07%		
				Bob Porter Co.	4,281,000	23,000	4,304,000	3,983,000	22,000	4,005,000	7.48%	4.55%	7.47%	5.94%	
			2A - Site Work & Utilities	Peak Incorp.	2,741,000	494,000	3,235,000	2,581,000	466,000	3,047,000	6.20%	6.01%	6.17%		
				Saco Construction	3,175,444	839,500	4,014,944	3,099,000	834,500	3,933,500	2.47%	0.60%	2.07%		
				Urban N Zink Contractor	3,230,600	661,200	3,891,800	3,112,700	647,000	3,759,700	3.78%	2.19%	3.51%		
				Ross Contracting	3,750,000	350,000	4,100,000	3,550,000	320,000	3,870,000	5.63%	9.38%	5.94%	4.42%	
			3A - Concrete	Callas Contractors	1,215,000	(25,000)	1,190,000	1,012,000	(19,000)	993,000	20.06%	31.58%	19.84%		
				Sody Concrete Construction	1,141,000	34,000	1,175,000	1,045,000	28,000	1,073,000	9.19%	21.43%	9.61%		
				Chevy Chase Contractors	1,292,400	31,800	1,324,200	1,051,000	21,200	1,072,200	22.97%	50.00%	23.50%		
				Canyon Contractors	1,318,000	43,140	1,361,140	1,099,000	34,000	1,133,000	19.93%	26.88%	20.14%		
				Dance Bros.	1,444,500	69,000	1,513,500	1,198,000	51,300	1,249,300	20.56%	34.50%	21.15%	18.63%	
			4A - Masonry	KaRon Masonry	2,325,000	-	2,325,000	2,325,000	-	2,325,000	0.00%		0.00%		
				George Moehrle Masonry	2,838,000	-	2,838,000	2,838,000	-	2,838,000	0.00%		0.00%		

LEA	Project Name	Bid Date	Project Type	Contractor	Base Bid Cost with Prevailing Wages	Alternates with Prevailing Wages	Total Contract with Prevailing Wages	Base Bid Cost without Prevailing Wages	Alternates without Prevailing Wages	Total Contract without Prevailing Wages	% of Increase for Prevailing Wages Base Bid Cost	% of Increase for Prevailing Wages Alternates	% of Increase for Prevailing Wages Total Contract	Avg. Increase per Bid Package	Comments
				Masonry Incorporated	3,403,600	-	3,403,600	3,168,600	-	3,168,600	7.42%		7.42%	2.47%	
			5A - Steel	Kinsley Construction	2,304,000	-	2,304,000	1,872,000	-	1,872,000	23.08%		23.08%		
				SA Halac Iron Works	2,252,000	-	2,252,000	2,115,000	-	2,115,000	6.48%		6.48%		
				Jarvis Steel & Lumber Co.	3,087,000	-	3,087,000	2,935,000	-	2,935,000	5.18%		5.18%	11.58%	
			7A - Roofing	Simpson of Md	803,000	-	803,000	776,735	-	776,735	3.38%		3.38%		
				CitiRoof Corp.	873,500	-	873,500	845,000	-	845,000	3.37%		3.37%		
				Interstate	1,010,000	-	1,010,000	895,000	-	895,000	12.85%		12.85%		
				Cole Roofing	973,695	-	973,695	924,675	-	924,675	5.30%		5.30%		
				Autumn Contract	959,000	-	959,000	927,000	-	927,000	3.45%		3.45%	5.87%	
			9A - Drywall & Acoustical	Can Am Contractors	943,850	-	943,850	666,850	-	666,850	41.54%		41.54%		
				Strayer Contracting, Inc.	871,000	-	871,000	713,740	-	713,740	22.03%		22.03%		
				J A Argetakis Cont Co.	939,000	-	939,000	769,000	-	769,000	22.11%		22.11%		
				Finishes, Inc.	1,087,000	-	1,087,000	850,000	-	850,000	27.88%		27.88%	28.38%	
			9B - Flooring	Tito Contractors	349,384	-	349,384	303,906	-	303,906	14.96%		14.96%		
				Allstate Floors & Construction	311,371	-	311,371	311,371	-	311,371	0.00%		0.00%	7.48%	
			9E-Painting	Tito Contractors	127,200	-	127,200	87,750	-	87,750	44.96%		44.96%		
				Argos Construction	169,000	-	169,000	142,000	-	142,000	19.01%		19.01%		
				J A Argetakis Cont Co.	190,000	-	190,000	155,000	-	155,000	22.58%		22.58%	28.85%	
			15A - Mechanical	R W Warner, Inc.	7,159,000	139,000	7,298,000	6,097,000	137,000	6,234,000	17.42%	1.46%	17.07%		
				G E Tifnall & Co, Inc.	6,821,000	135,000	6,956,000	6,163,000	122,800	6,285,800	10.66%	9.83%	10.66%		
				Towson Mechanical	7,113,000	125,000	7,238,000	6,351,000	125,000	6,476,000	12.00%	0.00%	11.77%		
				Heer Brothers, Inc.	7,555,000	162,000	7,717,000	6,450,000	160,000	6,610,000	17.13%	1.25%	16.75%		
				M. Nelson Barnes & Sons, Inc.	7,238,000	123,000	7,361,000	6,638,000	120,000	6,758,000	9.04%	2.50%	8.92%		
				Maillick Mechanical Contractors	8,348,000	300,000	8,648,000	7,268,000	295,500	7,563,500	14.86%	1.52%	14.34%	13.25%	
			16A - Electrical	Jan El Contracting Co.	4,700,000	150,255	4,850,255	4,446,000	135,808	4,581,808	5.71%	10.64%	5.86%		
				Key Systems, Inc.	5,282,900	137,100	5,420,000	4,478,000	122,380	4,600,380	17.97%	12.03%	17.82%		
				The Crown Electric Co.	5,289,000	166,300	5,455,300	4,594,000	146,700	4,740,700	15.13%	13.36%	15.07%		
				BoMark Electric	5,139,475	160,300	5,299,775	4,633,000	143,150	4,776,150	10.93%	11.98%	10.96%	12.43%	
Washington	Smithsburg H.	1/30/12	Window replacement	Waynesboro Construction	987,375	30,300	1,017,675	904,919	26,000	930,919	9.11%	16.54%	9.32%	9.32%	Actual State participation in project is less than 50%.
Washington	Bester Elem.	8/16/12	2G-Sitework	Waynesboro Construction	3,530,000	14,598	3,544,598	3,210,000	12,998	3,222,998	9.97%	12.31%	9.98%	9.98%	
			3A-Building	Sody Concrete	760,000	22,000	782,000	699,000	20,300	719,300	8.73%	8.37%	8.72%		
				Chevy Chase Contractors	933,000	15,400	948,400	828,000	13,000	841,000	12.68%	18.46%	12.77%		
				Callas Contractors	1,089,000	36,900	1,125,900	1,004,000	35,300	1,039,300	8.47%	4.53%	8.33%		
				Dance Bros.	1,101,500	24,400	1,125,900	914,300	22,000	936,300	20.47%	10.91%	20.25%	12.52%	
			4A-Masonry	Bragunier Masonry	1,957,000	68,500	2,025,500	1,857,000	64,000	1,921,000	5.39%	7.03%	5.44%		
				Robert Sheckles	2,245,000	64,600	2,309,600	1,524,000	45,400	1,569,400	47.31%	42.29%	47.16%		
				Manganaro	2,250,000	98,000	2,348,000	1,655,000	71,000	1,726,000	35.95%	38.03%	36.04%	29.55%	
			5C-Steel combination	Steel Fab Enterprises	1,597,800	20,500	1,618,300	1,497,800	19,500	1,517,300	6.68%	5.13%	6.66%		
				SA Halac Ironworks	1,700,000	36,700	1,736,700	1,600,000	33,500	1,633,500	6.25%	9.55%	6.32%		
			6A-General trades	Callas Contractors	1,072,000	21,100	1,093,100	1,029,000	18,700	1,047,700	4.18%	12.83%	4.33%		
				RA Hall	1,142,000	15,800	1,157,800	1,069,000	14,500	1,083,500	6.83%	8.97%	6.86%		
				Hancock Albanese	1,191,000	56,600	1,247,600	1,134,000	52,300	1,186,300	5.03%	8.22%	5.17%		
				Building Systems	1,264,700	23,400	1,288,100	1,103,300	20,200	1,123,500	14.63%	15.84%	14.65%	7.75%	
			7A-Roofing	Kline	1,300,000	278,000	1,578,000	1,240,000	259,000	1,499,000	4.84%	7.34%	5.27%		
				Interstate	1,350,000	163,500	1,513,500	1,255,000	145,000	1,400,000	7.57%	12.76%	8.11%		
				Autumn Contract	1,350,000	184,000	1,534,000	1,315,000	142,100	1,457,100	2.66%	29.49%	5.28%		
				CitiRoof Corp.	1,385,750	303,800	1,689,550	1,215,600	295,600	1,511,200	14.00%	2.77%	11.80%		
				Heidler	1,599,000	400,450	1,999,450	1,455,000	314,800	1,769,800	9.90%	27.21%	12.98%	8.68%	
			8A-Windows	Engineered Construction	485,200	4,990	490,190	461,600	4,820	466,420	5.11%	3.53%	5.10%		
				Glass & Metals	517,906	5,355	523,261	517,906	5,355	523,261	0.00%	0.00%	0.00%		
				Spear Window & Glass	555,587	4,668	560,255	537,870	4,244	542,114	3.29%	9.99%	3.35%	2.81%	
			9A-Gypsum & acoustics	Leonard Kraus	965,300	27,400	992,700	859,700	22,850	882,550	12.28%	19.91%	12.48%		
				Cindell	992,339	26,306	1,018,645	936,433	24,464	960,897	5.97%	7.53%	6.01%		
				Building Systems	995,700	11,800	1,007,500	816,700	10,800	827,500	21.92%	9.26%	21.75%		
				Finishes, Inc.	1,034,000	14,200	1,048,200	830,000	13,000	843,000	24.58%	9.23%	24.34%		
				JA Aretakis	1,120,000	7,500	1,127,500	889,000	6,500	895,500	25.98%	15.38%	25.91%	18.10%	

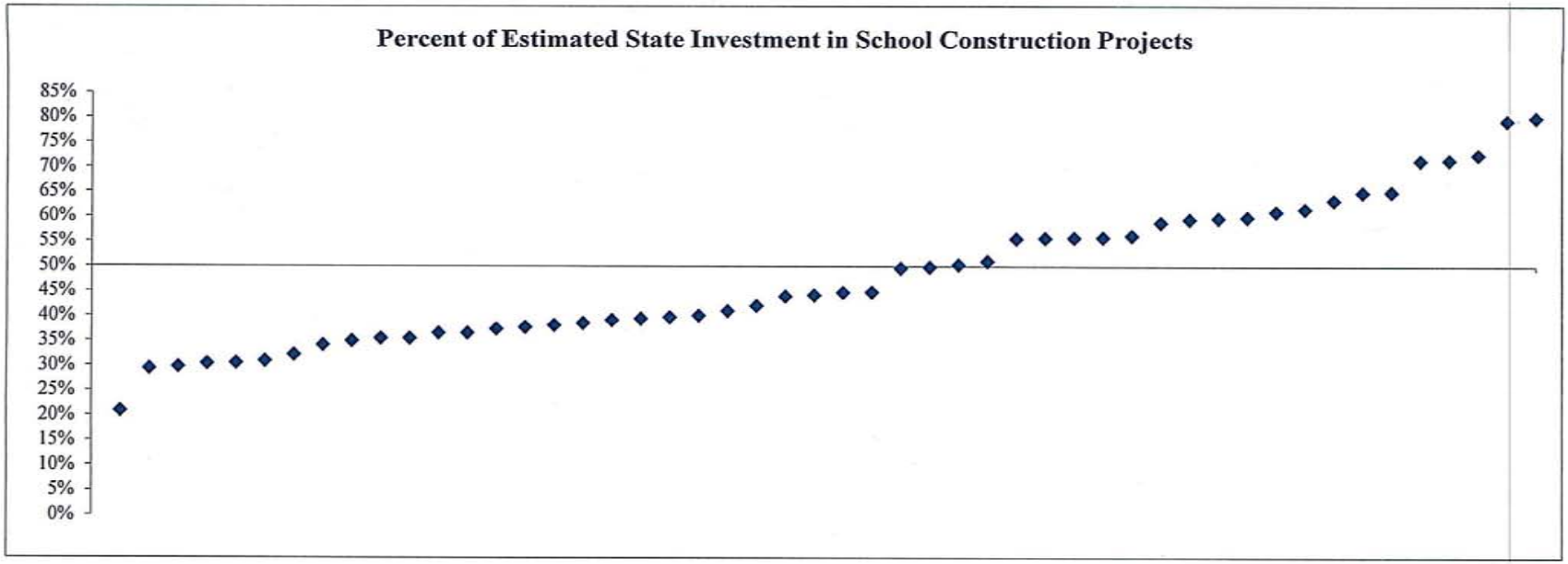
LEA	Project Name	Bid Date	Project Type	Contractor	Base Bid Cost with Prevailing Wages	Alternates with Prevailing Wages	Total Contract with Prevailing Wages	Base Bid Cost without Prevailing Wages	Alternates without Prevailing Wages	Total Contract without Prevailing Wages	% of Increase for Prevailing Wages Base Bid Cost	% of Increase for Prevailing Wages Alternates	% of Increase for Prevailing Wages Total Contract	Avg. Increase per Bid Package	Comments
			9B-Flooring	DeGol Carpet	141,550	(34,770)	106,780	141,550	(34,770)	106,780	0.00%	0.00%	0.00%		
				Frederick Tile	142,898	(14,000)	128,898	136,973	(14,000)	122,973	4.33%	0.00%	4.82%		
				CB Flooring	161,000	(25,863)	135,137	155,000	(25,108)	129,892	3.87%	3.01%	4.04%	2.95%	
			9C-Wood floors	Miller Flooring		110,700	110,700		109,750	109,750		0.87%	0.87%		
				Weyer's Floor Service		112,922	112,922		104,834	104,834		7.72%	7.72%		
				Mastercare Flooring		118,421	118,421		109,864	109,864		7.79%	7.79%	5.46%	
			9E-Painting	Crown Inc.	131,700	3,037	134,737	87,967	2,294	90,261	49.72%	32.39%	49.27%		
				JA Argetakes	137,000	2,500	139,500	114,000	2,000	116,000	20.18%	25.00%	20.26%		
				Argos Construction	157,500	3,000	160,500	128,900	2,500	131,400	22.18%	20.00%	22.15%		
				Total Contracting	235,310		235,310	235,310		235,310	0.00%		0.00%	22.82%	
Washington	Bester Elem.	8/16/12	9F-Tiling	Frederick Tile	130,400		130,400	127,100		127,100	2.60%		2.60%		
				David Allen	130,900		130,900	114,800		114,800	14.02%		14.02%	9.31%	
			13A-Sprinkler	Kennedy Fire Protection	194,000	1,500	195,500	176,000	1,500	177,500	10.23%	0.00%	10.14%		
				Brewer & Co.	228,000	5,000	233,000	228,000	5,000	233,000	0.00%	0.00%	0.00%		
				Capitol Sprinkler	245,000	2,250	247,250	245,000	2,250	247,250	0.00%	0.00%	0.00%		
				Fire MAK	253,500	2,500	256,000	216,890	2,000	218,890	16.88%	25.00%	16.95%		
				Judd Fire Protect	336,300	3,900	340,200	252,000	3,000	255,000	0.60%	30.00%	33.41%	12.10%	
			15A-Mechanical	RH Lapp	4,539,000	28,500	4,567,500	4,499,000	28,500	4,527,500	0.89%	0.00%	0.88%		
				RW Warner	4,669,000	132,000	4,801,000	3,862,000	128,000	3,990,000	20.90%	3.13%	20.33%		
				MS Johnston	4,826,800	17,500	4,844,300	4,170,450	14,000	4,184,450	15.74%	25.00%	15.77%	12.33%	
			15B-Geothermal	H&H Well Drilling	787,000		787,000	762,000		762,000	3.28%		3.28%		
				Chesapeake Geosystems	862,000		862,000	835,000		835,000	3.23%		3.23%		
				Jackson & Sons	873,661		873,661	857,219		857,219	1.92%		1.92%	2.81%	
			16A-Electrical	Altimate Electric	2,147,950	10,980	2,158,930	1,750,000	8,160	1,758,160	22.74%	34.56%	22.78%		
				Ellsworth Electric	2,171,500	18,500	2,190,000	1,671,500	16,000	1,687,500	16.03%	15.63%	16.03%		
				Tissa Enterprises	2,295,000	6,500	2,301,500	2,137,000	5,700	2,142,700	7.39%	14.04%	7.41%	15.41%	
													10.71%		

			Number of Projects Greater than 50% State Participation in Contract	%	Number of Projects Less than 50% State Participation in Contract		
Projects Greater than or Equal to $500,000	209		75	36%	134	64%	75 Projects are in the 209 Projects
	Total Contract Value:		Total Contract Value, Projects Greater than 50% State Participation:		Total Contract Value, Projects Less than 50% State Participation:		
	$1,299,225,475		$216,950,687	17%	$1,082,274,788	83%	
Projects Less than $500,000	234		205	88%	29	12%	205 Projects are in 234 Projects
	Total Contract Value:		Total Contract Value, Projects Greater than 50% State Participation:		Total Contract Value, Projects Less than 50% State Participation:		
	$44,372,091		$37,998,878	86%	$6,373,213	14%	
	443 Projects						

Prevailing Wages Required

			Total Contract Dollars		State Funds		Local Funds	
Projects Greater than or Equal to $500,000	209		$1,299,225,475		$530,486,922		$768,738,553	41/59 Split
Projects Less than $500,000	234		$44,372,091		$34,138,484		$10,233,607	77/23 Split
	443		$1,343,597,566		$564,625,406		$778,972,160	42/58 Split
Greater than $500,000 and Greater than 50% State Participation in Contract	75	17%	$216,950,687	16%	$146,259,433		$70,691,254	
Projects Greater than or Equal to $500,000 but less than 50% State Participation in Contract	134	30%	$1,082,274,788	81%	$384,227,489		$698,047,299	
Less than $500,000 but Greater than or Equal to 50% State Participation in Contract	205	46%	$37,998,878	3%	$31,578,299		$6,420,579	
Projects Less than $500,000 and less than 50% State Participation in Contract	29	7%	$6,373,213	0%	$2,560,185		$3,813,028	
	443		$1,343,597,566		$564,625,406		$778,972,160	

Appendix 5


Percent of Estimated State Investment in School Construction Projects
85%
80%
75%
70%
65%
60%
55%
50%
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%

