

## Prevailing Wage Opponents Mislead With Poor Science

In a complex, fast-paced, and uncertain world, it is critical that we base our decisions on up-to-date and accurate information. Unfortunately, opponents of prevailing wage continue to inject the public discourse with bad information. In 2017 alone, several new “studies” – as well as many editorials based on those studies – were published, alleging absurdly large cost increases on construction projects with prevailing wage requirements. Unfortunately, these “studies” applied outdated and discredited analytical tools that haven’t been used in serious academic research for nearly 20 years, leading to results at odds with the vast majority of peer-reviewed research. Poor research and deliberate misinformation distorts meaningful discourse around topics such as prevailing wage, and it must be called out for the nonsense that it is. Call FCF for an accurate and comprehensive understanding of any prevailing wage issue.

## Outreach Update

In 2017, FCF presented to more than 1,800 apprentices from the Building Trades unions about the effects and importance of prevailing wage laws. Despite the many benefits to our industry and communities, these laws have been under political attack around the United States, and our work force must be prepared to defend them in Minnesota. As Benjamin Franklin said, “an ounce of prevention is worth a pound of cure.” Contact FCF if your union or contractor association wants a brief and eye opening presentation about the value of prevailing wage and attacks on it.



## Life Changed Through Pre-Apprenticeship

Hunt Electric, the IBEW and FCF’s own Gary Johnson helped Calvin Mulumba on his road from a Uganda torture victim to a profoundly inspiring pre-apprentice. Mr. Mulumba has had laser-like focus on becoming an electrician since arriving in Minnesota about two years ago. His persistence in overcoming obstacles, delays and red tape reminds all of us that endurance is the key ingredient to success.

Read more about this inspiring story on [www.fcfmn.org](http://www.fcfmn.org)



### Fair Contracting Foundation

353 W. 7th Street, Suite 204  
St. Paul, MN 55102  
[www.fcfmn.org](http://www.fcfmn.org)

Presorted  
First Class  
U.S. Postage  
**PAID**  
Permit #  
St. Paul, MN



## JATCs - Still Best in Construction Training

A recent study in Michigan compared 2000-2016 data on joint apprenticeship training committees (JATC) with those run by the Associated Builders and Contractors (ABC), as well as single-employer programs. It found that JATCs far outpaced the other two programs in terms of number of apprentices trained, graduation rates, and earning potential for graduates. JATCs trained 79 percent of all Michigan construction apprentices and had a graduation rate of 31 percent, compared with 14 percent for ABC programs and 17 percent for single-employer programs. And on average, graduates of JATCs earned **double** what graduates of other programs earned. This ultimately affects the quality and vibrancy of local construction markets because research has demonstrated that workers earning higher wages are more productive and efficient than their lower-paid counterparts. High wages also encourage use of more capital equipment, which increases productivity. High quality remains the best investment.



Fair Contracting  
Foundation



The Sheet Metal Workers Local #10 JATC  
Credit: FCF Staff

Larry Gilbertson, Training Director at Ironworkers Local #512 JATC



## School Construction Continues to Boom

In November 2017 Minnesotans approved approximately \$1.3 billion in bonding for Minnesota school construction. Voters had previously approved an additional \$240 million earlier in 2017. This follows on the heels of more than \$450 million in bonding for school construction in 2016 and almost \$1.9 billion in 2015. These waves of taxpayer approval have given public construction a tsunami of work opportunities. It has also taught some Minnesota school districts the hard lesson that not all construction contractors are equal.

## A \$1 Million Milestone

In 2010 the Minnesota Building and Construction Trades Council determined that construction industry standards were best protected by simple enforcement of existing prevailing wage laws. To assist in that goal, the Trades passed a resolution and FCF was created. With significant assistance from industry stakeholders, FCF has now recovered more than \$1 million in prevailing wage restitution for workers who were unlawfully denied legal wages. More importantly, FCF serves as an industry watchdog to monitor public construction projects so taxpayers, workers and quality contractors don't lose out to swindlers who for too long were defiant of these laws. Recoveries have been essential to help deter those who try to cheat in order to compete. A watchful eye helps build integrity in Minnesota's construction industry.

