



Credit: FCF-Vince Muzik

Good News Galore!

Soon the snow will fly and Thanksgiving will be upon us. We can hope the snow is late, but it's never too early to be grateful for all the good news in Minnesota.

Let's take inventory of the good fortune in our construction industry:

- Construction in our state remains robust. You can't travel a few miles in the metro area without seeing a large construction project underway. Highways and bridges are getting makeovers on almost every major artery of traffic. Schools and stadiums across the Twin Cities are either planning for work or completing it. Housing needs are the focus of many construction projects as multi-family complexes dot the landscape and cranes loom all around us.
- Greater Minnesota is enjoying the boom as well. Rochester is expanding from its \$5.6 billion Destination Medical Center project and all the related growth. Thief River Falls' own Digi-Key Electronics and nearby construction projects in Fargo are making

(continued inside)



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Good News *(continued from front)*

the Northwest corner an outlying hotbed of activity. St. Peter State Hospital and schools in St. Cloud are nearly as impressive. The Iron Range projects are giving new life to those who build for a living. And Duluth has more work opportunities throughout the healthcare and housing industry than we can count.

- Apprenticeship programs are getting the long overdue attention needed to attract more workers to expand the middle class. Nobody in the country is doing better at opening these promising doors than the Minnesota Building & Construction Trades Council and their union contractors. This is evident by a national award bestowed on labor leaders in April by the North America's Building Trades Unions for community achievement. Meanwhile, tours of all the apprenticeship programs elicit the same response: "I never knew." Now they do!
- Schools across the state are contacting our joint labor-management apprenticeship programs to learn how students can move from the classroom to profitable employment during times of record low unemployment. The "earn while you learn" programs are privately funded models of self-sufficiency and skill development. They are the envy of those who are only now realizing that apprenticeship programs are investments in high value and long-term careers.
- Construction is one of the top three industries for projected growth in every region of rural Minnesota. This expected growth serves as the bedrock for regional economic growth. A vibrant construction workforce helps build strong economies and even stronger communities.
- Diversity in the construction industry is a necessity. As labor shortages challenge us, it's inspiring to know that 94 percent of all African-American registered apprentices in Minnesota are in joint labor-management apprenticeship programs, as well as 95 percent of Latinos and 84 percent of veterans. Next year, Minneapolis will also host the Women in Construction Conference that highlights Minnesota's success in removing barriers for women who want to build a career in the construction industry.

Why wait for Thanksgiving! NOW is the time to be grateful for all the good news throughout Minnesota's construction industry.



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Prevailing Wage: Expect Legislative Action in 2019



In February 2018 the Minnesota Center for Fiscal Excellence (MCFE) released a report titled "Minnesota's Prevailing Wage: An Evaluation of the Rate-Setting Process," which critiqued what it claims are structural weaknesses in the prevailing wage survey process. MCFE acknowledges the report "was prepared in accordance with a contract with the Construction Education Foundation of Minnesota." The foundation is the training arm of Associated Builders and Contractors (ABC) of MN/ND.

MCFE released a follow-up report in June 2018 advancing the critique, and proposed fixes to the system, including moving to "employer-based surveying with switch [sic] to a 'majority-average' method to calculate" wage rates.

A Pioneer Press article dated July 15, 2018, included responses from ABC and the Center of the American Experiment (CAE) to the recent study done by Midwest Economic Policy Institute. Unsurprisingly, they disagreed with all of the study's conclusions and made several false arguments about prevailing wage.

However, the article noted that both ABC and CAE agreed there should be changes to the survey process. FCF fully expects there to be activity on the survey process in the upcoming legislative session, and it is imperative that the industry remains vigilant against such political threats and obstacles to great careers in construction.

NABTU Invites FCF to Its Leadership Conference

Fair Contracting Foundation has been invited to participate in the North America's Building Trades Unions (NABTU) leadership conference in Las Vegas, on Nov. 15-17, 2018. FCF will participate in a panel discussion related to its experiences during the last Davis-Bacon survey.

Welcome! IBEW 110 and NECA

IBEW 110 and St. Paul NECA have negotiated full participation in FCF as of September 2018.



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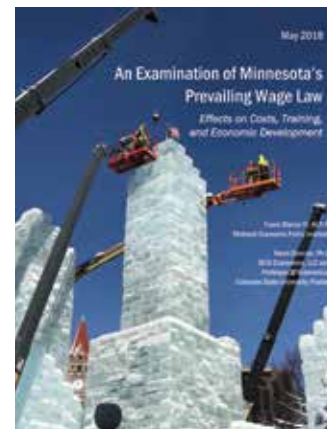
Credit: FCF-Vince Muzik

FACTS Support Prevailing Wages

Facts are stubborn things. But they are essential when you're trying to spread the truth. And the truth is that quality construction pays for itself.