CFASID	County Code	PSC #	LEA	ProjectName	Project Type	Type	ted Project Cost at C	Estimated State Total	Estimated Local Total	% state (estimate)	IAC closing date	sq ft	SRC	out of state contractor?	PW	SxS	Notes
6520	1	37	Allegany	Mountain Ridge High	Replacement	High	$33,057,274	$26,441,000	$6,616,274	79.99%	11/8/12	165,382	1,000	PJ Dick. Jessup	Y	N	
6374	2	59	Anne Arundel	Marley Middle	Replacement	Middle	$21,307,672	$7,258,000	$14,049,672	34.06%	9/20/12	154,293	998	scores	N	N	
6964	2	80	Anne Arundel	Freetown Elementary	Replacement	Elementary	$16,105,841	$5,616,912	$10,488,929	34.87%	6/13/13	82,460	539	scores	N	N	
4828	2	79	Anne Arundel	Marley Elementary	Replacement	Elementary	$6,829,544	$2,492,442	$4,337,102	36.49%	9/17/09	67,111	555	many	N	N	
6754	2	129	Anne Arundel	Seven Oaks Elementary	New	Elementary	$10,567,745	$4,024,000	$6,543,745	38.08%	2/24/11	81,209	655	scores	N	N	
6969	2	131	Anne Arundel	Nantucket (Gambrills) Elementary	New	Elementary	$14,511,000	$5,810,000	$8,701,000	40.04%	2/23/12	79,875	684	scores	N	N	
6982	3	208	Baltimore County	Vincent Farms Elementary	New	Elementary	$39,229,676	$8,170,000	$31,059,676	20.83%	2/19/13	90,132	699	scores	N	N	
5036	4	26	Calvert	Huntingtown High	New	High	$30,783,000	$15,268,368	$15,514,632	49.60%	4/23/09	206,000	1,500	no	N	N	LEA asked for 49.6%
7132	4	1	Calvert	Calvert Middle	Replacement	Middle	$24,983,210	$13,920,000	$11,063,210	55.72%	9/22/11	104,526	650	no	Y	N	
6983	4	28	Calvert	Barstow Elementary (Calvert New E. #13)	New	Elementary	$17,694,885	$12,643,632	$5,051,253	71.45%	11/13/09	74,865	723	no	Y	N	
4843	6	53	Carroll	Parrs Ridge Elementary	New	Elementary	$11,346,636	$5,707,709	$5,638,927	50.30%	6/16/11	73,271	610	scores but G. E. Tignall in Hunt Valley largest	Y	N	
6838	6	55	Carroll	Ebb Valley Elementary	New	Elementary	$13,979,311	$9,087,000	$4,892,311	65.00%	11/10/10	72,106	591	scores	Y	N	
5156	8	42	Charles	North Point (Comprehensive) High	New	High	$47,976,000	$28,197,347	$19,778,653	58.77%	4/23/09	311,270	1,600	no	Y	N	
6641	8	44	Charles	Theodore G. Davis Middle	New	Middle	$26,992,518	$16,048,000	$10,944,518	59.45%	4/21/11	134,542	1,148	no	Y	Y	
6999	8	45	Charles	Mary Burgess Neal Elementary	New	Elementary	$19,077,000	$12,373,966	$6,703,034	64.86%	9/22/11	86,880	791	no	Y	Y	
7007	10	76	Frederick	Urbana Middle	New	Middle	$18,701,773	$6,624,426	$12,077,347	35.42%	2/25/10	125,049	600	scores	N	N	
6854	10	73	Frederick	Oakdale High (East County)	New	High	$60,604,707	$24,851,000	$35,753,707	41.01%	11/10/11	241,061	1,603	scores	N	N	
6309	10	68	Frederick	Tuscarora High	New	High	$30,312,372	$15,105,747	$15,206,625	49.83%	9/19/07	257,062	1,606	scores	N	N	
5637	10	70	Frederick	Tuscarora Elementary	New	Elementary	$13,073,254	$7,266,121	$5,807,133	55.58%	11/16/07	86,938	662	scores. largest from towson	Y	N/A	
6421	10	71	Frederick	Centerville Elementary	New	Elementary	$12,568,900	$7,060,030	$5,508,870	56.17%	9/17/09	87,175	675	waynesboro construction (office in PA and frederick)	Y	N	
6864	12	57	Harford	Patterson Mill Middle/High	New	Middle/High	$50,680,146	$15,059,000	$35,621,146	29.71%	6/16/11	265,000	1,635	scores but C&H Mechanical in Millersville largest	N	N	
7118	12	4	Harford	Bel Air High	Replacement	High	$82,021,000	$26,324,000	$55,697,000	32.09%	2/23/12	262,454	1,668	scores but G. E. Tignall in Hunt Valley largest	N	N	
7359	12	37	Harford	Deerfield Elementary	Replacement	Elementary	$29,327,040	$10,946,126	$18,380,914	37.32%	11/8/12	103,200	816	scores	N	N	
7018	13	85	Howard	Bushy Park Elementary	Replacement	Elementary	$23,171,513	$7,158,732	$16,012,781	30.89%	2/18/13	116,818	910	scores	N	N/A	
6651	13	83	Howard	Dayton Oaks (New Western) Elementary	New	Elementary	$21,606,345	$8,320,000	$13,286,345	38.51%	2/19/13	116,818	910	scores	N	N	
5850	13	82	Howard	Marriots Ridge High	New	High	$33,692,283	$14,163,118	$19,529,165	42.04%	2/19/13	251,645	1,434	scores	N	N/A	
6877	13	84	Howard	Veterans (New Northeastern) Elementary		Elementary	$18,797,907	$8,304,000	$10,493,907	44.18%	2/19/13	116,818	922	scores	N	N	
6446	15	4	Montgomery	Kensington-Parkwood Elementary	Replacement	Elementary	$13,946,000	$4,232,000	$9,714,000	30.35%	9/23/10	77,136	462	no	N	N	
7037	15	271	Montgomery	Roscoe R. Nix Elementary (Northeast Consortium E. #16)	New	Elementary	$15,434,300	$4,702,000	$10,732,300	30.46%	12/3/09	88,351	627	no	N	N	
7036	15	269	Montgomery	Great Seneca Creek Elementary (Northwest Area E. #7)	New	Elementary	$17,780,138	$6,302,000	$11,478,138	35.44%	11/8/12	82,511	646	no	N	N	
5708	15	8	Montgomery	Somerset Elementary	Replacement	Elementary	$11,426,138	$4,168,594	$7,257,544	36.48%	6/18/09	80,122	512	no	N	N	
5013	15	261	Montgomery	Lakelands Park (Quince Orchard #2) Middle	New	Middle	$19,075,000	$7,183,451	$11,891,549	37.66%	6/18/09	153,588	1,121	no	N	N	
7034	15	270	Montgomery	Little Bennett Elementary (Clarksburg/Damascus E. #7)	New	Elementary	$16,281,000	$6,365,000	$9,916,000	39.09%	11/8/12	82,511	670	no	N	N	
7044	15	272	Montgomery	Downcounty Consortium Elementary #28 (Arcola E.)	Replacement	Elementary	$15,434,300	$6,075,000	$9,359,300	39.36%	11/8/12	85,469	572	no	N	N	
7370	15	240	Montgomery	College Gardens Elementary	Replacement	Elementary	$20,314,236	$8,063,404	$12,250,832	39.69%	11/8/12	96,986	679	scores	N	N	
4495	16	218	Prince George's	Port Towns (Colmar Manor) Elementary	New	Elementary	$12,092,500	$6,733,862	$5,358,638	55.69%	2/23/09	77,586	804	no	Y	N	
6452	16	254	Prince George's	Dr. Henry A. Wise Jr. High (Regional High)	New	High	$76,339,000	$45,548,000	$30,791,000	59.67%	9/20/12	434,600	2,606	scores	Y	N	
5852	16	232	Prince George's	Suitland (Homer Avenue) Elementary	Replacement	Elementary	$13,056,860	$7,816,000	$5,240,860	59.86%	2/24/11	76,333	790	no	Y	N	
4465	16	231	Prince George's	Mary Harris "Mother" Jones Elementary	New	Elementary	$12,603,980	$7,755,000	$4,848,980	61.53%	9/23/10	76,842	802	no	Y	N/A	
6671	16	250	Prince George's	Northview Elementary	New	Elementary	$13,844,500	$9,875,833	$3,968,667	71.33%	9/23/10	77,646	869	no	Y	N	
6678	17	25	Queen Anne's	Matapeake Middle	New	Middle	$24,733,200	$11,054,000	$13,679,200	44.69%	6/14/12	110,427	786	no	Y	N	PW even though < 50% state
6458	18	32	St. Mary's	George Washington Carver Elementary	Replacement	Elementary	$13,374,900	$6,823,000	$6,551,900	51.01%	6/14/12	61,385	507	no	Y	N	
7076	18	31	St. Mary's	Evergreen Elementary	New	Elementary	$20,320,497	$12,398,000	$7,922,497	61.01%	11/8/12	74,227	644	no	Y	Y	
6930	19	16	Somerset	Somerset Intermediate School at Tawes	New	Middle	$18,245,819	$14,480,000	$3,765,819	79.36%	4/21/11	77,652	404	scores	Y	N	
6567	21	47	Washington	Maugansville Elementary	Replacement	Elementary	$15,482,000	$6,801,947	$8,680,053	43.93%	4/21/11	91,586	735	no	N	N	
7081	21	41	Washington	Pangborn Elementary	Replacement	Elementary	$17,035,084	$7,619,087	$9,415,997	44.73%	9/22/11	88,116	745	scores	N	N	LEA asked for 49.9%
7574	21	52	Washington	Ruth Ann Monroe Primary	New	Primary	$23,769,000	$13,261,000	$10,508,000	55.79%	6/13/13	80,816	695	scores	Y	Y	
7080	21	50	Washington	Rockland Woods Elementary	New	Elementary	$16,188,461	$10,240,497	$5,947,964	63.26%	2/23/12	85,277	745	scores	Y	Y	
7423	21	49	Washington	Antietam Academy	Replacement	Middle/High	$11,424,600	$8,282,215	$3,142,385	72.49%	4/18/13	45,000	200	brechbill and helman, chambersburg, PA	Y	N	
6466	23	6	Worcester	Ocean City Elementary	Replacement	Elementary	$14,552,436	$4,272,199	$10,280,237	29.36%	4/20/10	87,477	740	scores	N	N	

Appendix 6

STATE OF MARYLAND
DLLR
DEPARTMENT OF LABOR, LICENSING AND REGULATION

OFFICE OF THE SECRETARY
500 N. Calvert Street, 4th Floor
Baltimore, MD 21202

TO: Chairman Middleton & Delegate Olszewski

FROM: Scott Jensen, Deputy Secretary, DLLR

RE: School Construction Data

December 17, 2013

The Prevailing Wage Task Force asked DLLR to review MSDE's Public School Construction data in an effort to determine if there were marked and consistent differences in the costs of prevailing wage versus non-prevailing wage projects. We have worked very closely with, and have received generous support from, Dr. Lever and his team at the Public School Construction Program. While we learned quite a bit, we must conclude that despite the hours spent we do not believe our efforts have achieved a product that we are confident is definitive. Further, we believe that finding such answers would require a level of analytical and economic sophistication that we do not have.

Our review of a "critical mass" of 50 projects was meant to provide a useful, if not perfect, snap shot of the facts having to do with school construction costs within our state. We were not aiming to achieve scientific certainty, but we did hope to uncover rough and ready facts that would be useful to deliberations on this issue. However, even this modest goal proved beyond reach.

Even within this small sample there was sufficient "noise" in the data to warrant the conclusion that there were factors at work that caused us to miss the relevant cost drivers. In a number of instances when we looked at projects with significant categorical over-lap – same county, same type of school, same prevailing wage status (either prevailing wage or non) – we saw too much variance in costs to justify a claim that particular differences were driven by lower or higher labor costs associated with prevailing wage. Other factors may have been involved that would require detailed examination of the circumstances surrounding each project, including the unique bidding strategies of individual contractors. Even after taking the step of verifying the numbers reported to Dr. Lever's office with local areas, we are forced to concede that even this effort did not filter the noise to an extent sufficient to make drawing conclusions responsible.

The solution would be to expand the pool of projects one studies, and control more effectively for the greater quantity of variables such an expansion brings. But to do this one would have to either go back further in time, expand the geographic area beyond Maryland, or both. While this is not practical, even if it were done, DLLR and Dr. Lever's team certainly do not have the time or the expertise to do a credible job. Others who have reviewed and studied prevailing wage's impact on the cost of projects spent a year or two on the effort, reviewed hundreds or thousands of projects, and had a team of economists provide analysis. And then even when such studies are complete, they must necessarily achieve a level of abstraction which makes them vulnerable to critique based on their sophistication, precisely what our "snap-shot" had hoped to avoid.

With those considerations in mind, we cannot credibly provide the Task Force with the solid answer we hoped we could find. However, we do not believe our time, or the group's time, has been wasted. Our work is, I believe, illustrative of the nature of the data on which we focused, and the dangers of drawing unwarranted conclusions from it. Our team at DLLR has become expert in what one cannot know from exploring this data set. While shy of the value we had set out to add, we hope such knowledge can prove useful in future deliberations on this matter.

Public School Construction Program
Listing of Projects that bid with and without Prevailing Wage Rates (side-by-side)
39 Bids; 4 LEAs; 13 Projects January 2012 - May 2013

LEA	Project Name	Bid Date	Project Type	Contractor	Base Bid Cost with Prevailing Wages	Alternates with Prevailing Wages	Total Contract with Prevailing Wages	Base Bid Cost without Prevailing Wages	Alternates without Prevailing Wages	Total Contract without Prevailing Wages	% of increase for Prevailing Wages Base Bid Cost	% of increase for Prevailing Wages Alternates	% of increase for Prevailing Wages Total Contract	Average Increase Within Bid Package All Bids	Comments
Carroll	Freedom E.	11/8/2012	Boiler replacement	Towson Mech	822,000		822,000	739,000		739,000	11.23%		11.23%		
				M&E Sales	859,176		859,176	835,176		835,176	2.87%		2.87%		
				EMJA	981,600		981,600	869,900		869,900	12.84%		12.84%		
				Mick's Plumb.	998,000		998,000	854,746		854,746	16.76%		16.76%		
				RW Warner	1,050,000		1,050,000	927,000		927,000	13.27%		13.27%		
				Denver Elek	1,089,900		1,089,900	1,067,200		1,067,200	2.13%		2.13%		
				M&M Welding	1,124,000		1,124,000	1,082,000		1,082,000	3.88%		3.88%	9.00%	
	Hampstead E.	2/16/2012	Roof replacement	SSK Contracting	715,000	65,000	780,000	660,000	45,000	705,000	8.33%	44.44%	10.64%		
				National Roofing	731,000	26,200	757,200	694,000	23,400	717,400	5.33%	11.97%	5.55%		
				Roofing & Sustainable	897,000	9,000	906,000	869,000	8,000	877,000	3.22%	12.50%	3.31%		
				Cole Roofing	914,562	30,469	945,031	850,436	27,884	878,320	7.54%	9.27%	7.60%		
				Simpson of Md	1,079,000	20,000	1,099,000	981,000	17,000	998,000	9.99%	17.65%	10.12%		
				J&K Contracting	1,184,000	2,500	1,186,500	1,054,000	2,000	1,056,000	12.33%	25.00%	12.36%	8.26%	
	Westminster West M.	5/2/2012	Roof replacement	J&K Contracting	1,543,000	-	1,543,000	1,500,000	-	1,500,000	2.87%		2.87%		
				Cole Roofing	1,487,593	-	1,487,593	1,285,830	-	1,285,830	15.69%		15.69%		
				Ruff Roofers	1,771,623	-	1,771,623	1,615,573	-	1,615,573	9.66%		9.66%		
				Northeast Contracting	2,159,938	-	2,159,938	2,017,765	-	2,017,765	7.05%		7.05%		
				Alliace	1,596,000	-	1,596,000	1,379,000	-	1,379,000	15.74%		15.74%	10.20%	
	Eldersburg E.	5/16/2013	Renovation - Open Space Enclosure	Towson Mechanical	2,822,000	248,300	3,070,300	2,448,000	242,000	2,690,000	15.28%	2.60%	14.14%		
				Keller Brothers	2,829,000	281,900	3,110,900	2,489,000	241,200	2,730,200	13.66%	16.87%	13.94%		
				Bob Porter Co.	2,849,000	255,500	3,104,500	2,494,000	233,000	2,727,000	14.23%	9.66%	13.84%		
				North Point Builders	2,878,000	250,500	3,128,500	2,497,000	250,500	2,747,500	15.26%	0.00%	13.87%		
				Phillips Way	2,937,000	263,300	3,200,300	2,640,000	244,300	2,884,300	11.25%	7.78%	10.96%		
				E. Pikounis Construction	2,948,000	349,000	3,297,000	2,721,000	320,500	3,041,500	8.34%	8.89%	8.40%	12.52%	
Howard	Elkridge E.	3/27/2012	Roof replacement	Tecta America E	1,299,900		1,299,900	1,281,000		1,281,000	1.48%		1.48%		
				Cole Roofing	1,327,981		1,327,981	1,236,618		1,236,618	7.39%		7.39%		
				Vatica Contract	1,378,000		1,378,000	1,318,000		1,318,000	4.55%		4.55%		
				CitiRoof Corp.	1,436,000		1,436,000	1,310,000		1,310,000	9.62%		9.62%		
				Autumn Contract	1,652,000		1,652,000	1,652,000		1,652,000	0.00%		0.00%		
				J&K Contracting	1,687,000		1,687,000	1,657,000		1,657,000	1.81%		1.81%		
				Simpson of Md	1,797,000		1,797,000	1,689,000		1,689,000	6.39%		6.39%	4.46%	
	New Elem.	5/7/2012	New construction	MRP Contract	4,100,200	597,300	4,697,500	3,752,300	568,800	4,321,100	9.27%	5.01%	8.71%		
				Keller Brothers	4,345,000	568,700	4,913,700	4,038,000	536,400	4,574,400	7.60%	6.02%	7.42%		
				Homewood Gen.	4,493,800	521,300	5,015,100	4,257,000	491,700	4,748,700	5.56%	6.02%	5.61%		
				Hancock & Albanese	4,704,000	566,000	5,270,000	4,439,000	533,900	4,972,900	5.97%	6.01%	5.97%		
				Brawner Builder	4,750,000	717,000	5,467,000	4,600,000	660,000	5,260,000	3.26%	8.64%	3.94%		
				Bob Porter Co.	4,770,000	556,500	5,326,500	4,370,000	522,500	4,892,500	9.15%	6.51%	8.87%	6.75%	

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Howard - cont'd	Manor Woods Elem.	3/23/2012	Roof replacement	Vatica Contract	969,294	183,514	1,152,808	952,495	180,677	1,133,172	1.76%	1.57%	1.73%		
				CitiRoof Corp.	1,244,250	288,000	1,532,250	1,095,500	258,000	1,353,500	13.58%	11.63%	13.21%		
				Simpson of Md	1,292,000	217,000	1,509,000	1,249,000	201,800	1,450,800	3.44%	7.53%	4.01%		
				Autumn Contract	1,297,000	268,000	1,565,000	1,297,000	268,000	1,565,000	0.00%	0.00%	0.00%		
				Cole Roofing	1,313,411	255,389	1,568,800	1,165,830	229,619	1,395,449	12.66%	11.22%	12.42%		
				Tecta America E	1,540,000	322,800	1,862,800	1,520,000	274,800	1,794,800	1.32%	17.47%	3.79%		
				J&K Contracting	1,858,000	341,000	2,199,000	1,828,000	321,000	2,149,000	1.64%	6.23%	2.33%	5.36%	
	Clarksville E.	1/24/2012	HVAC replacement	Towson Mech	4,555,000	610,000	5,165,000	4,104,000	517,500	4,621,500	10.99%	17.87%	11.76%		
				Phillips Way	5,042,000	963,000	6,005,000	4,518,000	853,000	5,371,000	11.60%	12.90%	11.80%		
				M&M Welding	5,817,075	952,896	6,769,971	5,583,210	896,631	6,479,841	4.19%	6.28%	4.48%		
				RW Warner	6,220,000	1,050,200	7,270,200	5,240,000	868,200	6,108,200	18.70%	20.96%	19.02%	11.77%	
	New M. #20	3/5/2013	1A - General Construction	North Point Builders	3,194,000	24,000	3,218,000	3,024,000	23,000	3,047,000	5.62%	4.35%	5.61%		
				Hancock & Albanese	3,457,000	24,000	3,481,000	3,310,000	23,000	3,333,000	4.44%	4.35%	4.44%		
				Keller Brothers	3,329,000	25,000	3,354,000	3,181,000	25,000	3,206,000	4.65%	0.00%	4.62%		
				Homewood Gen.	3,535,000	25,000	3,560,000	3,350,000	24,000	3,374,000	5.52%	4.17%	5.51%		
				MRP Contract	3,877,200	23,800	3,901,000	3,661,800	23,800	3,685,600	5.88%	0.00%	5.84%		
				William F. Klingensmith	3,515,700	23,300	3,539,000	3,251,400	23,300	3,274,700	8.13%	0.00%	8.07%		
				Bob Porter Co.	4,281,000	23,000	4,304,000	3,983,000	22,000	4,005,000	7.48%	4.55%	7.47%	5.94%	
			2A - Site Work & Utilities	Peak Incorp.	2,741,000	494,000	3,235,000	2,581,000	466,000	3,047,000	6.20%	6.01%	6.17%		
				Saco Construction	3,175,444	839,500	4,014,944	3,099,000	834,500	3,933,500	2.47%	0.60%	2.07%		
				Urban N Zink Contractor	3,230,600	661,200	3,891,800	3,112,700	647,000	3,759,700	3.79%	2.19%	3.51%		
				Ross Contracting	3,750,000	350,000	4,100,000	3,550,000	320,000	3,870,000	5.63%	9.38%	5.94%	4.42%	
			3A - Concrete	Callas Contractors	1,215,000	(25,000)	1,190,000	1,012,000	(19,000)	993,000	20.06%	31.58%	19.84%		
				Sody Concrete Construction	1,141,000	34,000	1,175,000	1,045,000	28,000	1,073,000	9.19%	21.43%	9.51%		
				Chevy Chase Contractors	1,292,400	31,800	1,324,200	1,051,000	21,200	1,072,200	22.97%	50.00%	23.50%		
				Canyon Contractors	1,318,000	43,140	1,361,140	1,099,000	34,000	1,133,000	19.93%	26.88%	20.14%		
				Dance Bros.	1,444,500	69,000	1,513,500	1,198,000	51,300	1,249,300	20.58%	34.50%	21.15%	18.83%	
			4A - Masonry	KaRon Masonry	2,325,000	-	2,325,000	2,325,000	-	2,325,000	0.00%		0.00%		
				George Moehrle Masonry	2,838,000	-	2,838,000	2,838,000	-	2,838,000	0.00%		0.00%		
				Masonry Incorporated	3,403,600	-	3,403,600	3,168,600	-	3,168,600	7.42%		7.42%	2.47%	
			5A - Steel	Kinsley Construction	2,304,000	-	2,304,000	1,872,000	-	1,872,000	23.08%		23.08%		
				SA Halac iron Works	2,252,000	-	2,252,000	2,115,000	-	2,115,000	6.48%		6.48%		
				Jarvis Steel & Lumber Co.	3,087,000	-	3,087,000	2,935,000	-	2,935,000	5.18%		5.18%	11.58%	
			7A - Roofing	Simpson of Md	803,000	-	803,000	776,735	-	776,735	3.38%		3.38%		
				CitiRoof Corp.	873,500	-	873,500	845,000	-	845,000	3.37%		3.37%		
				Interstate	1,010,000	-	1,010,000	895,000	-	895,000	12.85%		12.85%		
				Cole Roofing	973,695	-	973,695	924,675	-	924,675	5.30%		5.30%		
				Autumn Contract	959,000	-	959,000	927,000	-	927,000	3.45%		3.45%	5.67%	
			9A - Drywall & Acoustical	Can Am Contractors	943,850	-	943,850	666,850	-	666,850	41.54%		41.54%		
				Strayer Contracting, Inc.	871,000	-	871,000	713,740	-	713,740	22.03%		22.03%		
				J A Argetakis Cont Co.	939,000	-	939,000	769,000	-	769,000	22.11%		22.11%		
				Finishes, Inc.	1,087,000	-	1,087,000	850,000	-	850,000	27.88%		27.88%	28.39%	
			9B - Flooring	Tito Contractors	349,384	-	349,384	303,906	-	303,906	14.96%		14.96%		
				Allstate Floors & Construction	311,371	-	311,371	311,371	-	311,371	0.00%		0.00%	7.48%	