## Wisconsin Completes Prevailing Wage Repeal



Wisconsin has completed the repeal of its prevailing wage laws by removing any such requirements from state projects. Previously Wisconsin had removed prevailing wage requirements from locally owned projects. What followed, according to data collected by the Wisconsin Coalition of Contractors, was a 53 percent increase in work awarded to out of state contractors for local government construction in Wisconsin from January to April of 2017 compared to the same period in 2016, when prevailing wage requirements still applied to these projects. While Wisconsin is working to reduce the wages of its construction workers, one of its Senators, Ron Johnson, has introduced a visa reform proposal that would, among other things, *increase* the number of work visas awarded in

the U.S. In discussions of this proposal, construction is often mentioned as an area where there is a shortage of labor. Wisconsin seems to want to reduce existing wages and import cheap labor too.

## State Prevailing Wage Update 2018

It's a new year and a good time to review some things about Minnesota State Prevailing Wage Rates:

1. Highway/Heavy wage rates were newly certified on Oct. 30, 2017.
2. Commercial wage rates were newly certified on Dec. 11, 2017.
3. Check the rates by going to: [www.doli.state.mn.us/LS/PrevWage.asp](http://www.doli.state.mn.us/LS/PrevWage.asp)
4. You can sign up for wage rate updates through this link: <http://www.doli.state.mn.us/EmailLists.asp> and select 'Prevailing wage updates'

The prevailing wage is determined for 208 different types of work. Highway/Heavy projects have wage rates for each of the 10 regions in Minnesota. Commercial and residential projects have rates for each of the State's 87 counties. The rates are determined every year by the submission of wage surveys. The surveys are typically due near the end of May each year. Go to <http://www.doli.state.mn.us/LS/PrevWage.asp> for details about survey submission.

If you have questions about prevailing wage and/or the posted wage rates, call Adam or Gary at 651-797-2726.

## 2017 Enforcement Results

In 2017, FCF's investigations resulted in wage recoveries and penalties of \$175,316. Some of the highlights include:

- As a result of the combined efforts of the Laborers, FCF, and the City of Minneapolis, Green Nature Cycle was found to have underpaid employees by more than \$77,000 on MNDOT funded projects.
- Gustafson Mechanical underpaid its employees by almost \$9,000 on a Staples Depot restoration project that had received MNDOT funding. Additional projects are under DLI investigation.
- In 2017, FCF learned of additional recovery from 5way Contractors on a City of Minneapolis project. A total of more than \$34,000 was recovered as a result of 5way's underpayment on this project.
- In two separate findings, Simco Electric underpaid its employees by \$600 on a MNDOT project and by \$2,600 on a Minnesota Corrections project.
- Everstrong Construction was responsible for underpaying employees by more than \$11,000 on the recent Canby Airport project.

## Enforcement Highlight: Jamek Engineering

FCF first came across Jamek Engineering Services, Inc., in 2013 when it was performing work on federally funded construction in Minneapolis. Following an FCF complaint, the U.S. DOL found that Jamek had underpaid its employees by almost \$16,000. FCF and IUPAT District 82 came across Jamek performing similar work in St. Paul in 2015. As a result of a joint complaint, the U.S. DOL again found that Jamek had underpaid its employees by almost \$42,000 on two projects and it initiated formal debarment proceedings against Jamek in mid 2017. This is the first time FCF's compliance efforts have resulted in an effort to debar a contractor at the federal level.

## Our Mission

The Fair Contracting Foundation promotes prevailing wage law education, compliance and enforcement. It advocates for practices, policies and laws that ensure fair government contracts, a strong local industry and protection of the public interest. We're here to help. Give us a call at 651-797-2726 or toll-free at 1-844-777-0606.