Minnesota's union construction workers are properly trained, highly skilled and efficient. The value they bring to union contractors allows both sides to negotiate wages and benefits that maintain solid careers in this demanding industry. Training provides the contractors a business model that keeps them profitable and professional. Good planning and effective management harnesses the value of these labor skills. In turn, union contractors provide the best value to project owners — without an increase in costs.

The Midwest Economic Policy Institute and Colorado State University - Pueblo established these facts by reviewing 640 school construction bids in Minnesota over the last two years. Less than half of the bids had prevailing wage requirements while more than half did not. Opponents of unionized construction have claimed for years that



prevailing wages cause bid prices to skyrocket. They have claimed that construction projects cost 20 percent more when prevailing wages are required. This is again proven false.

The FACTS show that there is no difference in costs on bids that have prevailing wages. It's the "value" of a skilled workforce and effective management that keeps costs down and quality up. The contractors and workers in Minnesota's construction industry continue to prove the age-old wisdom that quality and craftsmanship together equal value. (See <http://www.fcfmn.org/news> for the Study).

Reminder: Keep Your Minnesota Prevailing Wage Surveys Available

As you collect survey data each year for the Minnesota State Prevailing Wage survey, remember to keep those surveys handy as they can be a valuable resource for the next Federal Davis-Bacon Survey. Given there was a statewide **building** survey for work between May 1, 2014, and April 30, 2015, with a submission deadline of March 31, 2016, the next survey will most likely be for residential or heavy. As of October 2018 the last building survey results remain in "Final Analysis" by the Federal Department of Labor. No specific dates have been set for the next Davis-Bacon survey. If you currently use the WageKey Software solution, it can produce both state and federal survey submissions.



Highway Heavy Results for Minnesota State Prevailing Wage Rates

MnDLI is expected to publish the highway/heavy rates for work performed between April 2, 2017, and June 1, 2018, in October 2018. **You have only thirty (30) days to identify potential discrepancies and notify MnDLI about them.** Call Gary or Adam at FCF if you have questions.

"Help Wanted" Construction Boom Demands More Workers



In 2017 nationwide construction spending exceeded its 2006 peak from before the Great Recession (2007 - 2009), something many thought they would not see in their lifetime. All of this construction requires workers, and the demand appears to be outpacing the supply. The U.S. is currently experiencing the second highest demand for skilled construction laborers within the last 20 years. In a national survey 91 percent of contractors reported

having a difficult time finding skilled workers. Opportunities elsewhere can contribute to the problem. Minnesota's low unemployment rate was 3 percent in July, almost a full percentage point lower than the national rate. In this environment it is crucial that wages in the construction industry remain strong to attract responsible individuals to the industry. Fortunately, Minnesota's strong prevailing wage law helps protect local construction wages in Minnesota.

Minnesota's prevailing wage law is particularly important for the future of the state's construction industry. Data from the Department of Employment and Economic Development shows that the state's construction industry will face a shortage of 20,000 workers during the next decade. As recent research shows, just like elsewhere in the nation, prevailing wage laws in Minnesota help promote apprenticeship programs that are essential to ensuring an adequate supply of skilled construction workers in the future. Additionally, prevailing wage laws support construction jobs that help build middle-class careers.



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Minnesota Leading in Apprenticeship Training

Cody Hanson gets up at 5:30 a.m. Monday through Friday, gets dressed, packs a lunch and drives off to his job. Only a year out of high school, Hanson works as a first-year insulator apprentice on the construction crew at Mayo Clinic Health System's \$70 million campus expansion in Mankato, Minn., He'll spend eight hours in school at Insulators Local 34's training center in South St. Paul every Saturday through February learning his trade's craft. Hanson is the wave of the future in the building trades.



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According to Dr. Tom Kriger, Director of Research at North America's Building Trades Unions (NABTU), Minnesota has the best model for integrating CTE education (often referred to as vocational education) at the middle and high school level, thus bridging the gap to registered apprenticeship. Minnesota schools use the Building Trades' nationally recognized Multi-Craft Core Curriculum (MC3), a minimum 120-hour study of the apprenticeship system and the baseline skills needed to be admitted to an apprenticeship program. Afterward, students work as paid summer interns for nine weeks at 16 different union training centers, learning directly from trainers and journey workers. Through the program students experience all the trades so they can become familiar with an array of opportunities and can make an informed career decision. "From there they hook 'em and get them into the registered apprenticeship program," Kriger explained.

The benefits to a young person like Hanson are threefold: Apprentices learn marketable skills that won't be eliminated by a smartphone app anytime soon; the pay and benefits of the career are excellent; and there's no cost to learning — no student debt.

"It's a smart move for me. I wasn't crazy about school but I like working with my hands," Hanson said. "And I can make as much money in this career as my friends who are spending lots of money on four years of college."

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.