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Howard - cont'd	New M. #20 cont'd	3/5/2013 cont'd	9E-Painting	Tito Contractors	127,200	-	127,200	87,750	-	87,750	44.96%		44.96%		
				Argos Construction	169,000	-	169,000	142,000	-	142,000	19.01%		19.01%		
				J A Argetakis Cont Co.	190,000	-	190,000	155,000	-	155,000	22.58%		22.58%	28.85%	
			15A - Mechanical	R W Warner, Inc.	7,159,000	139,000	7,298,000	6,097,000	137,000	6,234,000	17.42%	1.46%	17.07%		
				G E Tifnail & Co, Inc.	6,821,000	135,000	6,956,000	6,163,000	122,800	6,285,800	10.68%	9.93%	10.66%		
				Towson Mechanical	7,113,000	125,000	7,238,000	6,351,000	125,000	6,476,000	12.00%	0.00%	11.77%		
				Heer Brothers, Inc.	7,555,000	162,000	7,717,000	6,450,000	160,000	6,610,000	17.13%	1.25%	16.75%		
				M. Nelson Barnes & Sons, Inc.	7,238,000	123,000	7,361,000	6,638,000	120,000	6,758,000	9.04%	2.50%	8.92%		
				Mallick Mechanical Contractors	8,348,000	300,000	8,648,000	7,268,000	295,500	7,563,500	14.86%	1.52%	14.34%	13.25%	
			16A - Electrical	Jan El Contracting Co.	4,700,000	150,255	4,850,255	4,446,000	135,808	4,581,808	5.71%	10.64%	5.86%		
				Key Systems, Inc.	5,282,900	137,100	5,420,000	4,478,000	122,380	4,600,380	17.97%	12.03%	17.82%		
				The Crown Electric Co.	5,289,000	166,300	5,455,300	4,594,000	146,700	4,740,700	15.13%	13.36%	15.07%		
				BoMark Electric	5,139,475	160,300	5,299,775	4,633,000	143,150	4,776,150	10.93%	11.98%	10.96%	12.43%	
	Burleigh Manor M.	5/3/2013	Roof replacement	Simpson of Md	2,441,000	-	2,441,000	2,202,000	-	2,202,000	10.85%		10.85%		
				Cole Roofing	2,431,376	-	2,431,376	2,099,409	-	2,099,409	15.81%		15.81%		
				J&K Contracting	2,800,180	-	2,800,180	2,730,000	-	2,730,000	2.57%		2.57%		
				Vatica Contract	2,092,000	-	2,092,000	2,060,000	-	2,060,000	1.55%		1.55%		
				Ironshore Contracting, LLC	2,333,007	-	2,333,007	2,097,820	-	2,097,820	11.21%		11.21%	8.40%	
	Elkridge M.	5/3/2013	Roof replacement	Simpson of Md	1,349,000	-	1,349,000	1,249,000	-	1,249,000	8.01%		8.01%		
				J&K Contracting	1,389,000	-	1,389,000	1,359,000	-	1,359,000	2.21%		2.21%		
				Cole Roofing	1,612,382	-	1,612,382	1,391,254	-	1,391,254	15.89%		15.89%		
				Ironshore Contracting, LLC	1,593,752	-	1,593,752	1,416,592	-	1,416,592	12.51%		12.51%	9.65%	
	Rockburn E.	5/3/2013	Roof replacement	Cole Roofing	1,222,358	37,000	1,259,358	1,057,618	29,000	1,086,618	15.58%	27.59%	15.90%		
				J&K Contracting	950,000	120,000	1,070,000	930,000	108,000	1,038,000	2.15%	11.11%	3.08%	9.49%	
Washington	Smithsburg H.	1/30/2012	Window replacement	Waynesboro Construction	987,375	30,300	1,017,675	904,919	26,000	930,919	9.11%	16.54%	9.32%	9.32%	Actual State participation in project is less than 50%.
	Bester Elem.	8/16/2012	2G-Sitework	Waynesboro Construction	3,530,000	14,598	3,544,598	3,210,000	12,998	3,222,998	9.97%	12.31%	9.98%	9.98%	
			3A-Building concrete	Sody Concrete	760,000	22,000	782,000	699,000	20,300	719,300	8.73%	8.37%	8.72%		
				Chevy Chase Contractors	933,000	15,400	948,400	828,000	13,000	841,000	12.68%	18.46%	12.77%		
				Callas Contractors	1,089,000	36,900	1,125,900	1,004,000	35,300	1,039,300	8.47%	4.53%	8.33%		
				Dance Bros.	1,101,500	24,400	1,125,900	914,300	22,000	936,300	20.47%	10.91%	20.25%	12.52%	
			4A-Masonry	Bragunier Masonry	1,957,000	68,500	2,025,500	1,857,000	64,000	1,921,000	5.39%	7.03%	5.44%		
				Robert Sheckles	2,245,000	64,600	2,309,600	1,524,000	45,400	1,569,400	47.31%	42.29%	47.16%		
				Manganaro	2,250,000	98,000	2,348,000	1,655,000	71,000	1,726,000	35.95%	38.03%	36.04%	29.55%	
			5C-Steel combination	Steel Fab Enterprises	1,597,800	20,500	1,618,300	1,497,800	19,500	1,517,300	6.68%	5.13%	6.66%		
				SA Halac Ironworks	1,700,000	36,700	1,736,700	1,600,000	33,500	1,633,500	6.25%	9.55%	6.32%	6.49%	
			6A-General trades	Callas Contractors	1,072,000	21,100	1,093,100	1,029,000	18,700	1,047,700	4.18%	12.83%	4.33%		
				RA Hall	1,142,000	15,800	1,157,800	1,069,000	14,500	1,083,500	6.83%	8.97%	6.86%		
				Hancock Albanese	1,191,000	56,600	1,247,600	1,134,000	52,300	1,186,300	5.03%	8.22%	5.17%		
				Building Systems	1,264,700	23,400	1,288,100	1,103,300	20,200	1,123,500	14.63%	15.84%	14.65%	7.75%	

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Washington cont'd	Bester E.cont'd	8/16/2012 cont'd	7A-Roofing	Kline	1,300,000	278,000	1,578,000	1,240,000	259,000	1,499,000	4.84%	7.34%	5.27%		
				Interstate	1,350,000	163,500	1,513,500	1,255,000	145,000	1,400,000	7.57%	12.76%	8.11%		
				Autumn Contract	1,350,000	184,000	1,534,000	1,315,000	142,100	1,457,100	2.66%	29.49%	5.28%		
				CitiRoof Corp.	1,385,750	303,800	1,689,550	1,215,600	295,600	1,511,200	14.00%	2.77%	11.80%		
				Heidler	1,599,000	400,450	1,999,450	1,455,000	314,800	1,769,800	9.90%	27.21%	12.98%	8.69%	
			8A-Windows	Engineered Construction	485,200	4,990	490,190	461,600	4,820	466,420	5.11%	3.53%	5.10%		
				Glass & Metals	517,906	5,355	523,261	517,906	5,355	523,261	0.00%	0.00%	0.00%		
				Spear Window & Glass	555,587	4,668	560,255	537,870	4,244	542,114	3.29%	9.99%	3.35%	2.81%	
			9A-Gypsum & acoustics	Leonard Kraus	965,300	27,400	992,700	859,700	22,850	882,550	12.28%	19.91%	12.48%		
				Cindell	992,339	26,306	1,018,645	936,433	24,464	960,897	5.97%	7.53%	6.01%		
				Building Systems	995,700	11,800	1,007,500	816,700	10,800	827,500	21.92%	9.26%	21.75%		
				Finishes, Inc.	1,034,000	14,200	1,048,200	830,000	13,000	843,000	24.58%	9.23%	24.34%		
				JA Aretakis	1,120,000	7,500	1,127,500	889,000	6,500	895,500	25.98%	15.38%	25.91%	18.10%	
			9B-Flooring	DeGol Carpet	141,550	(34,770)	106,780	141,550	(34,770)	106,780	0.00%	0.00%	0.00%		
				Frederick Tile	142,898	(14,000)	128,898	136,973	(14,000)	122,973	4.33%	0.00%	4.82%		
				CB Flooring	161,000	(25,863)	135,137	155,000	(25,108)	129,892	3.87%	3.01%	4.04%	2.95%	
			9C-Wood floors	Miller Flooring		110,700	110,700		109,750	109,750		0.87%	0.87%		
				Weyer's Floor Service		112,922	112,922		104,834	104,834		7.72%	7.72%		
				Mastercare Flooring		118,421	118,421		109,864	109,864		7.79%	7.79%	5.46%	
			9E-Painting	Crown Inc.	131,700	3,037	134,737	87,967	2,294	90,261	49.72%	32.39%	49.27%		
				JA Argetakes	137,000	2,500	139,500	114,000	2,000	116,000	20.18%	25.00%	20.26%		
				Argos Construction	157,500	3,000	160,500	128,900	2,500	131,400	22.19%	20.00%	22.15%		
				Total Contracting	235,310		235,310	235,310		235,310	0.00%		0.00%	22.92%	
			9F-Tiling	Frederick Tile	130,400		130,400	127,100		127,100	2.60%		2.60%		
				David Allen	130,900		130,900	114,800		114,800	14.02%		14.02%	8.31%	
			13A-Sprinkler	Kennedy Fire Protection	194,000	1,500	195,500	176,000	1,500	177,500	10.23%	0.00%	10.14%		
				Brewer & Co.	228,000	5,000	233,000	228,000	5,000	233,000	0.00%	0.00%	0.00%		
				Capitol Sprinkler	245,000	2,250	247,250	245,000	2,250	247,250	0.00%	0.00%	0.00%		
				Fire MAK	253,500	2,500	256,000	216,890	2,000	218,890	16.88%	25.00%	16.95%		
				Judd Fire Protect	336,300	3,900	340,200	252,000	3,000	255,000	0.60%	30.00%	33.41%	12.10%	
			15A-Mechanical	RH Lapp	4,539,000	28,500	4,567,500	4,499,000	28,500	4,527,500	0.89%	0.00%	0.88%		
				RW Warner	4,669,000	132,000	4,801,000	3,862,000	128,000	3,990,000	20.90%	3.13%	20.33%		
				MS Johnston	4,826,800	17,500	4,844,300	4,170,450	14,000	4,184,450	15.74%	25.00%	15.77%	12.33%	
			15B-Geothermal	H&H Well Drilling	787,000		787,000	762,000		762,000	3.28%		3.28%		
				Chesapeake Geosystems	862,000		862,000	835,000		835,000	3.23%		3.23%		
				Jackson & Sons	873,661		873,661	857,219		857,219	1.92%		1.92%	2.81%	
			16A-Electrical	Altimate Electric	2,147,950	10,980	2,158,930	1,750,000	8,160	1,758,160	22.74%	34.56%	22.79%		
				Ellsworth Electric	2,171,500	18,500	2,190,000	1,871,500	16,000	1,887,500	16.03%	15.63%	16.03%		
				Tissa Enterprises	2,295,000	6,500	2,301,500	2,137,000	5,700	2,142,700	7.39%	14.04%	7.41%	15.41%	
										39 Bids		AVG:	10.65%	STDEV:	

PUBLIC SCHOOL CONSTRUCTION PROGRAM
AWARDED VS. FINAL PROJECT COSTS: PREVAILING WAGE AND NON-PREVAILING WAGE PROJECTS
December 17, 2013

LEA	Project Name	Bid Date	Area (square feet)	Project Type	Type	Total Awarded Construction Cost	Final $	Final State (Construction)$	Final Local Construction	Final Construction Cost	Variance, Awarded & Final Construction Cost	% Increase or Decrease	PW ?	Side by Side ?	Anticipated Substantial Completion Date	Actual Substantial Completion Date	Variance
PROJECTS WITHOUT PREVAILING WAGE RATES																	
Anne Arundel	Marley Elementary	7/2/2003	67,111	Replacement	Elementary	$8,896,694	$9,985,685	$3,127,608	$6,858,077	$9,985,685	$1,088,991	12.2%	N	N	8/1/2004	1/1/2005	
Anne Arundel	Marley Middle	5/24/2004	154,293	Replacement	Middle	$22,279,945	$21,050,156	$6,385,447	$14,664,709	$21,050,156	-$1,229,789	-5.5%	N	N	8/1/2006	8/1/2006	
Anne Arundel	Seven Oaks Elementary	5/10/2004	81,209	New	Elementary	$10,567,745	$10,782,488	$4,015,978	$6,766,510	$10,782,488	$214,743	2.0%	N	N	8/1/2007	8/1/2007	
Anne Arundel	Freetown Elementary	2/8/2008	82,460	Replacement	Elementary	$16,482,438	$16,992,876	$5,777,959	$11,214,917	$16,992,876	$510,438	3.1%	N	N	8/1/2009	8/1/2009	
Anne Arundel	Nantucket (Gambrills) Elementary	12/12/2006	79,875	New	Elementary	$14,511,415	$14,574,000	$4,447,632	$10,126,368	$14,574,000	$62,585	0.4%	N	N	8/1/2008	8/1/2008	
Baltimore County	Vincent Farms Elementary	2/13/2007	90,132	New	Elementary	$32,151,877	$24,599,257	$8,122,604	$16,476,653	$24,599,257	-$7,552,620	-23.5%	N	N	6/30/2008	6/30/2008	
Calvert	Huntingtown High		206,000	New	High	$30,783,000	$37,001,460	$15,457,861	$16,495,514	$31,953,375	$1,170,375	3.8%	N	N	8/1/2005	10/1/2005	
Frederick	Tuscarora High		224,652	New	High	$30,312,372	$34,116,391	$15,100,041	$16,695,311	$31,795,352	$1,482,980	4.9%	N	N	4/10/2003	8/20/2003	
Frederick	Oakdale High (East County)	6/20/2006	241,061	New	High	$55,839,316	$68,862,743	$23,709,127	$30,253,785	$53,962,912	-$1,876,404	-3.4%	N	N	6/2/2008	8/15/2008	
Frederick	Urbana Middle	10/1/2004	125,049	New	Middle	$18,701,773	$23,915,000	$6,547,498	$11,735,172	$18,282,670	-$419,103	-2.2%	N	N	6/1/2006	8/25/2006	
Harford	Patterson Mill Middle/High	3/17/2005	265,000	New	Middle/High	$57,181,198	$55,256,496	$16,888,000	$33,476,840	$50,364,840	-$6,816,358	-11.9%	N	N	5/31/2007	8/21/2007	
Harford	Bel Air High	4/5/2007	262,454	Replacement	High	$63,897,108	$74,105,973	$26,849,133	$39,559,977	$66,409,110	$2,512,002	3.9%	N	N			
Harford	Deerfield Elementary	6/27/2008	103,200	Replacement	Elementary	$26,508,952	$29,718,466	$11,356,093	$15,201,347	$26,557,440	$48,488	0.2%	N	N	4/16/2010	6/29/2010	
Howard	Marriots Ridge High		251,645	New	High	$33,692,253	$43,843,446	$14,212,744	$17,870,767	$32,083,511	$48,488	0.2%	N	N/A	Aug-05	8/30/2005	
Howard	Dayton Oaks (New Western) Elementary		116,818	New	Elementary	$21,606,345	$27,466,000	$8,320,000	$13,843,250	$22,163,250	$556,905	2.6%	N	N	Aug-06	8/30/2006	
Howard	Veterans (New Northeastern) Elementary	1/10/2006	116,818		Elementary	$18,797,907	$25,464,808	$8,304,000	$11,643,226	$19,947,226	$1,149,319	6.1%	N	N	Aug-07	8/1/2007	
Howard	Bushy Park Elementary	1/3/2006	116,818	Replacement	Elementary	$23,171,513	$29,247,899	$7,158,899	$16,864,935	$24,023,834	$852,321	3.7%	N	N/A	Aug-07	8/27/2007	
Montgomery	Lakelands Park (Quince Orchard #2) Middle		153,588	New	Middle	$19,075,540	$19,677,857	$7,214,524	$12,463,333	$19,677,857	$602,317	3.2%	N	N	6/1/2005	6/1/2005	
Montgomery	Somerset Elementary		80,122	Replacement	Elementary	$11,426,138	$11,845,593	$4,132,909	$7,712,684	$11,845,593	$419,455	3.7%	N	N	12/1/2004	3/11/2005	
Montgomery	Kensington-Parkwood Elementary		77,136	Replacement	Elementary	$13,946,000	$13,946,000	$4,232,000	$9,714,000	$13,946,000	$0	0.0%	N	N	7/15/2005	7/15/2005	
Montgomery	Little Bennett Elementary (Clarksburg/Damascus E. #7)		82,511	New	Elementary	$16,281,455	$16,281,455	$6,365,000	$9,916,455	$16,281,455	$0	0.0%	N	N	6/30/2006	6/30/2006	
Montgomery	Great Seneca Creek Elementary (Northwest Area E. #7)		82,511	New	Elementary	$17,780,138	$17,780,138	$6,302,000	$11,478,138	$17,780,138	$0	0.0%	N	N	6/30/2006	6/30/2006	
Montgomery	Roscoe R. Nix Elementary (Northeast Consortium E. #16)	12/1/2005	88,351	New	Elementary	$14,879,000	$14,879,000	$4,702,000	$10,177,000	$14,879,000	$0	0.0%	N	N	7/1/2006	7/1/2006	
Montgomery	Downcounty Consortium Elementary #28 (Arcola E.)		85,469	Replacement	Elementary	$15,434,300	$15,434,000	$6,075,000	$11,424,639	$15,434,000	-$300	0.0%	N	N	6/30/2007	6/30/2007	
Montgomery	College Gardens Elementary	8/2/2006	96,986	Replacement	Elementary	$20,314,236	$19,201,871	$7,698,831	$11,503,040	$19,201,871	-$1,112,365	-5.5%	N	N	11/30/2007	11/30/2007	
Washington	Maugansville Elementary	3/5/2007	91,586	Replacement	Elementary	$15,482,000	$18,362,661	$6,837,632	$9,181,841	$16,019,473	$537,473	3.5%	N	N	7/11/2008	9/19/2008	
Washington	Pangborn Elementary	3/28/2007	88,116	Replacement	Elementary	$17,035,084	$21,637,499	$7,759,592	$9,886,992	$17,646,584	$611,500	3.6%	N	N	8/7/2008	8/4/2008	
Worcester	Ocean City Elementary		87,477	Replacement	Elementary	$14,552,436	$17,998,521	$4,605,138	$9,745,134	$14,350,272	-$202,164	-1.4%	N	N	9/25/2005	11/21/2005	
PROJECTS WITH PREVAILING WAGE RATES																	
Allegany	Mountain Ridge High	8/29/2005	165,382	Replacement	High	$38,964,000	$46,810,646	$30,641,000	$13,682,472	$44,323,472	$5,359,472	13.8%	Y	N	7/1/2007	8/1/2007	
Calvert	Barstow Elementary (Calvert New E. #13)		74,865	New	Elementary	$16,187,380	$19,705,891	$11,153,928	$5,482,716	$16,636,644	$449,264	2.8%	Y	N	8/1/2008	10/31/2008	
Calvert	Calvert Middle	7/31/2008	104,526	Replacement	Middle	$22,274,000	$25,278,805	$12,089,628	$10,698,969	$22,788,597	$514,597	2.3%	Y	N	8/1/2010	3/3/2011	
Carroll	Parrs Ridge Elementary		73,271	New	Elementary	$11,346,636	$11,921,338	$5,772,384	$6,149,004	$11,921,388	$574,752	5.1%	Y	N	8/15/2005	8/15/2005	
Carroll	Ebb Valley Elementary	6/8/2006	72,106	New	Elementary	$17,307,321	$20,618,698	$9,069,713	$11,650,832	$20,720,545	$3,413,224	19.7%	Y	N	8/15/2008	7/15/2008	
Charles	North Point (Comprehensive) High		311,270	New	High	$47,976,700	$53,483,608	$27,591,253	$21,351,021	$48,942,274	$965,574	2.0%	Y	N	5/30/2005	8/29/2005	
Charles	Theodore G. Davis Middle		134,542	New	Middle	$25,870,000	$27,974,760	$15,906,632	$10,447,077	$26,353,709	$483,709	1.9%	Y	Y	5/30/2007	5/30/2007	
Charles	Mary Burgess Neal Elementary	1/11/2007	86,880	New	Elementary	$19,077,000	$20,762,304	$12,442,703	$7,127,337	$19,570,040	$493,040	2.6%	Y	Y	5/30/2008	6/22/2008	
Frederick	Tuscarora Elementary		86,938	New	Elementary	$13,073,254	$14,037,807	$7,261,044	$6,296,410	$13,557,454	$484,200	3.7%	Y	N/A	7/31/2004	8/23/2004	
Frederick	Centerville Elementary		87,175	New	Elementary	$12,568,900	$15,977,349	$7,060,030	$5,958,982	$13,019,012	$450,112	3.6%	Y	N	6/1/2005	8/24/2005	
Prince George's	Mary Harris "Mother" Jones Elementary	8/25/2001	76,842	New	Elementary	$12,603,980	$14,515,800	$6,305,000	$6,587,963	$12,892,963	$288,983	2.3%	Y	N/A	7/1/2002	8/1/2002	
Prince George's	Port Towns (Colmar Manor) Elementary		77,586	New	Elementary	$12,092,500	$14,913,709	$6,829,719	$6,274,954	$13,104,673	$1,012,173	8.4%	Y	N	8/1/2003	5/1/2004	
Prince George's	Suitland (Homer Avenue) Elementary		69,920	Replacement	Elementary	$13,056,860	$16,373,180	$7,816,000	$8,194,154	$16,010,154	$2,953,294	22.6%	Y	N	7/1/2004	7/1/2005	
Prince George's	Dr. Henry A. Wise Jr. High (Regional High)		434,600	New	High	$76,324,375	$85,353,407	$45,146,950	$33,068,381	$78,215,331	$1,890,956	2.5%	Y	N	8/1/2006	8/1/2006	
Prince George's	Northview Elementary	1/21/2005	77,646	New	Elementary	$13,844,500	$17,130,437	$9,875,833	$4,823,745	$14,699,578	$855,078	6.2%	Y	N	8/1/2004	3/1/2007	
Queen Anne's	Matapeake Middle	9/13/2005	110,427	New	Middle	$24,733,200	$24,776,174	$11,045,087	$13,731,087	$24,776,174	$42,974	0.2%	Y	N	8/31/2007	10/1/2007	
Somerset	Somerset Intermediate School at Tawes	3/17/2006	77,652	New	Middle	$18,193,460	$19,570,694	$14,480,000	$3,644,504	$18,124,504	-$68,956	-0.4%	Y	N	12/31/2007	4/21/2008	
St. Mary's	George Washington Carver Elementary		61,385	Replacement	Elementary	$13,374,900	$15,281,508	$6,806,305	$6,766,268	$13,572,573	$197,673	1.5%	Y	N	6/16/2006	9/29/2006	
St. Mary's	Evergreen Elementary	9/19/2007	74,227	New	Elementary	$20,014,000	$23,962,009	$12,398,000	$8,073,998	$20,471,998	$457,998	2.3%	Y	Y	5/22/2009	8/3/2009	
Washington	Rockland Woods Elementary	2/8/2007	85,277	New	Elementary	$16,188,461	$20,238,942	$10,432,615	$6,632,266	$17,064,881	$876,420	5.4%	Y	Y	10/15/2008	6/30/2009	
Washington	Antietam Academy	6/18/2009	45,000	Replacement	Middle/High	$11,424,600	$13,336,590	$8,329,036	$3,361,415	$11,690,451	$265,851	2.3%	Y	N	10/28/2010	2/14/2011	
Washington	Ruth Ann Monroe Primary	9/17/2009	80,816	New	Primary	$21,749,048	$24,257,710	$13,686,460	$8,186,342	$21,872,802	$123,754	0.6%	Y	Y	9/30/2011	3/4/2012	

Appendix 7

PUBLIC SCHOOL CONSTRUCTION IN MARYLAND

Evergreen Elementary School, St. Mary's County
Completed 2009
LEED Gold School

West Side Elementary School, Allegany County
Original 1940, renovated 1977
Superior Maintenance Ranking, 2009

Presentation to the Task Force on Prevailing Wage in School Contruction
December 17, 2013

David Lever
Executive Director, Public School Construction Program

PUBLIC SCHOOL CONSTRUCTION IN MARYLAND

- **The Public School Construction Program**
  - History and Structure
  - Interagency Committee on School Construction (IAC)
  - Duties
  - Funding Programs

- **The Capital Improvement Program**
  - The Capital Improvement Program Process
  - Project Eligibility and Funding
  - The FY 2015 Capital Improvement Program

The Public School Construction Program

- **Public School Construction Program** (PSCP):
  - Established in 1971 to:
    - Assist local school systems in funding school construction projects
    - Ensure equity in the condition of school facilities in all jurisdictions of the state
- **Interagency Committee on School Construction** (IAC):
  - Established by the Board of Public Works to administer the PSCP
  - Consists of five members:
    - State Superintendent of Schools (chair)
    - Secretaries of Department of General Services and Maryland Department of Planning
    - Two members of the public representing the Presiding Officers of the General Assembly
  - Meets six times per year to approve policies and contracts, and approves six interim agendas on routine matters
- **Designees** appointed by the Superintendent and two Secretaries decide on routine matters and prepare recommendations on capital projects and policy
- **Public School Construction Program** (agency) provides overall management

Note: "Public School Construction Program" refers to both a program and an independent agency reporting to the Board of Public Works

Maryland Public School Construction Program

Board of Public Works (BPW)

Governor, Treasurer, Comptroller

Interagency Committee on School Construction (IAC)

State Superintendent, Secretaries of MSDE & DGS, two members of the public representing the General Assembly

Maryland State Department of Education (MSDE)

Designee to the State Superintendent:

- *CIP, ASP, QZAB reviews*
- *Review educational specifications*
- *Review schematic designs*
- *Develop educational guidelines*

Maryland Department of Planning (MDP)

Designee to the Secretary:

- *CIP, ASP, QZAB reviews*
- *Develop annual enrollment projections*
- *Review Educational Facilities Master Plans*
- *Site reviews & recommendations*

Department of General Services (DGS)

Designee to the Secretary:

- *CIP, ASP, QZAB reviews*
- *Review design development & construction documents*
- *Review change orders & ineligible items*
- *Technical advice to IAC and LEAs*

Public School Construction Program (PSCP)

Independent agency reporting to BPW:

- *Overall management of funding programs*
- *Maintain fiscal records*
- *Maintain Facilities Inventory database*
- *Annual maintenance inspections*
- *Monitor MBE compliance*
- *Recommend contract awards*
- *Audit projects*

The Interagency Committee on School Construction

DUTIES AND FUNCTIONS OF THE INTERAGENCY COMMITTEE AND ITS STAFF

- **Capital Improvement Program**: Recommends projects for approval of planning and funding to the Board of Public Works; may include special initiatives
- **Smaller Funding Programs:** Aging Schools Program, Qualified Zone Academy Bond program, FY12 Supplementary Appropriation program, Relocatable Classroom Repair Fund, Emergency Repair Fund
- **Maintenance**: Inspects approximately 230 schools per year to ensure proper maintenance, and reports to the Board of Public Works
- **Regulations and Procedures**: Develops, updates and enforces regulations and procedures on administration of the PSCP; project procurement, delivery, and financing; Minority Business Enterprise Participation; and funding programs
- **School Properties**: Approves acquisition of and recommends disposal of school sites and 152 State-owned relocatable classrooms
- **Design Reviews:** MSDE reviews all schematic designs, DGS reviews construction documents for State-funded projects
- **Contract Awards**: Approves contract awards for all State-funded CIP projects and for larger projects in other funding programs
- **Corollary State Policies**: Smart Growth, Green Schools, Minority Business Enterprise, BRAC, Emergency Mass Care Sheltering

The Interagency Committee on School Construction

MAJOR FUNDING PROGRAMS ADMINISTERED BY THE IAC

- **Capital Improvement Program (CIP): More than $250 Million/Year, FY 2006 – 2014**

- **Aging Schools Program (ASP): $6.1 to $11 Million/Year ($31.1 M in FY 2013)**
  - Generally for smaller projects in existing schools; occasional larger projects
  - Generally no local match required

- **Qualified Zone Academy Bond (QZAB) Program: $4.5 to $11 Million**
  (approx. $15 - $16 Million under ARRA for FY 2012 and 2013)
  - Generally for smaller projects in existing schools; occasional larger projects
  - Requires 10% private entity match (private corporation cash or equipment, in-kind community contribution, etc.)
  - Only eligible for schools with 35% or more FARMS population

The Capital Improvement Program

- **Funded at more than $2.7 billion, FY 2006 – FY 2015 (to date)**

- **Eligible project categories**:
  - Major projects, small renovations and additions, systemic renovations
  - No repair or maintenance projects

- **State participates only in *eligible* costs:** Fixed asset costs with 15 year life

- **State funding for each project is determined by formula:**
  - Different formulas apply to different project types
  - There is no formula for the total funding each LEA will receive annually

- **Local funding match is required:** Covers ineligible items and miscellaneous project expenses

The Capital Improvement Program

ANNUAL PROCESS

- **Pre-Submission: Summer through September**

- **Preliminary CIP: October to January**
  - BPW *approves* projects for 75% of Governor's preliminary capital budget

- **Interim CIP: January to March**
  - IAC *recommends* projects for 90% of Governor's submitted capital budget

- **Final CIP: April to May**
  - BPW *approves* projects for 100% of final approved capital budget

The Capital Improvement Program

CRITERIA FOR PROJECT ELIGIBILITY

- **Local Approvals**: Approval by local board, local government fiscal support for planning and design costs, and for construction matching funds
- **Basic Factors:** Eligible category of work; school or building system at least 15 years old (with some exceptions); school facility has been well maintained
- **Planning Approval (applies only to major projects):** Approved site; project is justified; other technical factors per project type
- **Funding Approval (all projects):** Continuing justification; project schedule (if approved, funds will be used); if procured, State MBE procedures were followed

The Capital Improvement Program

CRITERIA FOR PROJECT APPROVAL

General Principles:

- **Equity:** Recommend at least one project in every jurisdiction that has an eligible project application
  - Support large, essential projects in small jurisdictions
  - Strive for relative parity among mid-size and large jurisdictions
- **Follow local priority order** (eligible projects only)
- **Address State educational priorities**
- **Honor corollary State policies**: MBE, Smart Growth, Emergency Shelter

Three Levels of Recommendation and Approval:

- **Staff Recommendations to IAC**: Technical criteria have been met, funds will be used efficiently in fiscal year
- **IAC Recommendations to BPW**: Generally respect staff recommendations, may make adjustments based on other considerations
- **BPW Approvals**:
  - Invariably respect IAC recommendations
  - May use as bully pulpit to emphasize certain issues: MBE, air conditioning, maintenance

The Capital Improvement Program

STATE FUNDING PARTICIPATION

- **Major Projects:**
  - Tentative State participation is established at approval of planning
  - Final State participation is established at approval of funding
  - For most project types, makes use of a formula that takes account of:
    - Student enrollment projections to the 7th year (subject and adjacent schools)
    - State cost factor ($ / s.f., adjusted annually per school bids for new construction, industry input, and DBM and DGS figures; one figure applicable statewide; sitework and contingency percentages are added)
    - Age of existing square footage (for renovations)
    - Deductions for previously approved State work (renovations only)
    - State-local cost share percentage
    - Add-ons for cooperative use space (up to 3,000 s.f.); high performance schools (FY 2009 – 2014 only)
- **Systemic Renovations and Smaller Renovation & Addition Projects:**
  - State-local cost share is applied to estimated or actual cost
- **Adjustments:**
  - Will be adjusted after bid based on actual costs, including alternates
  - Final adjustment is made on project close-out, including eligible change orders
  - Can never be more than the Final allocation determined at time of funding approval
- **State-Local Cost Share Percentage:**
  - Adjusted every three years
  - Takes account of local wealth and local funding effort; enrollment growth; Free and Reduced Price Meal Plan student population

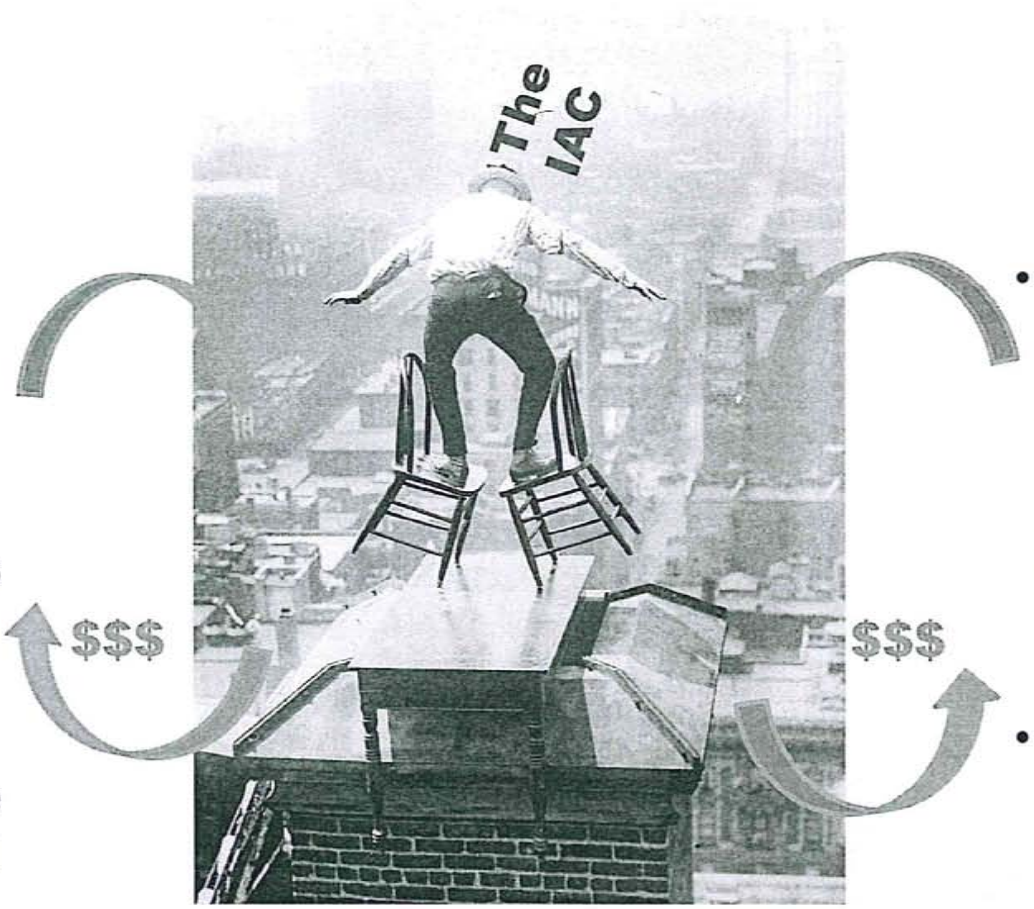
The Annual CIP Balancing Act

Large and Intermediate Size LEAs:

- Older schools
- Complex demographics
- Multiple facility needs → long lists of capital projects

IAC Approach:

- Funding should be reasonably scaled to number of schools, students, and projects



$250 MILLION

(?)

Small LEAs:

- Large single projects that affect a large proportion of students, economic development, etc

IAC Approach:

- Ensure that critical projects can continue on schedule

The Capital Improvement Program

SOURCES OF FUNDS

- **NEW BOND AUTHORIZATION**
  - 94.6% of total allocation FY 2006 – 2015 to date
  - Can only be used within a restricted time of completion of the project ("pyramid rule")
- **PAYGO**
  - 0.3% of total allocation FY 2006 – 2015 to date
  - Only source is in reverted funds from pre-FY 2005
- **REVERTED FUNDS**
  - 5.1% of total allocation FY 2006 – 2014
  - Since 2007, reverted funds remain with the LEA of origin under most circumstances
  - Funds may be used for an unfunded eligible project in current year CIP, or may be held in reserve for the next year CIP

State Funding Capacity

MAJOR STATE/LOCAL FUNDING CONSTRAINTS

- **State Debt Cap**
  - Debt criteria were adopted by Capital Debt Affordability Committee in 1979, revised 1988:
    - Outstanding State-supported debt should be no more than 3.2% of State personal income
    - Debt service should be no more than 8% of State revenues
  - State is now approaching the limit

- **Lack of PAYGO funds**
  - No appreciable PAYGO funds in last seven fiscal years

- **Absence of other funding sources**

- **Local Fiscal Constraints**
  - Four jurisdictions withdrew projects in spring of 2011 due to projection of FY 2012 revenue shortfalls
  - Major projects have been delayed by one or more years

The FY 2006 – 2015 Capital Improvement Program

CHART 1: FY 2006 - 2015 CIP Requests and Funding

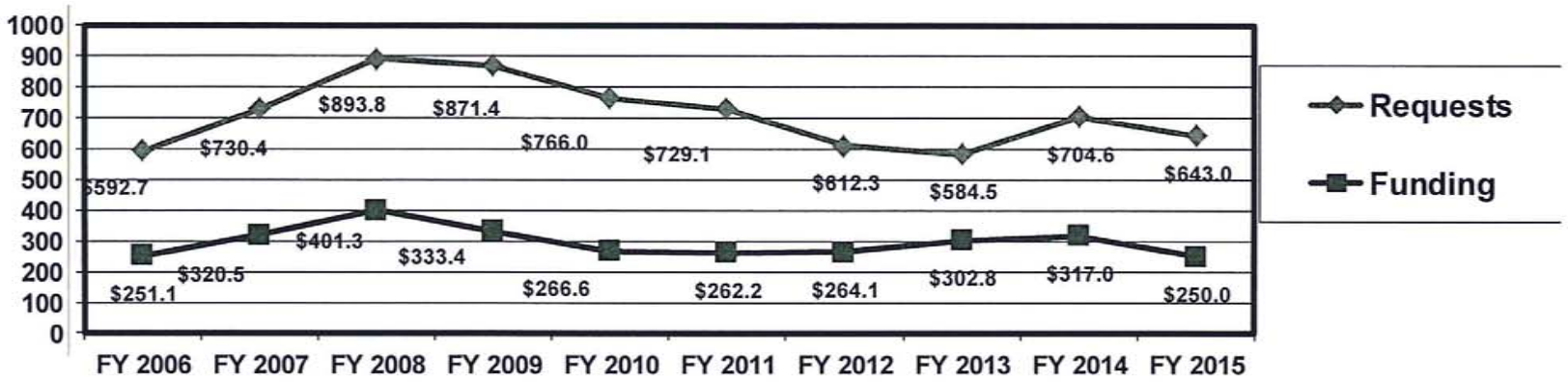
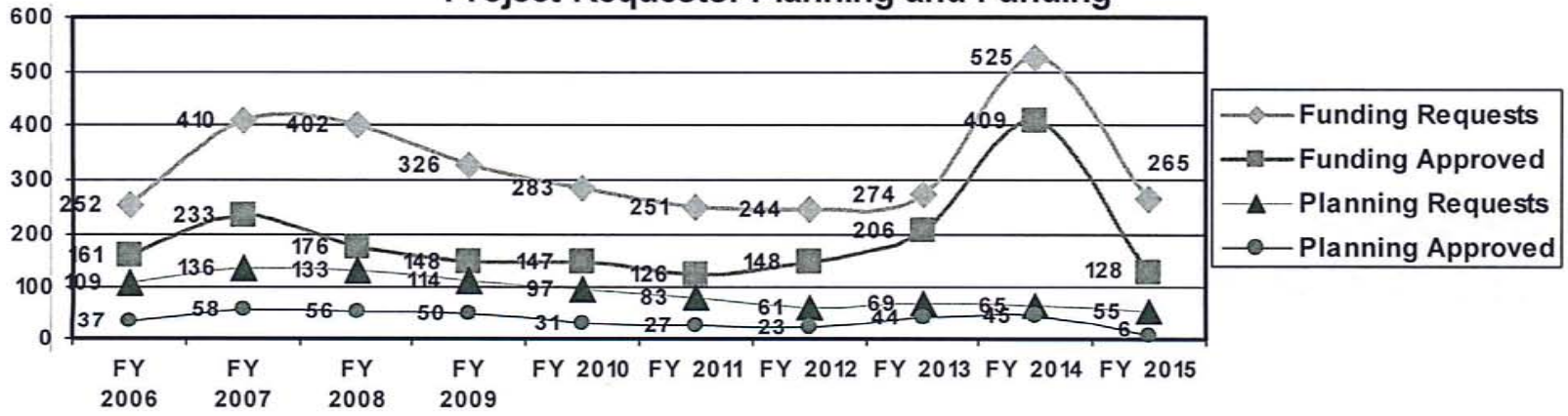


CHART 2: FY 2006 - FY 2015 CIP
Project Requests: Planning and Funding



School Construction

MEASUREMENT OF THE NEED

- **LEA Facility Assessment Studies: Backlog of deferred capital and maintenance items**
  - Six largest school districts: At least $13.5 billion
  - Mid- and smaller-size school districts: At least $2 billion
  - $15 billion plus in total needs

- **Caveats:**
  - Methods of assessment and costing vary
  - Scope of facilities examined may vary
  - Some assessments are old and do not reflect contemporary costs
  - Not all deficiencies are urgent
  - Scope of major capital improvement projects – renovations, new schools, replacement schools, additions – tends to go beyond correcting deficiencies

State Funding Capacity

STATE FUNDING CAPACITY VS. NEED

- **Anticipated Six-Year CIP Requests FY 2015 – FY 2020: $3.7 Billion**
  - Information reported by LEAs in FY 2015 CIP submissions; includes 4% inflation factor
  - Actual annual requests tend to be larger than anticipated
  - Construction cost escalation is unpredictable
  - Local matching ability: single largest factor affecting the requests
- **Anticipated Six-Year State Funding**:
  - **FY 2015: $250 Million** (Governor's initiative to continue the target established in Public School Facilities Act of 2004 for $2.0 billion over 8 fiscal years FY 2006 – FY 2013)
  - **FY 2016 and beyond: Unknown**
- ***IF* $250 Million / year is maintained FY 2015 – FY 2020:**
  - *Need*: At least $3.7 billion
  - *Available*: About $1.50 billion

BEST-CASE SHORTFALL: AT LEAST $2.2 BILLION

Public School Construction Program

RESOURCES

- **PSCP Website:** www.pscp.state.md.us:
  - FY 2001 – FY 2014 Capital Improvement Programs
    - Section I – X: Detailed explanation of CIP process
  - Administrative Procedures Guide (amended sections only)
    - Section 102: Capital Improvement Program
  - Reports
  - Facilities Inventory Database

- **Code of Maryland Regulation (COMAR):**
  - Chapter 23.03.01 – Terminology
  - Chapter 23.03.02 – Administration of the Public School Construction Program
  - Chapter 23.03.03 – Construction Procurement Methods
  - Chapter 23.03.04 – Project Delivery Methods
  - Chapter 23.03.05 – Alternative Financing
  - Website: www.dsd.state.md.us/comar

Public School Construction Program

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  - Pat Goucher, Director – 410-767-4620; pgoucher@mdp.state.md.us s
- **Department of General Services, Public Schools and Community Colleges Team**:
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Appendix 8

North Frederick Elementary Bids

Non-prevailing Wage Rates

Total Bid	**$22,391,027**
(Incl. add alternates 3, 5, 6, 7, 8, & 16)	
Phase I funds available	$2,813,177
Phase I costs	$2,045,000
Balance	$766,177

$22,391,027/93,605=$239.21/s.f. incl. site
$17,991,027/93,605=$192.20/s.f., without site work

Base Bid ONLY $22,206,639/93,605 s.f. =$237.24

Prevailing Wage Rates

Total Bid	**$25,523,145**
(Incl. add alternates 3, 5, 6, 7, 8, &16)	
Phase I funds available	$2,813,177
Phase I costs	$2,621,900
Balance	$191,277

$25,523,145/93,605 s.f. = $272.67/s.f incl. site
$20,861,823/93605 s.f. = $222.87/s.f. without site work

Difference between WR and NWR -Base Bid ONLY

$25,260,895-$22,206,639 = $3,054,256 or 13.75%

Difference between WR and NWR –incl. accepted alternates

$25,523,145-$22,391,027 = $3,132,118 or 13.98%

Appendix 9

Summary of Literature Submitted to the Prevailing Wage Task Force

This paper attempts to both analyze and synthesize the almost 50 papers submitted to the Task Force to Study the Applicability of the Maryland Prevailing Wage Law (the Task Force). Our effort has three goals:

1) To determine what arguments in the body of submitted work are relevant to the question that most interested the Task Force: What does sound, empirical evidence tell us about the effect of the prevailing wage on the cost of school construction?

2) To critically evaluate and isolate the arguments found in the submitted papers so that the Task Force can efficiently deliberate on the matter.

3) To draw conclusions from our evaluation, always doing justice to the difficulty of the subject matter.

A brief word about our methodology is important.

First, our universe of papers. The papers submitted to the Task Force from both "sides" of the issue, constituted the root source material we examined. However, in some instances, we took the liberty of including works cited or relied upon in the source papers. When we discuss a work that was not submitted to the Task Force we will note it specifically.

We relied on a "peer review" model for this paper. Our team was composed of David Smulski and Michael Rubenstein of The Department of Legislative Services; Scott Jensen, Sarah Blusiewicz and Daniel Savery of The Department of Labor, Licensing and Regulation; and David Lever and Patrick McGough of The Maryland Public School Construction Program. One of our team members (Sarah Blusiewicz of DLLR) was recruited to draft the paper. The paper was then read and edited by the others. While we benefited enormously from the criticisms of our colleagues, the responsibility for any shortcomings are DLLR's.

While the body of studies was dauntingly large, we were fortunate that a fair number of the papers, while well done and interesting for numerous reasons, were not directly relevant to the interests of the Task Force's discussion. The first section of this paper seeks to set aside these studies and explain the reasoning for doing so.

The second section consists of two parts. In the first, the arguments from the papers claiming prevailing wage raises the cost of school construction are recited, and then matched with the criticisms found in the universe of papers from which we worked. In the second, we reverse roles, laying out the reasons some authors believe prevailing wage does not significantly

add to school contraction costs, and subjecting these claims to available criticism. In the third and final section, we draw the conclusions we believe are warranted from the analysis.

Section One: What studies can be set aside?

We found twenty four (24) studies we believe can be set aside, each falling into one or more of the five distinct categories representing a reason for dismissal.

1) Sources of General Overview

Five (5) publications submitted by Mr. Kingston on behalf of the Maryland Associated Builders and Contractors Chapters and Mr. Waites of O'Donoghue & O'Donoughue, LLP review other articles and reports regarding prevailing without contributing any new research to the topic (Working Partnership USA, 2012; Mahalia, 2008; National Alliance for Fair Contracting, 2003; Wial, 1999; and Leef, 2010). While such studies provide additional opinions on the current research, and in some cases add additional narrative --such as the case study of two similar libraries built in California (Working Partnership USA, 2011) -- the lack of information regarding methodology and data collection does not allow such publications to be grouped with the other empirical studies submitted. We believe that these five (5) studies are derivative of other studies, and should be left aside in favor of the original research from which they spring.

2) Sources Addressing Implementation of Prevailing Wage Law

Eight (8) of the fourteen studies focus primarily on federal and local (non-Maryland) prevailing wage implementation problems regarding how prevailing wage rates are calculated and how requests for determinations are processed. The eight studies are: Columbia University (2012), GAO (2011), GAO (2010a), GAO (2010b), Dean (2009), Glassman, Head, Tuerck, and Backman (2008), GAO (2000), Minnesota taxpayers Association (2005), and Kentucky Legislative Research Commission (2001). In addition, the Casey (2002) details Pennsylvania's enforcement effort. However, the issues identified, such as the difficulty and administrative burden of participating in the federal survey process and submitting certified payrolls, the accuracy of federal wage rates, and the practice of states automatically adopting collectively bargained rates as the prevailing wage, do not apply to Maryland's implementation of prevailing wage . For this reason these nine (9) studies may be left aside.

3) Sources Using Mean Income Data for Comparison to Prevailing Wage Rates

In addition to criticisms of how federal and other states determine prevailing wage rates, four (4) of the articles submitted (Anderson Economic Group (2013), Kersey, (2007), Newman, Blosser, and Haycock (2004), and Minnesota Taxpayers Association, (2005)) compare the prevailing wage rate to the average wage rate for an occupation based on local labor statistics.

Average wage rates are often cited from the Bureau of Labor Statistics or state-generated labor statistics. However, the mean wage rate for an occupation at the state level includes all levels and types of employees in the calculation: helpers to foremen, residential to commercial workers; all employees are averaged together. Prevailing wage rates only establish the journeyman rate for a specified craft within a defined category of construction type. Because the mean wage rate's relation to the prevailing rate is a separate topic altogether, we believe these studies may be left out of consideration. However, later in the paper we will have occasion to revisit this reasoning in another context.

4) Sources Describing the Effects of a Total Repeal of Prevailing Wage

Three (3) studies focus on issues surrounding the existence of prevailing wage law in its entirety; the benefits to states with prevailing wage laws and the risks of repealing such laws (Philips, 1999; Belman and Voos, 1995; and Philips, Mangum, Waitzman, and Yeagle, 1995). The information provided by such studies is valuable for examining the broad context of state prevailing wage laws and long-term effects of maintaining or repealing a state prevailing wage law. However, for the purpose of the Task Force, such studies are not useful because the degree of impact resulting from repealing the law, and conversely implementing the law, is not at issue. Because these studies do not address the impact of extending the prevailing wage law to include a greater number of school projects when some projects already fall under the prevailing wage law, and because they do not directly address the effect of prevailing wage on project cost, we believe these three studies can be set aside for the purposes of the Task Force.[1]

5) Sources not Relevant to Maryland

There are three (3) studies we can refer to as the "California Low Income Housing Studies" (Dunn, Quigley, and Rosenthal, (2005), Newman, Blosser, and Haycock (2004) and Dunn, Quigley, and Rosenthal, (2003)), which are difficult to directly relate to Maryland prevailing wage implementation as only residential construction information is examined. Maryland does not have a residential prevailing wage law, nor do any public housing projects fall under the current Maryland Prevailing Wage Law. The authors of the studies do not address the differences between residential and commercial construction or the possible effect such differences may have on the ability to generalize the results found. For this reason these three (3) studies too may be set aside.

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[1] Maryland conducts an industry survey every year, collecting wage data by project and county. All information is collected online and no paper is accepted. Wage rates are determined at the county level based on survey submissions for each county. A wage rate will prevail if it represents 40% of the submissions, by weighted average if no single wage rate prevails, or a county will "borrow" another county wage rate, based on economic and regional factors, if no survey information was submitted. If an appropriate wage rate cannot be found in neighboring counties, a localized field survey will be conducted. The electronic survey and payroll system encourages participation in the survey process, as evident by they over 7,000 survey submissions received this past survey alone. In addition, the electronic system increases the Department's responsiveness, allowing new rates to be posted one month after the survey closes, procurement officers to receive immediate wage determinations when requested, and contractors to submit paperless certified payrolls.

Section Two: Critical Evaluation of Papers Relevant to the Work of the Task Force.

1) Sources Claiming Prevailing Wage Drives Cost Higher and Criticism of that Position

There have been several direct studies both supporting and criticizing state prevailing wage laws and their effect on state expenditures on capital projects. Of these, the following studies conclude prevailing wage increases the cost of public projects: Anderson Economic Group (2013); Kersey, (2007); and Ohio Legislative Service Commission (2002). In addition to these articles, the following studies have served as the basis for the argument of higher costs due to prevailing wage: Fraundorf and Farell (1984) and Thieblot (1986). In general, the authors find prevailing wage laws increase labor costs well beyond the mean income level for each occupation, driving up project costs and limiting the number of projects able to be funded.

There are a number of criticisms of this position, and most center on methodology. Critics rely on the basic position that those who claim that prevailing wage drives costs higher use insufficient control variables when they try to account for those costs in the projects they cite. For example, the authors of the Anderson Economic Group (2013) themselves say that "We do not consider changes in worker productivity, material costs, or labor share that may occur in the absence of a prevailing wage." One of the foundational studies on which a number of the papers that take the high-cost position relies, Fraundof (1984), is criticized by explicitly in a paper by Prus (1996) for neglecting the difference between public and private projects when calculating the effect of prevailing wage.

In addition to not accounting for variables when projecting project savings, the most recent Mackinac Center study (Kersey, 2007), as its predecessor (Vedder, 1999), uses descriptive data to draw conclusions rather than empirical methods. For example, Kersey calculates the value-added per construction worker and value-added per dollar of compensation using data from the U.S. Economic Census of 2002 (Kersey, 2007). However, Kersey does not provide the calculations used to determine these values. Prevailing wage rates are also compared to poverty level wages by Kersey (2007) in an effort to support the argument prevailing wage regulations are not needed to prevent construction wages from falling to poverty levels. However, prevailing wage regulations are instituted to protect regional construction wage rates, not protect construction wages from dropping to poverty levels. Kersey (2007) also uses mean wage data to support his conclusion prevailing wage increases construction costs, which as stated in the first section of this paper, does not provide an accurate comparison. Finally, Kersey (2007) claims differing job categories between union and non-union contractors will discourage non-union participation in the bidding process; however, the Kentucky Legislative Research Commission found union and non-union job categories were similar (Kentucky Legislative Research Commission, 2001).

Philips (2001b), one of the "source" studies, in which many of the critic's positions are best articulated, takes issues with the 1999 Mackinac Center study's methodology, citing four biases that skew the study's results, making replicating those results in other states impossible. Philips argues Vedder's use of low employment growth data as before period data and higher employment growth data as after period rates, privately calculated data rather than public information, adjusted data in December 1994 without supporting evidence, and his assumption of "a weak connection between Michigan's overall business cycle and swings in construction employment" bias the study, making it impossible to replicate (Phillips 2001b). Philips concludes "when his [Vedder] experiment is applied to other states, it comes out wrong each time" (Philips, 2001b).

Thieblot's methodology in comparing bid and rebid prices before and during the 1971 suspension of Davis-Bacon is questioned by Mahalia (2008), who asks whether the changes in bid prices found by Thieblot are due to the effect of prevailing wage or the advantage of bidder's knowing competing bid amounts when submitting bids the second time. The Ohio Legislative Service Commission's study (2002) is also refuted on the basis of insufficient explanation of results by Weisberg (2002). The Legislative Service Commission's regression analysis only found prevailing wage to be responsible for 1%-3% of the total difference in project costs. As Weisberg (2002) argues, such a low percentage is not recognized as statistically significant, yet the Legislative Bureau attributed all savings to the absence of prevailing wage without identifying any other factors that were responsible for the other 97%-99% of the cost difference.

2) Sources Claiming that Prevailing Wage Does Not Drive Cost Higher and Criticism of that Position

We were fortunate that there was a robust academic criticism that addressed the studies claiming prevailing wage drove construction costs significantly higher, because this allows the contours of the debate to stand out clearly. The basic position staked out by those who claim costs were not driven higher significantly higher by prevailing wage can be attributed primarily to the work of two academics: Philips, and Prus. In addition, others like Aszari-Rad and Duncan collaborate with Philips and Prus, to support the position that prevailing wage does not increase project costs. These authors use regression analysis and numerous control variables, addressing the weaknesses they had identified in the work of those, who argue that prevailing wage drives cost significantly higher. While some of their work is a reaction to the studies they criticize, these authors and related authors also conduct their own studies to determine the effect of prevailing wage laws on construction costs..

Authors such as Duncan (2011), and Aszari-Rad, Philips, and Prus (2003) question the conclusion that the estimated percentage of total cost savings can be equal to or greater than the percentage of project labor costs. Citing the Economic Census of Construction's estimate labor, costs only account for 25-30% of the total construction cost, Duncan (2011), refuting Dunn, Quigley, and Rosenthal (2005), states "it is unlikely that the total cost of construction would fall

by up to 37 percent from a regulatory change that primarily affects a cost component that accounts for only 25 to 30 percent of total costs." In addition, Aszari-Rad, Philips, and Prus (2003) question Fraundorf and Farrell's (1984) finding that 26% of the final cost could be saved from labor costs, which only account for 30% of the total cost of a project.

Several studies conclude that prevailing wage does not affect project costs by examining school construction data. A national study of school construction conducted by Aszari-Rad, Philips, and Prus (2003) found that economies of scale affected project costs, but prevailing wage had no significant effect. The same authors conducted a similar study in 2002 to compare the costs of private and public schools, with control variables in place, and found prevailing wage to have no significant impact on project costs. Additional studies including Bilginsoy, Cihan, and Philips (2000), Philips (1998), Philips (2001a), and Prus (1999), all conclude that prevailing wage does not affect project costs when control variables accounting for differences in business cycles, region, project characteristics, etc. are added to the regression analysis used.

While our work within the universe of studies submitted to the Task Force, or our attempt to locate work related to this universe, failed to yield direct criticisms of the positions taken by Phillips, Prus and Aszari-Rad's work,[1] these studies also have certain weaknesses. For example, Aszari-Rad, Philips, and Prus (2003) themselves mention the need for additional research into how the type of construction can effect costs, and how collected data are limited to accepted bid prices when "prevailing wage regulations may affect the prevalence or absence of change orders after the bid has been accepted," preventing researchers from comparing project bid costs to final project costs after any project changes or adjustments are made. Philips (2001a) also identifies this use of bid data as a weakness for determining the impact of prevailing wage. Facing data limitations, Bilginsoy, Cihan, and Philips (2003) describe the seven years of data used to establish the construction business cycle as "crude" because data is annually based rather than quarterly. Prus (1999) describes his own reservations regarding data, stating that inferences regarding the comparison of public high schools built under prevailing wage to private high schools are "shaky at best" due to the small sample size available.

One final study of those submitted to support the argument that prevailing wage does not affect the cost of a project. Duncan (2011) analyzes final construction cost data for Colorado highway resurfacing projects. Whereas most other studies rely on bid costs or estimates of project costs, Duncan uses actual final cost data to compare federal prevailing wage projects to local non-prevailing wage projects. Duncan found that the increased productivity and efficiency of workers on prevailing wage projects offset the higher cost of wages, the presence of prevailing wage regulations did not contribute to a reduction of bidders for projects, and union contractors were not more likely to win prevailing wage contracts (Duncan, 2011). Philips (2001a) provides an explanation for how increased productivity offsets higher wage rates: "prevailing wage regulations induce contractors to hire a more skilled labor force and equip them with better, more up-to-date, tools, materials and equipment. It also induces management to compete over better management strategies and techniques." The Construction Labor Research Council (2004) study

supports this conclusion, finding that states with higher prevailing wage rates had lower per-mile costs for highway construction projects.

Conclusion

Having set aside a number of the studies submitted by both sides, and after exploring the arguments in the studies we believed on point, we are prepared to offer the following conclusions to the members of the Task Force:

1) During the Task Force meeting, a claim was made that the studies submitted asserting that prevailing wage drove cost higher were refuted by those that hold the opposing view. That is provisionally true. When evaluating the potential impact of prevailing wage on local government expenditures, control variables determine the projected costs or savings; if such variables do not accurately account for changes beyond the cost of wages, those estimates can be drastically misrepresented. Studies by Philips, Aszari-Rad, and Prus apply the most variable controls to their analyses and consistently draw the same conclusions throughout multiple studies with differing parameters. Further, these authors make a compelling case that studies that do not approach the matter similarly are flawed. However, we cannot say definitively that there are no other arguments in the relevant literature on this matter countering the position to which Phillips, Aszari-Rad, and Prus have laid claim. Our conclusion is provisional because we worked only within the large universe of studies submitted, as well as work directly related to it, and within that sphere, a successful response was not evident.

2) Data limitations create difficulty for researchers on both sides of the issue. In order to clearly define the effect of prevailing wage on construction costs, consensus regarding control variables used during analysis must be reached, both bid and total construction cost data for all projects must be analyzed, and the effect of expanding the prevailing wage must be differentiated from the total effect of the existence of prevailing wage in Maryland.

3) Of the work submitted, we have concluded that the work of Phillips, Aszari-Rad and Prus is the most persuasive. In the papers "State Prevailing Wage Laws and School Construction Costs", "Making Hay When It Rains: The Effect Prevailing Wage regulations, Scale Economies, Seasonal, Cyclical and Local Business Patterns Have on School Construction Costs", and "Prevailing Wage Regulations and School Construction Costs: Evidence From British Columbia", the best articulation of their position is found. We believe it is a profitable use of time for one who wants to look further into the issues of what prevailing wage does to construction costs to read these papers, explore their arguments, and find compelling reasons why the positions in these papers are mistaken, if they are.

4) Source data used to draw comparisons to prevailing wage rates can often be misleading. Prevailing wage sets the journeyman rate for each worker classification. If mean wage rate data

is used as the comparison rate to determine cost savings estimates, those estimates will be inflated as the mean data will include non-journeyman wage information. Further, if contractors who pay the prevailing wage independent of the regulation submit the winning bid for a project, no cost savings will occur.

5) Studies have questioned the various methods used to determine prevailing wage rates federally and at the state level, and the accuracy of the resulting determinations. The accuracy of the prevailing wage rate will determine if the wages paid on public projects reflect the market wage rate of a journeyman on a non-public project. Maryland's use of an electronic survey annually produces thousands of wage rate submissions, which are used to calculate the prevailing wage. If the survey process accurately reflects localized wage rates, the potential for any cost savings, regardless of changes in other variables, will be greatly reduced.

6) The numerous studies submitted and examined include differing study areas both nationally and internationally. When examining the results concluded from each study, differences between federal and other state prevailing wage laws must be evaluated, and specifically compared to the current Maryland prevailing wage law. Such differences influence the extent to which conclusions can be generalized to the possible effect of lowering the threshold of Maryland's Prevailing Wage Law.

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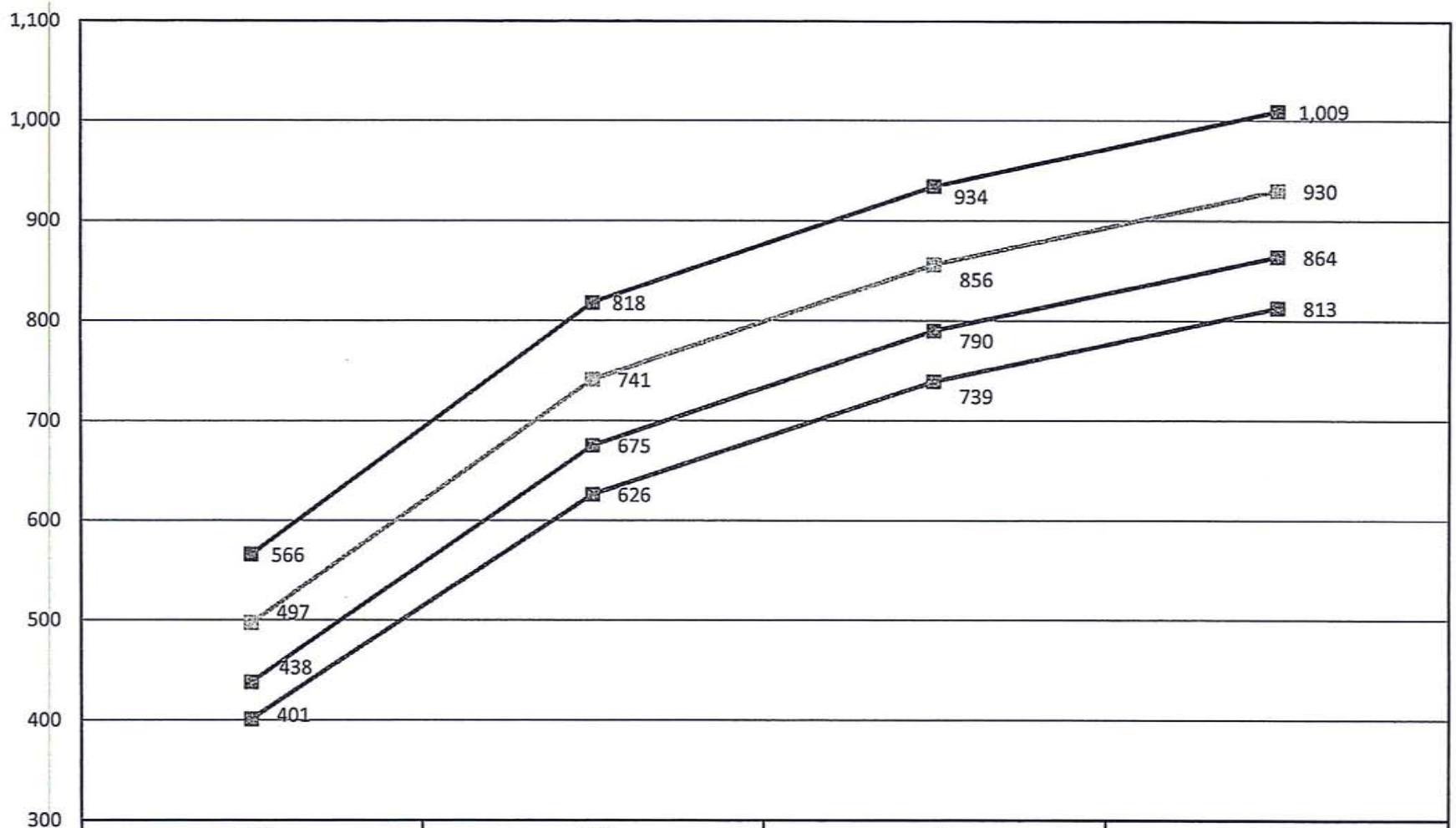
Vedder, Richard. (1999). Michigan's Prevailing Wage Law and Its Effects on Government Spending and construction Employment. Midland, Mich.: Mackinac Center for Public Policy.

Appendix 10

Public School Construction Program
Number of Projects by Cost Threshold and Percentage for FY 2008 - FY 2014



	50%	40%	30%	20%
$500,000	401	626	739	813
$400,000	438	675	790	864
$300,000	497	741	856	930
$200,000	566	818	934	1,009

Percent Threshold

Printed: 1/24/2014

	PREVAILING WAGE RATE ANALYSIS					
	CARROLL COUNTY PUBLIC SCHOOLS					
	FY07, FY08, FY09, FY10, FY11, FY12, FY13 (partial)					
	~~March 6, 2012~~	~~July 30, 2012~~	January 14, 2013			
Bid Date	**School**	**Project**	**Without Prevailing Wage**	**With Prevailing Wage**	**$ Difference**	**% Difference**
Feb-07	Robert Moton Elem	HVAC Replacement	$3,527,000	$3,824,000	$297,000	8.4% higher
May-07	Sykesville Middle	Roof Replacement	$895,000	$927,000	$32,000	3.5% higher
Mar-08	**Mt. Airy Middle**	**Roof Replacement**	**$488,888**	**$517,546**	**$28,658**	**5.8% higher**
May-08	Carrolltowne Elem	Open Space Enclosures	$2,473,900	$2,756,500	$282,600	11.4% higher
Jun-08	South Carroll High	Fine Arts Addition	$21,508,991	$23,002,153	$1,493,162	6.9% higher
Jun-08	**Freedom Elem**	**Full Day K Addition**	**$2,410,000**	**$2,715,000**	**$305,000**	**12.6% higher**
Feb-09	**Westminster High**	**HVAC Replacement**	**$22,455,700**	**$23,596,900**	**$1,141,200**	**5.1% higher**
Apr-09	Northwest Middle	Open Space Enclosures	$2,312,220	$2,512,220	$200,000	8.7% higher
May-09	**Winfield Elem**	**Full Day K Addition**	**$1,364,207**	**$1,471,265**	**$107,058**	**7.9% higher**
May-09	**William Winchester**	**Full Day K Addition**	**$1,944,900**	**$2,100,700**	**$155,800**	**8% higher**
Jun-09	**Mt. Airy Elem**	**Roof Replacement**	**$921,000**	**$957,000**	**$36,000**	**3.9% higher**
Apr-10	**Westminster Elem**	**Open Space Enclosures**	**$2,248,100**	**$2,444,600**	**$196,500**	**8.7% higher**
May-10	**Robert Moton Elem**	**Full Day K Addition**	**$2,026,600**	**$2,230,600**	**$204,000**	**10.0% higher**
Mar-11	Hampstead Elem	HVAC Replacement	$2,508,000	$2,648,885	$140,885	5.3% higher
Jun-11	**Mt. Airy Middle**	**Replacement School**	**$24,025,161**	**$26,115,871**	**$2,090,710**	**8% higher**
Jan-12	**Freedom Elem**	**Roof Replacement**	**$532,900**	**$551,500**	**$18,600**	**3.4% higher**
Feb-12	**Hampstead Elem**	**Roof Replacement**	**$717,400**	**$757,200**	**$39,800**	**5.3% higher**
May-12	**William Winchester**	**Roof Replacement**	**$440,000**	**$470,000**	**$30,000**	**6.8% higher**
Jul-12	**Robert Moton Elem**	**Open Space Enclosures**	**$2,602,200**	**$2,684,706**	**$82,506**	**7.0% higher**
Nov-12	**Freedom Elem**	**Heat Plant Conversion**	**$739,000**	**$822,000**	**$83,000**	**3.2% higher**
	Totals		$96,141,167	$103,105,646	$6,964,479	7.2% higher
	Totals Accepted with PW		$62,916,056	$67,434,888	$4,518,832	7.2% higher

Appendix 11

Maryland State & Washington D.C. Building Trades Council

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Position Statement Supporting Full Application of State Prevailing Wage Law to School Construction

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I. Introduction

This position statement is submitted on behalf of the Maryland State & Washington D.C. Building Trades Council (Council), and the 45,000 skilled construction workers it represents, in support of legislation expanding Maryland Prevailing Wage (PW) law to all school construction projects. The Council strongly urges the Prevailing Wage Task Force to issue a favorable report in this matter at the conclusion of its deliberations for the reasons set forth below.

II. Overview

PW law is sound, progressive legislation that provides substantial advantages—both in terms of fiscal impact and other related public policy benefits—to all affected stakeholders. As shown below, these beneficiaries include the State itself, school construction authorities, affected contractors, Maryland workers, local communities where projects are located, and taxpayers generally. While over 30 states have PW laws, Maryland alone limits application of its law to school construction projects receiving 50 percent or more of state funding. It's time for Maryland to correct this anomaly and become a leader in Prevailing Wage policy as it is in so many other areas of progressive government.

III. Supporting Points & Authorities

A. Prevailing Wage Law Has No Impact on Total Project Cost

1. ***Extensive Research:*** At least twenty-six (26) studies by various universities and non-profit organizations—including one that specifically examined Maryland school construction—have found that the application of PW law to public works projects has no real impact on total project cost.[1]

2. ***Consistent Results***: These studies are based on exhaustive research that reviews massive empirical data covering tens of thousands of projects in at least 26 states. They conclude uniformly and consistently that—when key variables are controlled, including location, inflation and project type and size—there is no statistically significant difference in cost between PW and non-PW projects.[2]

3. ***Productivity Pays***: A key finding made repeatedly in PW research is that while such laws may result in higher hourly labor cost—*total project costs* remain unaffected because these policies consistently promote better quality training and greater skill levels, which in turn increase labor productivity. As discussed below, promoting skill training is also vital due to looming skill shortages.

B. PW Law Generates State Jobs, State Income and Vital Public Policy Benefits

1. ***Jobs for Residents***: Research also shows that states that have PW laws benefit by creating good jobs for state residents. Compelling evidence in Maryland drives this point home.

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[1] *See* Attachment A hereto, List of PW Research Authorities; MD report is Study No. 17 on the List. *See also PW Cost Impact White Paper*, available upon request. Related research shows a handful of contrary reports that purport to show PW increases construction cost—but virtually all of these have been exposed as inaccurate or otherwise flawed due to incorrect methodologies or other problems. *See e.g.*, Attachment A, Studies No. 3 and 20; *see also* PW White Paper, pp. 6-8.

[2] *See* Attachment A.

- Recent statistics from the Department of Labor, Licensing and Regulation (DLLR) show that ***PW projects employ over 76% state residents.***[3]
  - After reviewing 740 public works projects over a 15-month period (5/12 to 8/13), DLLR found that 76.34% of the workers employed were state residents.
  - In terms of employment of state residents, these projects yielded over 140,000 jobs for Maryland taxpayers; thus, residents directly benefitted from taxes used to fund these projects.
- DLLR's findings are not surprising—the central purpose of PW law is to promote local employment by maintaining area standard wages.
- In MD, the law is working and generating tremendous employment opportunities on all state-funded construction—except schools.[4]

2. ***Income for State***: Employment of residents on public works generates major economic dividends for Maryland because *millions of dollars are paid back in state income and sales taxes.* More wages and disposable income are also spent in-state when PW law applies.
   - The University of Missouri found that non-application of PW would have a colossal negative cost impact on the state and its residents.
   - Specifically, this report showed that: (a) Missouri workers and their families would lose from $294.4 million (M) to $356M annually in income; and (b) the state would lose $17.7M to 21.4M annually in income tax and $5.7M to 6.9M in sales tax revenue annually.[5]
3. ***Net Positive Impact***: If PW requirements have no real impact on total project cost, as the research conclusively shows, it must be concluded that such policies have a *major net positive economic impact* on the state due to the tax and income factors noted above. [6]
4. ***Skill Training/Worker Safety***: The extensive research cited above also shows that PW laws promote vital skill training in construction industry and improve worksite safety. The former is vital as skill shortages have been recognized as the *Number 1* problem in the state's construction industry;[7] the latter is also extremely important since construction is one the most dangerous of all industries and increased incident rates impose higher workers compensation costs for states.

C. Conclusion

The Council respectfully submits that the points and authorities set forth above provide compelling grounds for the Maryland PW Task Force to issue a favorable report in support of full application of prevailing wage law to state school construction programs.

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[3] *See* Attachment B hereto, Excerpts from DLLR Report presented at the September 10, 2013 meeting of the PW Task Force by Commissioner Ron DeJullis.

[4] When PW rules apply, firms have greater incentives to hire state residents because it is no longer economical to hire out-of-state workers at substandard wages. While the positive jobs impact is apparent for PW projects, it's unclear what occurs on non-PW projects. However, it is highly likely that many more non-residents are employed since contractors have strong incentives to bring in low-wage workers from other areas to maximize profit. However, because project costs are the same on PW and non-PW, this just means excess profit for the contractor—who may also be out-of-state—at the expense of taxpaying residents who lose jobs.

[5] *See* Attachment A, Study No. 7, p. 3 Missouri.

[6] Moreover, some studies have further shown that project costs escalated after PW was eliminated as the result of lower labor productivity and increased change orders. *See* Attachment 1, Study No. 23.

[7] Maryland Center for Construction, Education & Innovation, *The Critical Path, Key Findings and Recommendations*, p. 9 (2012); *available at* www.mccei.org/mccei/Resources/MCCEIStudyTheCriticalPath.aspx.

Attachment A

RESEARCH STUDIES IN SUPPORT OF PREVAILING WAGE

(Links to Studies Online Where Available)

1. *Economic, Fiscal and Social Impacts of Prevailing Wage in San Jose, California*, WORKING PARTNERSHIPS USA (2011), http://wpusa.org/5-13-11%20prevailing_wage_brief.pdf.

2. Kevin C. Duncan, Colorado State university-Pueblo, *An Analysis of Davis Bacon Prevailing Wage Requirements: Evidence from Highway Resurfacing Projects in Colorado* (2011).

3. Nooshin Mahalia, *Prevailing Wages and Government Contracting Costs*, ECON. POLICY INST. (2008), http://www.epi.org/publication/bp215/.

4. Peter Philips, *Quality Construction – Strong Communities: The Effect of Prevailing Wage Regulation on the Construction Industry in Iowa*, Univ. of Utah (2006), http://www.smacna.org/legislative/quality-construction.pdf.

5. Construction Labor Research Council, *Analysis of Kentucky Governor's Study "The Impact of Prevailing Wage Laws on Labor Costs for Capital Construction Projects" (2006).*

6. Construction Labor Research Council, *Wages, Productivity and Highway Construction Costs* (2004).

7. Michael Kelsay, et al, *The Adverse Economic Impact from Repeal of the Prevailing Wage Law in Missouri*, Dept. of Econ., Univ. of Mo. Kansas City, (2004), http://www.smacna.org/legislative/missouri.pdf.

8. National Alliance for Fair Contracting, *In Defense of Prevailing Wage Laws: Studies and Reports by the Experts* (2003) (citing numerous other supportive studies).

9. Hamid Azari-Rad et al., *State Prevailing Wage Laws and School Construction Costs*, 42 INDUS. REL. 445 (2003), http://content.csbs.utah.edu/~philips/soccer2/Publications/Prevailing%20Wages/Cost%20of%20Construction/IR%20Summer%202003.pdf.

10. Hamid Azari-Rad, et al, *Making Hay When It Rains*, 27 J. OF EDUC. FIN. 997 (2002), https://www.smacna.org/legislative/making_hay.pdf.

11. Herbert F. Weisberg, *Analysis of Regression and Surveys in Ohio LSC Report on S.B. 102 on Claimed Cost Savings from Exempting School Construction from Prevailing Wage Requirements*, Ohio State Univ. (2002), http://www.faircontracting.org/PDFs/prevailing_wages/Analysis%20of%20Regression%20and%20Surveys%20in%20Ohio%20LSC%20on%20SB%20102%20onClaimed%20Cost%20Savings.pdf.

12. Peter Philips, *Report on the Prevailing Wage Law of Nevada: Its History, Cost and Effects,* Univ. of Utah (2001) http://www.faircontracting.org/PDFs/prevailing_wages/nevada_phillips2.pdf.

13. Peter Philips, *A Comparison of Public School Construction Costs in Three Midwestern States that have Changed their Prevailing Wage Laws in the 1990s: Kentucky, Ohio, and Michigan*, Economics Department, Univ. of Utah (2001), http://www.faircontracting.org/PDFs/prevailing_wages/Public_School%20Peter%20Phillips.pdf.

14. Peter Philips, *Four Biases and a Funeral: Dr. Vedder's Faulty Experiment Linking Michigan's Prevailing Wage Law to Construction Employment*, Economics Department, University of Utah (2001), http://www.faircontracting.org/PDFs/prevailing_wages/fourbias.pdf.

15. Cihan Bilgonsy & Peter Philips, *Prevailing Wage Regulations and School Construction Costs: Evidence from British Columbia*, 24 J. OF EDUC. FIN. 415 (2000) http://www.prevailingwage.org/documents/PWBCfincostp.pdf.

16. Peter Philips, University of Utah, *Kentucky's Prevailing Wage Law: Its History, Purpose and Effect* (1999).

17. Mark J. Prus, *Prevailing Wage Laws and School Construction Costs: An Analysis of Public School Construction in Maryland and the Mid Atlantic States*, Prepared for the Prince George's County Council, Maryland (1999). http://www.forworkingfamilies.org/sites/pwf/files/documents/PW%20Laws%20and%20School%20Construction%20Costs.pdf.

18. Howard Wial, *Do Lower Prevailing Wages Reduce Public Construction Costs?* Keystone Research Center (1999), http://keystoneresearch.org/sites/default/files/krc_prevailwage_costs.pdf.

19. Peter Philips, *Kansas and Prevailing Wage Legislation*, Report Prepared for the Kansas Senate Labor Relations Committee (1998). http://www.faircontracting.org/PDFs/prevailing_wages/kansas_prevailing_wage.pdf.

20. Mark Prus, *The Effect of State Prevailing Wage Laws on Total Construction Costs*, Southern Univ. of New York (1996), http://www.faircontracting.org/PDFs/prevailing_wages/effects_davisbacon.pdf.

21. Peter Philips, *Square Foot Construction Costs for Newly Constructed State and Local Schools, Offices, and Warehouses in Nine Southwestern and Intermountain States: 1992-1994* Prepared for the Legislative Education Study Committee of the New Mexico State Legislature (1996), http://www.faircontracting.org/PDFs/prevailing_wages/sq_ft_report.pdf.

22. Dale Belman & Paula B. Voos, *Prevailing Wage Laws in Construction: The Costs of Repeal to Wisconsin*, The Institute for Wisconsin's Future (1995), http://www.faircontracting.org/PDFs/prevailing_wages/PrevailingWage%20Laws%20in%20Construction_%20Cost%20of%20Repeal%20to%20Wisconsin.pdf.

23. Peter Philips, et al, *Losing Ground: Lessons from the Repeal of Nine Little Davis-Bacon Acts*, Univ. of Utah (1995), https://www.smacna.org/legislative/davis_bacon.pdf.

24. Dr. Steven Allen, *Rebuttal to Congressional Budget Office Cost Estimates of Davis-Bacon Repeal* (1993), http://www.faircontracting.org/wp-content/uploads/2012/11/CBO-ESTIMATE-ON-DAVIS-BACON-REPEAL.pdf.

25. Armand Thieblot, *The Davis-Bacon Act, State "Little Davis-Bacon" Acts, the Walsh-Healey Act, and the Service Contract Act*, Wharton School, Univ. of Penn. (1986), **available for purchase** at http://www.amazon.com/Prevailing-Wage-Legislation-Davis-Bacon-Contract/dp/0895460556.

26. Steve Allen, *Much Ado About Davis-Bacon: A Critical Review and New Evidence*, 26 J. OF L. AND ECON. 707 (1983), http://www.jstor.org/discover/10.2307/725043?uid=2&uid=4&sid=21103202567133 (free registration required).

ATTACHMENT B

SENATE TASKFORCE ON PREVAILING WAGE IN MD.

Jan-July 2013

Contractors on site	1083
Employees interviewed	4139
Restitution recovered	$146,639.00
# Employees receiving	212
Certified received	39,948

Jan-Dec. 2012

Contractors on site	1490
Employees interviewed	7068
Restitution recovered	$651,033.09
# Employees receiving	358
Certified received	34,963

Jan-Dec.2011

Employees interviewed	5583
Restitution recovered	$482,463.37
# Employees receiving	555
Certified received	56,904

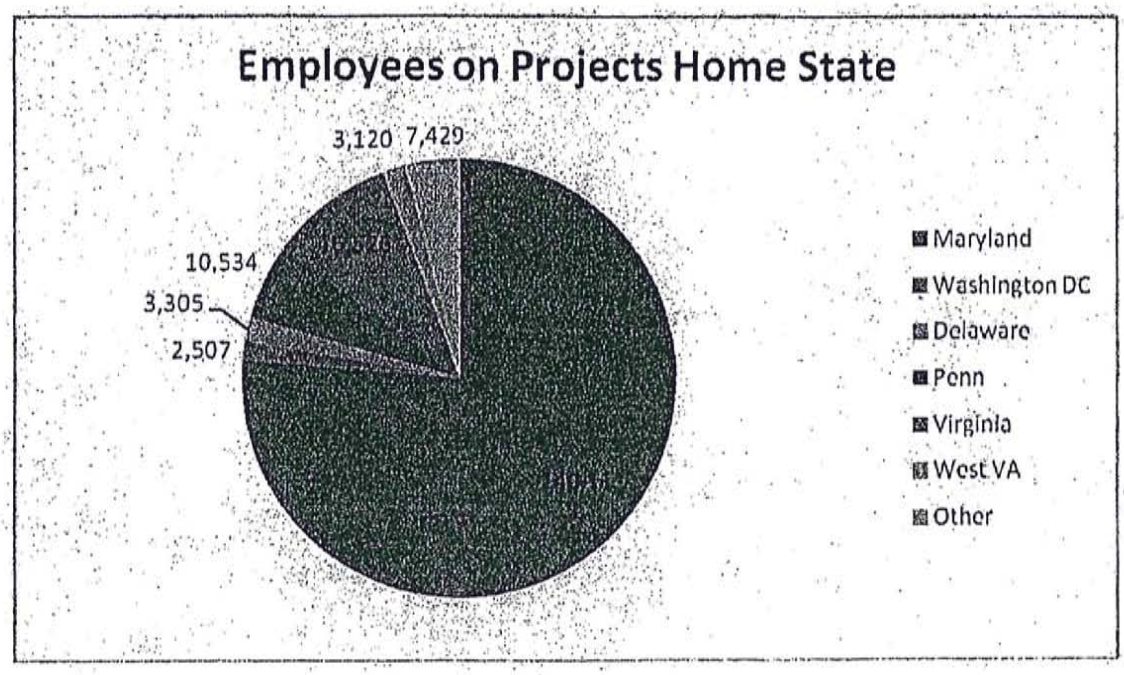
Jan-Dec.2010

Employees interviewed	4206
Restitution recovered	$380,116.50
# Employees receiving	513
Certified received	42,066

Jan-Dec.2009

Employees interviewed	3593
Restitution recovered	$428,914.76
# Employees receiving	417
Certified received	43,828

- The PW Unit has registered 251 State Procurement agents since going online in 2010.
- 1947 Contractors and employers have registered since 2010.
- 84 Unions and 10 Trade Associations have registered.
- The electronic certified payroll system collects on average 260 certified payrolls per day.
- The PW Unit no longer needs to store paper certified payrolls.
- Employee SSN's are no longer redacted by hand for an MPIA request which once took almost 4 weeks to complete on large request. Today a report can be generated the same day without exposing any of the employee's personal information.



* May 2012 till August 2013.

- 183,532 Employee Records
  - 76.34% – MD – 140,111
  - 1.37% – DC – 2,507
  - 1.80% – DE – 3,305
  - 5.74% – PA – 10,534
  - 9.00% – VA – 16,526
  - 1.70% – WV – 3,120
  - 4.05% – Other – 7,429

The question is "How many Maryland Residents worked" on PW projects?
The time frame was from May 2012 till August 2013.

Maryland State & Washington D.C. Building Trades Council

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Supplemental Position Paper to the Task Force To Study the Applicability of Maryland Prevailing Wage Law

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January 27, 2014

The following information is being submitted as a supplement to our prior position statement in this matter and in response to the December 16, 2013 paper submitted by the Maryland Chapters of the Associated Builders and Contractors (ABC) to aid the Task Force's review of the proposed expansion of Prevailing Wage law in Maryland.

I. Overview

Over the course of the summer study on *Applicability of Maryland Prevailing Wage Law*, the Maryland State & Washington D.C. Building Trades Council ("Council") provided extensive research and evidence showing that Prevailing Wage law:

(a) Does not have a real or statistically significant impact on total project cost; and

(b) Produces substantial positive economic and public policy benefits for Maryland, which include returning tax dollars to the state, increasing labor quality and improving project delivery, and promoting safety and critically needed skill training in the construction industry.

To date, the Council has provided a comprehensive binder of 26 pro-prevailing wage research studies and reports, a Prevailing Wage White Paper and an overview position statement summarizing all relevant points and authorities in support of the major benefits Prevailing Wage policy provides to Maryland.

At the last meeting of the Prevailing Wage Task Force, ABC provided a list of studies (14) which were purportedly offered to support its claim that prevailing wage law increases construction costs. As shown in further detail below, the reports provided by ABC are not at all persuasive because they are inaccurate or otherwise unreliable. In a number of cases these reports were squarely rebutted by much more credible research supplied by the Council.

In fact, the research offered by the Council, which has *not* been rebutted by any professional source, provides a solid body of credible evidence in support of the claims we have made regarding the significant benefits of prevailing wage policy. Moreover, the positive findings are based on extensive research and analysis of literally tens of thousands of projects in numerous states across the country and conducted by economists with substantial specialized experience in this field.

For example, one of these reports was a highly credible study commissioned by Prince George's County examines school construction in Maryland and is, therefore, directly on point--analyzed a full *6 years' worth of Maryland school construction data* on a total of 186 school projects. This report alone provides a highly persuasive case in support of prevailing wage in Maryland.

In sum, both the quality and quantity of evidence in support of prevailing wage law is substantially greater that the limited and generally discredited information provided in opposition to this policy. The reports submitted in opposition are inaccurate or otherwise unreliable for the reasons set forth below.

II. Review & Analysis of ABC Reports

A. Disputed Accuracy

As demonstrated by several of the sources previously submitted by the Council, many of the studies submitted by ABC purporting to show that prevailing wage requirements increase total project costs have been shown as flawed or otherwise unreliable when subject to careful review. As explained in detail in the Council's prior submission, papers by authors Peter Philips, Mark Prus, and Nooshin Mahalia fully demonstrate that any anti-prevailing wage studies that fail to control for relevant variables that affect the cost of construction—such as inflation, project type, project location and the time of year of construction—are highly inaccurate.

In contrast, when all relevant variables are properly accounted for, prevailing wage requirements have no statistically significant effect on total project costs. ABC's submission fails to offer any criticism of the more rigorous studies making this conclusion. As these studies thoroughly evaluate all the relevant factors before drawing conclusions about prevailing wage requirements, their conclusions are more robust and therefore more reliable than the disputed findings in the papers cited by ABC.

B. Non-Applicability

In addition to concerns about the accuracy of their findings, several of the papers named by ABC are simply not applicable to the question faced by the Task Force, whether to expand Maryland's current prevailing wage requirements. Instead, several of the ABC papers criticize the administration of prevailing wage requirements and/or their effects on wage levels.

Such criticisms have little to no application to the Task Force's work because first, raising wages in and of itself is no reason to fail to apply prevailing wage requirements. To the contrary, as established by the authorities previously submitted by the Council, increased wages provide other measurable benefits that have the overall effect of improving project delivery due to increased worker productivity and safety. Additionally, the administrative problems cited by the ABC papers do not apply to Maryland's prevailing wage system, which is well-implemented and administered and therefore does not suffer from the same problems of efficient wage determination as the federal and state programs mentioned in those papers.

C. Limited Quantity

In addition to the accuracy and applicability problems noted here, the ABC submission provides only a handful of authorities studying a somewhat limited data set of public construction costs and prevailing wage requirements. In contrast, the Council's submission produced 26 major studies from credible, reputable sources, representing decades of research and tens of thousands of data

points evaluated by professional researchers that control for relevant factors before drawing a conclusion. In comparing the body of research marshaled by the Council to that of ABC, the bulk of the evidence evaluated comes down in favor of prevailing wage requirements and shows that they have little effect on overall project costs while producing several important social benefits.

D. Failure to Account for Benefits of Prevailing Wages

Another major flaw in ABC's submission is the failure to evaluate any of the effects of prevailing wage requirements other than their effect on labor costs. As established by the Council's prior submission, however, the application of prevailing wage requirements produces several benefits, including but not limited to increased worker efficiency, productivity and safety as well as social benefits such as increased resident income and therefore increased tax receipts for the local government as well as reduced reliance on public support. Any thorough analysis of expanding prevailing wage requirements must consider these benefits in its evaluation.

The submission by ABC focuses on the effect of prevailing wage requirements on wages, and we agree that prevailing wage requirements do increase wages and labor costs, which are an element of any school construction project. However, it is only one factor, and as the evidence submitted by the Council shows, the benefits of prevailing wages offset the increase in labor costs. Ultimately, several authors have shown that on balance prevailing wages do not increase overall project costs for public school construction and have the added benefit of improving project delivery.

III. Conclusion

In sum, the Council submits that on the basis of all information submitted, it is clear that weight of the evidence strongly supports the case that prevailing wage policy has no real impact on project costs and produces substantial economic and public policy benefits for Maryland. Accordingly, we respectfully urge the Task Force to issue a favorable report on this matter as soon as possible.

MARYLAND Association of COUNTIES

MACo Position Statement
Task Force to Study the Applicability of the Maryland Prevailing Wage Law
February 24, 2014

The Maryland Association of Counties (MACo) **OPPOSES** SB 204 and SB 232. SB 204 substantially broadens the applicability of the State's prevailing wage law to apply to all local governments regardless of the amount of State dollars received. The bill also lowers the dollar threshold for a project to $25,000 and expands the calculation of the prevailing wage to include combined hourly wages and fringe benefits. SB 232 would require prevailing wage rates to be paid for a local public works project receiving any amount of State funds, if the dollar amount of the project is $500,000 or greater.

Currently, State prevailing wage laws apply only if at least 50% of the project costs are State-supported. Both of these bills substantially expand the application of the prevailing wage law, increasing project costs and affecting the number of projects budgeted each year.

While each bill offers a different approach, they propose a "one size fits all" prevailing wage determination, which would significantly undermine a local government's ability to fund and manage its capital budget, especially those smaller in size and in more rural areas of the state. The Task Force to Study the Applicability of the Maryland Prevailing Wage Law has focused its discussions on school construction projects. Data shared with the Task Force suggests that school construction projects bid with prevailing wage have an average cost increase ranging from 3% to 30% depending on the type of project. The cost differential for a recent project bid in Frederick County was 13%. Local governments receive State support in varying amounts for a number of public works projects, including school construction, transportation, jails, and recreation facilities. Imposing a State-mandated cost increase on primarily locally funded projects reduces their affordability, and means fewer such projects can be supported.

Further, most local governments do not have the same overall presence in the marketplace to affect competitive wages, and with the weak economy and State cost shifts of recent years, many have significantly reduced their capital budgets. Placing new, overly broad prevailing wage mandates on local governments would further limit the number of projects funded each year by increasing project costs and limiting local flexibility.

Both bills would also affect the State's ability to extend funding for school construction projects. As described in the Report of the Capital Debt Affordability Committee on Recommended Debt Authorizations for Fiscal Year 2015, the escalation in building costs over the past ten years has

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hampered the State's efforts to bring all public schools up to minimum standards and school construction needs continue to exceed the anticipated level of State funding. Both the statutory debt limitations and the inability of the current state property tax rate to fund ongoing debt service make this restraint immediately relevant. Policies increasing the cost of capital projects cannot simply be "rolled into" a larger capital budget. Inevitably, project cost inflation means that more much-needed school projects will be denied funding altogether.

For these reasons, MACo **OPPOSES** expanding the prevailing wage law to apply to all local jurisdictions or lowering the threshold for the percentage of State funding that triggers whether the prevailing wage applies.

Associated Builders and Contractors, Inc.

Maryland Joint Legislative Committee

The Voice of Merit Construction

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ASSOCIATED BUILDERS AND CONTRACTORS (ABC)

POLICY STATEMENT

MARYLAND STATE PREVAILING WAGE

ABC opposes any expansion of the current Maryland Prevailing Wage law. As stewards of the public tax dollars, it is the State of Maryland that should be resolute in cutting back, not expanding the use of prevailing wage on public construction projects. Study after study has shown the cost of the same project to increase by 10-20% because of the use of prevailing wage. This cost increase results from the prevailing wage rules and procurement bidding process that strictly limits how labor is proposed thus limiting competition. The following bullets summarize the inequities in using the current prevailing wage system:

- The bidding process inherently creates a more costly bid due to inflated wage scales … thus requiring greater outlay of tax dollars to pay construction workers employed more than would otherwise be necessary.
- Second, prevailing wage laws often interfere with efficient labor utilization because their enforcement mandates adherence to union work rules in most instances.
- Third, they impose additional compliance costs, including litigation, on contractors.
- Fourth, prevailing wages require additional administrative costs in determining what wage rates "prevail", reporting those weekly wages, and also adjudication and enforcement costs related to differing interpretations of the prevailing wage program rules. There is also the problem of how to "classify" employees as the union and non-union models vary in this area.

No expansion of the Prevailing Wage law is justified or warranted. The end result is the State will be paying more for less. Which school, library or police station doesn't get built? If any changes are made to the law, it should be to ensure that the "prevailing wage" is truly the prevailing wage in the open market across all firms and not one used as a result of unions dominating the survey process. Prevailing wage laws are meant to eliminate competition in one of the main elements in construction –namely,

the cost of employing the necessary labor. There is no doubt that they accomplish that and, in doing so, add significantly to public construction costs.

Efforts by prevailing wage proponents to depict these laws as having some social benefit fail. Fixing the price of labor does nothing to increase safety, train new workers, promote quality or any other desirable objective. Nor is there any social benefit in "protecting" union wage standards and work rules from competitive open market pressure. Prevailing wage laws are special interest legislation trying to masquerade as wise public policy. It is bad public policy for government to assist any group of sellers in their desire to fix prices and stifle competition. The best public policy is to permit all firms to bid ... to allow all firms to determine their own cost structures based on a standard set of specifications for a project. Let the market decide the most efficient use resources in creating bids for public work.

It is for all these reasons that ABC recommends no expansion of the prevailing wage law in Maryland.

January 23, 2014

STATE PREVAILING WAGE LAWS RANKED BY GENERAL DOLLAR THRESHOLD FOR CONTRACT COVERAGE

(AS OF JANUARY 1, 2013)

1.	Illinois	$0
1.	Massachusetts	$0
1.	Missouri	$0
1.	Nebraska	$0
1.	New York	$0
1.	Texas	$0
1.	Washington	$0
1.	West Virginia	$0
9.	California	$1,000
9.	Rhode Island	$1,000
11.	Hawaii	$2,000
12.	New Jersey	$2,000/$14,187/$50,000
13.	Minnesota	$2,500/$25,000
14.	Delaware	$15,000/$100,000
15.	Alaska	$25,000
15.	Montana	$25,000
15.	Pennsylvania	$25,000
15.	Wyoming	$25,000
19.	Wisconsin	$48,000/$100,000
20.	Maine	$50,000
20.	Oregon	$50,000
20.	Tennessee	$50,000
23.	New Mexico	$60,000
24.	Ohio	$60,000/$200,000
25.	Arkansas	$75,000
26.	Nevada	$100,000
26.	Vermont	$100,000
28.	Connecticut	$100,00/$400,000
29.	Kentucky	$250,000
30.	Indiana	$350,000
31.	**MARYLAND**	**$500,000**

Source: U.S. Department of Labor, http://www.dol.gov/whd/state/dollar.htm
Additional details on State contract coverage thresholds are available on this site.

MD Public School Construction Program
Low Bid Comparison
Prevailing Wage vs. Non-Prevailing Wage Bids
January 2012 - May 2013

Bid No.	PW Bid	Non PW Bid	Difference $	Difference %
1	$822,000	$739,000	$83,000	11.23%
2	$757,200	$705,000	$52,200	7.40%
3	$1,487,593	$1,285,830	$201,763	15.69%
4	$3,070,300	$2,690,000	$380,300	14.14%
5	$1,299,900	$1,236,618	$63,282	5.12%
6	$4,697,500	$4,321,100	$376,400	8.71%
7	$1,152,808	$1,133,172	$19,636	1.73%
8	$5,135,000	$4,621,500	$513,500	11.11%
9	$3,218,000	$3,047,000	$171,000	5.61%
10	$3,235,000	$3,047,000	$188,000	6.17%
11	$1,175,000	$993,000	$182,000	18.33%
12	$2,325,000	$2,325,000	$0	0.00%
13	$2,252,000	$1,872,000	$380,000	20.30%
14	$803,000	$776,735	$26,265	3.38%
15	$871,000	$666,850	$204,150	30.61%
16	$311,371	$303,906	$7,465	2.46%
17	$127,200	$87,750	$39,450	44.96%
18	$6,956,000	$6,234,000	$722,000	11.58%
19	$4,850,255	$4,581,808	$268,447	5.86%
20	$2,092,000	$2,060,000	$32,000	1.55%
21	$1,349,000	$1,249,000	$100,000	8.01%
22	$1,070,000	$1,038,000	$32,000	3.08%
23	$1,017,675	$930,919	$86,756	9.32%
24	$3,544,598	$3,222,998	$321,600	9.98%
25	$782,000	$719,300	$62,700	8.72%
26	$2,025,500	$1,569,400	$456,100	29.06%
27	$1,618,300	$1,517,300	$101,000	6.66%
28	$1,093,100	$1,047,700	$45,400	4.33%
29	$1,513,500	$1,400,000	$113,500	8.11%
30	$490,190	$466,420	$23,770	5.10%
31	$992,700	$827,500	$165,200	19.96%
32	$106,780	$106,780	$0	0.00%
33	$110,700	$104,834	$5,866	5.60%
34	$134,737	$90,261	$44,476	49.27%
35	$130,400	$114,800	$15,600	13.59%
36	$195,500	$177,500	$18,000	10.14%
37	$4,567,500	$3,990,000	$577,500	14.47%
38	$787,000	$762,000	$25,000	3.28%
39	$2,158,930	$1,758,160	$400,770	22.79%
	$70,326,237	$63,820,141	$6,506,096	10.19%
NOTE:	Bid numbers do not include pricing for Alternates			

Public School Construction Program
Listing of Projects that bid with and without Prevailing Wage Rates (side-by-side)
39 Bids; 4 LEAs; 13 Projects January 2012 - May 2013

LEA	Project Name	Bid Date	Project Type	Contractor	Base Bid Cost with Prevailing Wages	Alternates with Prevailing Wages	Total Contract with Prevailing Wages	Base Bid Cost without Prevailing Wages	Alternates without Prevailing Wages	Total Contract without Prevailing Wages	% of increase for Prevailing Wages Base Bid Cost	% of increase for Prevailing Wages Alternates	% of increase for Prevailing Wages Total Contract	Average Increase Within Bid Package All Bids	Comments
Carroll	Freedom E.	11/8/2012	Boiler replacement	Towson Mech	822,000		822,000	739,000		739,000	11.23%		11.23%		
				M&E Sales	859,176		859,176	835,176		835,176	2.87%		2.87%		
				EMJA	981,600		981,600	869,900		869,900	12.84%		12.84%		
				Mick's Plumb.	998,000		998,000	854,746		854,746	16.76%		16.76%		
				RW Warner	1,050,000		1,050,000	927,000		927,000	13.27%		13.27%		
				Denver Elek	1,089,900		1,089,900	1,067,200		1,067,200	2.13%		2.13%		
				M&M Welding	1,124,000		1,124,000	1,082,000		1,082,000	3.88%		3.88%	9.00%	
	Hampstead E.	2/16/2012	Roof replacement	SSK Contracting	715,000	65,000	780,000	660,000	45,000	705,000	8.33%	44.44%	10.64%		
				National Roofing	731,000	26,200	757,200	694,000	23,400	717,400	5.33%	11.97%	5.55%		
				Roofing & Sustainable	897,000	9,000	906,000	869,000	8,000	877,000	3.22%	12.50%	3.31%		
				Cole Roofing	914,562	30,469	945,031	850,436	27,884	878,320	7.54%	9.27%	7.60%		
				Simpson of Md	1,079,000	20,000	1,099,000	981,000	17,000	998,000	9.99%	17.65%	10.12%		
				J&K Contracting	1,184,000	2,500	1,186,500	1,054,000	2,000	1,056,000	12.33%	25.00%	12.36%	8.26%	
	Westminster West M.	5/2/2012	Roof replacement	J&K Contracting	1,543,000	-	1,543,000	1,500,000	-	1,500,000	2.87%		2.87%		
				Cole Roofing	1,487,593	-	1,487,593	1,285,830	-	1,285,830	15.69%		15.69%		
				Ruff Roofers	1,771,623	-	1,771,623	1,615,573	-	1,615,573	9.66%		9.66%		
				Northeast Contracting	2,159,938	-	2,159,938	2,017,765	-	2,017,765	7.05%		7.05%		
				Alliace	1,596,000	-	1,596,000	1,379,000	-	1,379,000	15.74%		15.74%	10.20%	
	Eldersburg E.	5/16/2013	Renovation - Open Space Enclosure	Towson Mechanical	2,822,000	248,300	3,070,300	2,448,000	242,000	2,690,000	15.28%	2.60%	14.14%		
				Keller Brothers	2,829,000	281,900	3,110,900	2,489,000	241,200	2,730,200	13.66%	16.87%	13.94%		
				Bob Porter Co.	2,849,000	255,500	3,104,500	2,494,000	233,000	2,727,000	14.23%	9.66%	13.84%		
				North Point Builders	2,878,000	250,500	3,128,500	2,497,000	250,500	2,747,500	15.26%	0.00%	13.87%		
				Phillips Way	2,937,000	263,300	3,200,300	2,640,000	244,300	2,884,300	11.25%	7.78%	10.96%		
				E. Pikounis Construction	2,948,000	349,000	3,297,000	2,721,000	320,500	3,041,500	8.34%	8.89%	8.40%	12.52%	
Howard	Elkridge E.	3/27/2012	Roof replacement	Tecta America E	1,299,900		1,299,900	1,281,000		1,281,000	1.48%		1.48%		
				Cole Roofing	1,327,981		1,327,981	1,236,618		1,236,618	7.39%		7.39%		
				Vatica Contract	1,378,000		1,378,000	1,318,000		1,318,000	4.55%		4.55%		
				CitiRoof Corp.	1,436,000		1,436,000	1,310,000		1,310,000	9.62%		9.62%		
				Autumn Contract	1,652,000		1,652,000	1,652,000		1,652,000	0.00%		0.00%		
				J&K Contracting	1,687,000		1,687,000	1,657,000		1,657,000	1.81%		1.81%		
				Simpson of Md	1,797,000		1,797,000	1,689,000		1,689,000	6.39%		6.39%	4.46%	
	New Elem.	5/7/2012	New construction	MRP Contract	4,100,200	597,300	4,697,500	3,752,300	568,800	4,321,100	9.27%	5.01%	8.71%		
				Keller Brothers	4,345,000	568,700	4,913,700	4,038,000	536,400	4,574,400	7.60%	6.02%	7.42%		
				Homewood Gen.	4,493,800	521,300	5,015,100	4,257,000	491,700	4,748,700	5.56%	6.02%	5.61%		
				Hancock & Albanese	4,704,000	566,000	5,270,000	4,439,000	533,900	4,972,900	5.97%	6.01%	5.97%		
				Brawner Builder	4,750,000	717,000	5,467,000	4,600,000	660,000	5,260,000	3.26%	8.64%	3.94%		
				Bob Porter Co.	4,770,000	556,500	5,326,500	4,370,000	522,500	4,892,500	9.15%	6.51%	8.87%	6.75%	

LEA	Project Name	Bid Date	Project Type	Contractor	Base Bid Cost with Prevailing Wages	Alternates with Prevailing Wages	Total Contract with Prevailing Wages	Base Bid Cost without Prevailing Wages	Alternates without Prevailing Wages	Total Contract without Prevailing Wages	% of increase for Prevailing Wages Base Bid Cost	% of increase for Prevailing Wages Alternates	% of increase for Prevailing Wages Total Contract	Average Increase Within Bid Package All Bids	Comments
Howard - cont'd	Manor Woods Elem.	3/23/2012	Roof replacement	Vatica Contract	969,294	183,514	1,152,808	952,495	180,677	1,133,172	1.76%	1.57%	1.73%		
				CitiRoof Corp.	1,244,250	288,000	1,532,250	1,095,500	258,000	1,353,500	13.58%	11.63%	13.21%		
				Simpson of Md	1,292,000	217,000	1,509,000	1,249,000	201,800	1,450,800	3.44%	7.53%	4.01%		
				Autumn Contract	1,297,000	268,000	1,565,000	1,297,000	268,000	1,565,000	0.00%	0.00%	0.00%		
				Cole Roofing	1,313,411	255,389	1,568,800	1,165,830	229,619	1,395,449	12.66%	11.22%	12.42%		
				Tecta America E	1,540,000	322,800	1,862,800	1,520,000	274,800	1,794,800	1.32%	17.47%	3.79%		
				J&K Contracting	1,858,000	341,000	2,199,000	1,828,000	321,000	2,149,000	1.64%	6.23%	2.33%	5.36%	
	Clarksville E.	1/24/2012	HVAC replacement	Towson Mech	4,555,000	610,000	5,165,000	4,104,000	517,500	4,621,500	10.99%	17.87%	11.76%		
				Phillips Way	5,042,000	963,000	6,005,000	4,518,000	853,000	5,371,000	11.60%	12.90%	11.80%		
				M&M Welding	5,817,075	952,896	6,769,971	5,583,210	896,631	6,479,841	4.19%	6.28%	4.48%		
				RW Warner	6,220,000	1,050,200	7,270,200	5,240,000	868,200	6,108,200	18.70%	20.96%	19.02%	11.77%	
	New M. #20	3/5/2013	1A - General Construction	North Point Builders	3,194,000	24,000	3,218,000	3,024,000	23,000	3,047,000	5.62%	4.35%	5.61%		
				Hancock & Albanese	3,457,000	24,000	3,481,000	3,310,000	23,000	3,333,000	4.44%	4.35%	4.44%		
				Keller Brothers	3,329,000	25,000	3,354,000	3,181,000	25,000	3,206,000	4.65%	0.00%	4.62%		
				Homewood Gen.	3,535,000	25,000	3,560,000	3,350,000	24,000	3,374,000	5.52%	4.17%	5.51%		
				MRP Contract	3,877,200	23,800	3,901,000	3,661,800	23,800	3,685,600	5.88%	0.00%	5.84%		
				William F. Klingensmith	3,515,700	23,300	3,539,000	3,251,400	23,300	3,274,700	8.13%	0.00%	8.07%		
				Bob Porter Co.	4,281,000	23,000	4,304,000	3,983,000	22,000	4,005,000	7.48%	4.55%	7.47%	5.94%	
			2A - Site Work & Utilities	Peak Incorp.	2,741,000	494,000	3,235,000	2,581,000	466,000	3,047,000	6.20%	6.01%	6.17%		
				Saco Construction	3,175,444	839,500	4,014,944	3,099,000	834,500	3,933,500	2.47%	0.60%	2.07%		
				Urban N Zink Contractor	3,230,600	661,200	3,891,800	3,112,700	647,000	3,759,700	3.79%	2.19%	3.51%		
				Ross Contracting	3,750,000	350,000	4,100,000	3,550,000	320,000	3,870,000	5.63%	9.38%	5.94%	4.42%	
			3A - Concrete	Callas Contractors	1,215,000	(25,000)	1,190,000	1,012,000	(19,000)	993,000	20.06%	31.58%	19.84%		
				Sody Concrete Construction	1,141,000	34,000	1,175,000	1,045,000	28,000	1,073,000	9.19%	21.43%	9.51%		
				Chevy Chase Contractors	1,292,400	31,800	1,324,200	1,051,000	21,200	1,072,200	22.97%	50.00%	23.50%		
				Canyon Contractors	1,318,000	43,140	1,361,140	1,099,000	34,000	1,133,000	19.93%	26.88%	20.14%		
				Dance Bros.	1,444,500	69,000	1,513,500	1,198,000	51,300	1,249,300	20.58%	34.50%	21.15%	18.83%	
			4A - Masonry	KaRon Masonry	2,325,000	-	2,325,000	2,325,000	-	2,325,000	0.00%		0.00%		
				George Moehrle Masonry	2,838,000	-	2,838,000	2,838,000	-	2,838,000	0.00%		0.00%		
				Masonry Incorporated	3,403,600	-	3,403,600	3,168,600	-	3,168,600	7.42%		7.42%	2.47%	
			5A - Steel	Kinsley Construction	2,304,000	-	2,304,000	1,872,000	-	1,872,000	23.08%		23.08%		
				SA Halac Iron Works	2,252,000	-	2,252,000	2,115,000	-	2,115,000	6.48%		6.48%		
				Jarvis Steel & Lumber Co.	3,087,000	-	3,087,000	2,935,000	-	2,935,000	5.18%		5.18%	11.58%	
			7A - Roofing	Simpson of Md	803,000	-	803,000	776,735	-	776,735	3.38%		3.38%		
				CitiRoof Corp.	873,500	-	873,500	845,000	-	845,000	3.37%		3.37%		
				Interstate	1,010,000	-	1,010,000	895,000	-	895,000	12.85%		12.85%		
				Cole Roofing	973,695	-	973,695	924,675	-	924,675	5.30%		5.30%		
				Autumn Contract	959,000	-	959,000	927,000	-	927,000	3.45%		3.45%	5.67%	
			9A - Drywall & Acoustical	Can Am Contractors	943,850	-	943,850	666,850	-	666,850	41.54%		41.54%		
				Strayer Contracting, Inc.	871,000	-	871,000	713,740	-	713,740	22.03%		22.03%		
				J A Argetakis Cont Co.	939,000	-	939,000	769,000	-	769,000	22.11%		22.11%		
				Finishes, Inc.	1,087,000	-	1,087,000	850,000	-	850,000	27.88%		27.88%	28.39%	
			9B - Flooring	Tito Contractors	349,384	-	349,384	303,906	-	303,906	14.96%		14.96%		
				Allstate Floors & Construction	311,371	-	311,371	311,371	-	311,371	0.00%		0.00%	7.48%	

LEA	Project Name	Bid Date	Project Type	Contractor	Base Bid Cost with Prevailing Wages	Alternates with Prevailing Wages	Total Contract with Prevailing Wages	Base Bid Cost without Prevailing Wages	Alternates without Prevailing Wages	Total Contract without Prevailing Wages	% of increase for Prevailing Wages Base Bid Cost	% of increase for Prevailing Wages Alternates	% of increase for Prevailing Wages Total Contract	Average Increase Within Bid Package All Bids	Comments
Howard - cont'd	New M. #20 cont'd	3/5/2013 cont'd	9E-Painting	Tito Contractors	127,200	-	127,200	87,750	-	87,750	44.96%		44.96%		
				Argos Construction	169,000	-	169,000	142,000	-	142,000	19.01%		19.01%		
				J A Argetakis Cont Co.	190,000	-	190,000	155,000	-	155,000	22.58%		22.58%	28.85%	
			15A - Mechanical	R W Warner, Inc.	7,159,000	139,000	7,298,000	6,097,000	137,000	6,234,000	17.42%	1.46%	17.07%		
				G E Tifnail & Co, Inc.	6,821,000	135,000	6,956,000	6,163,000	122,800	6,285,800	10.68%	9.93%	10.66%		
				Towson Mechanical	7,113,000	125,000	7,238,000	6,351,000	125,000	6,476,000	12.00%	0.00%	11.77%		
				Heer Brothers, Inc.	7,555,000	162,000	7,717,000	6,450,000	160,000	6,610,000	17.13%	1.25%	16.75%		
				M. Nelson Barnes & Sons, Inc.	7,238,000	123,000	7,361,000	6,638,000	120,000	6,758,000	9.04%	2.50%	8.92%		
				Mallick Mechanical Contractors	8,348,000	300,000	8,648,000	7,268,000	295,500	7,563,500	14.86%	1.52%	14.34%	13.25%	
			16A - Electrical	Jan El Contracting Co.	4,700,000	150,255	4,850,255	4,446,000	135,808	4,581,808	5.71%	10.64%	5.86%		
				Key Systems, Inc.	5,282,900	137,100	5,420,000	4,478,000	122,380	4,600,380	17.97%	12.03%	17.82%		
				The Crown Electric Co.	5,289,000	166,300	5,455,300	4,594,000	146,700	4,740,700	15.13%	13.36%	15.07%		
				BoMark Electric	5,139,475	160,300	5,299,775	4,633,000	143,150	4,776,150	10.93%	11.98%	10.96%	12.43%	
	Burleigh Manor M.	5/3/2013	Roof replacement	Simpson of Md	2,441,000	-	2,441,000	2,202,000	-	2,202,000	10.85%		10.85%		
				Cole Roofing	2,431,376	-	2,431,376	2,099,409	-	2,099,409	15.81%		15.81%		
				J&K Contracting	2,800,180	-	2,800,180	2,730,000	-	2,730,000	2.57%		2.57%		
				Vatica Contract	2,092,000	-	2,092,000	2,060,000	-	2,060,000	1.55%		1.55%		
				Ironshore Contracting, LLC	2,333,007	-	2,333,007	2,097,820	-	2,097,820	11.21%		11.21%	8.40%	
	Elkridge M.	5/3/2013	Roof replacement	Simpson of Md	1,349,000	-	1,349,000	1,249,000	-	1,249,000	8.01%		8.01%		
				J&K Contracting	1,389,000	-	1,389,000	1,359,000	-	1,359,000	2.21%		2.21%		
				Cole Roofing	1,612,382	-	1,612,382	1,391,254	-	1,391,254	15.89%		15.89%		
				Ironshore Contracting, LLC	1,593,752	-	1,593,752	1,416,592	-	1,416,592	12.51%		12.51%	9.65%	
	Rockburn E.	5/3/2013	Roof replacement	Cole Roofing	1,222,358	37,000	1,259,358	1,057,618	29,000	1,086,618	15.58%	27.59%	15.90%		
				J&K Contracting	950,000	120,000	1,070,000	930,000	108,000	1,038,000	2.15%	11.11%	3.08%	9.49%	
Washington	Smithsburg H.	1/30/2012	Window replacement	Waynesboro Construction	987,375	30,300	1,017,675	904,919	26,000	930,919	9.11%	16.54%	9.32%	9.32%	Actual State participation in project is less than 50%.
	Bester Elem.	8/16/2012	2G-Sitework	Waynesboro Construction	3,530,000	14,598	3,544,598	3,210,000	12,998	3,222,998	9.97%	12.31%	9.98%	9.98%	
			3A-Building concrete	Sody Concrete	760,000	22,000	782,000	699,000	20,300	719,300	8.73%	8.37%	8.72%		
				Chevy Chase Contractors	933,000	15,400	948,400	828,000	13,000	841,000	12.68%	18.46%	12.77%		
				Callas Contractors	1,089,000	36,900	1,125,900	1,004,000	35,300	1,039,300	8.47%	4.53%	8.33%		
				Dance Bros.	1,101,500	24,400	1,125,900	914,300	22,000	936,300	20.47%	10.91%	20.25%	12.52%	
			4A-Masonry	Bragunier Masonry	1,957,000	68,500	2,025,500	1,857,000	64,000	1,921,000	5.39%	7.03%	5.44%		
				Robert Sheckles	2,245,000	64,600	2,309,600	1,524,000	45,400	1,569,400	47.31%	42.29%	47.16%		
				Manganaro	2,250,000	98,000	2,348,000	1,655,000	71,000	1,726,000	35.95%	38.03%	36.04%	29.55%	
			5C-Steel combination	Steel Fab Enterprises	1,597,800	20,500	1,618,300	1,497,800	19,500	1,517,300	6.68%	5.13%	6.66%		
				SA Halac Ironworks	1,700,000	36,700	1,736,700	1,600,000	33,500	1,633,500	6.25%	9.55%	6.32%	6.49%	
			6A-General trades	Callas Contractors	1,072,000	21,100	1,093,100	1,029,000	18,700	1,047,700	4.18%	12.83%	4.33%		
				RA Hall	1,142,000	15,800	1,157,800	1,069,000	14,500	1,083,500	6.83%	8.97%	6.86%		
				Hancock Albanese	1,191,000	56,600	1,247,600	1,134,000	52,300	1,186,300	5.03%	8.22%	5.17%		
				Building Systems	1,264,700	23,400	1,288,100	1,103,300	20,200	1,123,500	14.63%	15.84%	14.65%	7.75%	

LEA	Project Name	Bid Date	Project Type	Contractor	Base Bid Cost with Prevailing Wages	Alternates with Prevailing Wages	Total Contract with Prevailing Wages	Base Bid Cost without Prevailing Wages	Alternates without Prevailing Wages	Total Contract without Prevailing Wages	% of increase for Prevailing Wages Base Bid Cost	% of increase for Prevailing Wages Alternates	% of increase for Prevailing Wages Total Contract	Average Increase Within Bid Package All Bids	Comments
Washington cont'd	Bester E.cont'd	8/16/2012 cont'd	7A-Roofing	Kline	1,300,000	278,000	1,578,000	1,240,000	259,000	1,499,000	4.84%	7.34%	5.27%		
				Interstate	1,350,000	163,500	1,513,500	1,255,000	145,000	1,400,000	7.57%	12.76%	8.11%		
				Autumn Contract	1,350,000	184,000	1,534,000	1,315,000	142,100	1,457,100	2.66%	29.49%	5.28%		
				CitiRoof Corp.	1,385,750	303,800	1,689,550	1,215,600	295,600	1,511,200	14.00%	2.77%	11.80%		
				Heidler	1,599,000	400,450	1,999,450	1,455,000	314,800	1,769,800	9.90%	27.21%	12.98%	8.69%	
			8A-Windows	Engineered Construction	485,200	4,990	490,190	461,600	4,820	466,420	5.11%	3.53%	5.10%		
				Glass & Metals	517,906	5,355	523,261	517,906	5,355	523,261	0.00%	0.00%	0.00%		
				Spear Window & Glass	555,587	4,668	560,255	537,870	4,244	542,114	3.29%	9.99%	3.35%	2.81%	
			9A-Gypsum & acoustics	Leonard Kraus	965,300	27,400	992,700	859,700	22,850	882,550	12.28%	19.91%	12.48%		
				Cindell	992,339	26,306	1,018,645	936,433	24,464	960,897	5.97%	7.53%	6.01%		
				Building Systems	995,700	11,800	1,007,500	816,700	10,800	827,500	21.92%	9.26%	21.75%		
				Finishes, Inc.	1,034,000	14,200	1,048,200	830,000	13,000	843,000	24.58%	9.23%	24.34%		
				JA Aretakis	1,120,000	7,500	1,127,500	889,000	6,500	895,500	25.98%	15.38%	25.91%	18.10%	
			9B-Flooring	DeGol Carpet	141,550	(34,770)	106,780	141,550	(34,770)	106,780	0.00%	0.00%	0.00%		
				Frederick Tile	142,898	(14,000)	128,898	136,973	(14,000)	122,973	4.33%	0.00%	4.82%		
				CB Flooring	161,000	(25,863)	135,137	155,000	(25,108)	129,892	3.87%	3.01%	4.04%	2.95%	
			9C-Wood floors	Miller Flooring		110,700	110,700		109,750	109,750		0.87%	0.87%		
				Weyer's Floor Service		112,922	112,922		104,834	104,834		7.72%	7.72%		
				Mastercare Flooring		118,421	118,421		109,864	109,864		7.79%	7.79%	5.46%	
			9E-Painting	Crown Inc.	131,700	3,037	134,737	87,967	2,294	90,261	49.72%	32.39%	49.27%		
				JA Argetakes	137,000	2,500	139,500	114,000	2,000	116,000	20.18%	25.00%	20.26%		
				Argos Construction	157,500	3,000	160,500	128,900	2,500	131,400	22.19%	20.00%	22.15%		
				Total Contracting	235,310		235,310	235,310		235,310	0.00%		0.00%	22.92%	
			9F-Tiling	Frederick Tile	130,400		130,400	127,100		127,100	2.60%		2.60%		
				David Allen	130,900		130,900	114,800		114,800	14.02%		14.02%	8.31%	
			13A-Sprinkler	Kennedy Fire Protection	194,000	1,500	195,500	176,000	1,500	177,500	10.23%	0.00%	10.14%		
				Brower & Co.	228,000	5,000	233,000	228,000	5,000	233,000	0.00%	0.00%	0.00%		
				Capitol Sprinkler	245,000	2,250	247,250	245,000	2,250	247,250	0.00%	0.00%	0.00%		
				Fire MAK	253,500	2,500	256,000	216,890	2,000	218,890	16.88%	25.00%	16.95%		
				Judd Fire Protect	336,300	3,900	340,200	252,000	3,000	255,000	0.60%	30.00%	33.41%	12.10%	
			15A-Mechanical	RH Lapp	4,539,000	28,500	4,567,500	4,499,000	28,500	4,527,500	0.89%	0.00%	0.88%		
				RW Warner	4,669,000	132,000	4,801,000	3,862,000	128,000	3,990,000	20.90%	3.13%	20.33%		
				MS Johnston	4,826,800	17,500	4,844,300	4,170,450	14,000	4,184,450	15.74%	25.00%	15.77%	12.33%	
			15B-Geothermal	H&H Well Drilling	787,000		787,000	762,000		762,000	3.28%		3.28%		
				Chesapeake Geosystems	862,000		862,000	835,000		835,000	3.23%		3.23%		
				Jackson & Sons	873,661		873,661	857,219		857,219	1.92%		1.92%	2.81%	
			16A-Electrical	Altimate Electric	2,147,950	10,980	2,158,930	1,750,000	8,160	1,758,160	22.74%	34.56%	22.79%		
				Ellsworth Electric	2,171,500	18,500	2,190,000	1,871,500	16,000	1,887,500	16.03%	15.63%	16.03%		
				Tissa Enterprises	2,295,000	6,500	2,301,500	2,137,000	5,700	2,142,700	7.39%	14.04%	7.41%	15.41%	
										39 Bids		AVG:	10.65%	STDEV:	

Economic Impact Study Analysis: Actual CIP Expenditures for the Reporting Period January 1, 2013 - December 31, 2013

Category of Spend	CIP Construction $	% of $	CIP Maintenance $	% of $	CIP Total $	% of $
In State of Maryland*	$ 83,517,262.29	75.24%	$ 4,411,638.79	68.24%	$ 87,928,901.08	74.85%
In A.A. County	$ 12,382,068.83	11.15%	$ 963,852.14	14.91%	$ 13,345,920.97	11.36%
Out of State	$ 15,103,819.66	13.61%	$ 1,089,613.40	16.85%	$ 16,193,433.06	13.79%
	$ 111,003,150.78	100.00%	$ 6,465,104.33	100.00%	$ 117,468,255.11	100.00

***Note*: In State of Maryland purposefully excludes Anne Arundel County in order to avoid a duplicated Statewide figure.**

***Note*: Thus the actual/total in State of Maryland spend is $95,899,331,12 and the in State percentage of spend is 86.21%.**

The above analysis attempts to answer the question concerning capital project spends posed at the task force meeting on February 24. In order to arrive at the answer, I analyzed our actual Capital Improvement Program (CIP) funded cash expenditures for the reporting period of 1/1/13-12/31/13 to build a representative/prototypical 12 month surrogate accounting model of our CIP related expenditures. I then broke it down into the following three areas for your consideration:

In State of Maryland (but excluding Anne Arundel County) In Anne Arundel County Outside of the State of Maryland

I did so because I felt that it may provide a more beneficial lens into our CIP related expenditures compared to simply looking at In/Out of Maryland as a whole. Naturally, you can feel free to manipulate/aggregate the data as you see fit. So for example, if you wish to answer how much of the cash-flow landed in business located within Maryland as a whole, you would simply add up the first two categories to arrive at a figure of 86.21%.

I hope that my methodology makes sense and provides the task force with a worthwhile analysis.

Alex

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