In July FCF presented again at the Minnesota Building Trades annual convention. FCF’s presentation this year focused on identifying gaps in prevailing wage enforcement. While the state has a strong prevailing wage statute and active enforcement agencies, current and discrete gaps make enforcement on some state funded construction projects exceptionally difficult. With no proposed changes to the state’s prevailing wage law, there may be an opportunity to correct these gaps in order to ensure more robust prevailing wage compliance.

The primary gap has been the inconsistent application of prevailing wage requirements on construction projects that receive economic development funding. Under the economic development statute concerning prevailing wages, there is no requirement for a project owner to collect certified payroll reports (Minn. Stat. § 116J.871, subd. 2). This means if an owner of a project that receives economic developing funds decides not to collect payroll, it is unlikely anyone can verify if contractors and subcontractors working on that project are paying their employees prevailing wages. FCF has encountered this problem with projects financed by the MN Department of Employment and Economic Development and the MN Housing Finance Agency. While some project owners have voluntarily collected payroll reports from contractors and subcontractors, the lack of a uniform requirement has meant many projects have been completed off the books and beyond enforcement.

State investment in economic development and housing has the potential to create thousands of good-paying construction jobs across Minnesota. However, persistent gaps make it exceedingly difficult to ensure prevailing wage compliance. Possible solutions can be legislative or even administrative in nature. The good news is that with no immediate challenge to Minnesota’s prevailing law, the time for action to strengthen prevailing wage is now.

Jennifer Allshouse: A Second Chance

For many the building trades offer an opportunity to earn a good living, build structures that stand the test of time and retire with dignity. For Jennifer Allshouse, they have been more than that. They have been a second chance at life.

Allshouse’s route to the trades was a rather circuitous one. She studied both English and computer science at St. Mary’s College in Winona, MN. After a stint in the U.S. Army as a combat medic, she wound up embarking on a career in sales. A career in the wrong business: She sold drugs. She got caught, got convicted and spent five years in prison.

When she got out of prison as part of her release she was required to participate in the Goodwill-Easter Seals ReEntry Program. Instead of the auto mechanics program, her counselor suggested she try the construction class. He thought there was more opportunity. Allshouse gave it a try.

LiUNA! Minnesota & North Dakota
Feel the Power

Open House

The 8th Annual LiUNA! (Laborers’ International Union of North America) Training Center Open House is scheduled for Friday, October 11.

LiUNA’s state-of-the-art 44,000 square foot facility in Lino Lakes, MN, will again be on display as the laborers host their open house. Learn about the training program, construction opportunities and the industry’s hot topics.

Please RSVP by calling the LiUNA Training Center at 651-683-6700.
Minnesota Passes Strong Wage Theft Legislation

Minnesota’s new wage theft law, one of the strongest in the nation, is now in effect. The law contains numerous provisions impacting employment in Minnesota, with some being of particular interest to the construction industry. Notably the legislation strengthens the ability of employees to collect wages owed by prevailing wage policies and project contracts that require payment of prevailing wages even if there is no state funds on the project. Employees now have a “substantive right” to these wages, and the Department of Labor and Industry (DLI) may charge and collect wages due to employees from various sources. The law also expands DLI’s investigative powers and the enforcement authority of the state attorney general with respect to employment matters.

Perhaps most significantly, the new legislation amended the Minnesota criminal statutes to define wage theft as a crime, finally treating employers who steal from their employees similarly to those who engage in more traditional theft. Depending on the amount of wages stolen, those convicted may face up to 20 years in prison. Additionally, convictions under the criminal wage theft provisions will trigger Minnesota’s Responsible Contractor Law, rendering contractors ineligible for public contracts for three years following a conviction.

What You Have Done for Me Lately? / FCF Update

During the past few months, FCF’s compliance and education work has resulted in the following:

- Approximately $4,000 in back wages was assessed by the Department of Labor and Industry (DLI) for performing on the Giant Welcome Center and Museum in Blue Earth, MN. The underpayment occurred because the wage determination included in the project documents was incorrect.
- DLI assessed $4,520 in back wages from Gerit Hanson Contracting, Inc., for paying the laborer rate for several types of work, including carpenter, painter, pile driver, and operator work on the Novak bridge replacement in St. Louis County. In addition, according to DLI, Gerit Hanson voluntarily corrected prevailing wage problems on a subsequent project.
- Based on a MNDOT investigation for work performed some time ago, Green Nature-Cycle LLC was suspended by the state of Minnesota in July. Suspension usually precedes full debarment.
- On July 12, FCF met with representatives from the city of Rochester and the Building Trades to discuss what the city can do to better combat wage theft and payroll fraud. The city has made some initial changes to enhance contracting requirements on publicly subsidized projects, and seeks to address the issue across the broader economy, not only in construction.
- Minnesota’s Attorney General Keith Ellison invited FCF’s Mike Wilde and Frank Marzo IV, policy director of the Illinois Economic Policy Institute (ILEPI), to present on the value of prevailing wages to nearly 400 public attorneys and regulators. The history and policy purpose behind prevailing wage laws was covered by FCF. Manzo gave the audience the findings of a recent study that examined 640 school bid packages. The academic study gave further empirical evidence to the audience of compliance professionals that the projects that required prevailing wages were no more costly than those projects that did not. Ellison has already proven to be a champion of Minnesota’s workforce and FCF is encouraged by his commitment to prevailing wage laws. On July 31, 2019, we were also honored to be invited to the attorney general’s first roundtable discussion on enforcement.

Wages Get Protection Nationwide

Minnesota isn’t the only state making strides in tackling wage theft and other labor violations. Several states including New Jersey, Michigan, and Colorado have created or strengthened wage theft penalties up to and including jail time.

Criminal enforcement for labor violations:
- In California, contractor Job Torres Hernandez was sentenced to 8.5 years in prison and ordered to pay $820,000 in restitution for labor trafficking, wage theft, and retaliating against workers who spoke out against his abuses.
- In New York, a subcontractor was sentenced to 30 days in jail and ordered to pay $280,000 in restitution for systematic underpayment of prevailing wages on public school construction.

Prevailing Wage Advocates Make Gains in 2019

While the Building Trades and their allies have spent the last 40 years defending prevailing wage laws, 2019 represents a turning point in the fight to protect area wage and benefit standards. Colorado, which repealed its prevailing wage law in 1985, reinstated prevailing wage for public projects more than $500,000. And Nevada undid changes from 2015 that weakened its prevailing wage law, including reducing the threshold from $250,000 to $100,000, and reinstated full prevailing wages on public education construction, which were previously capped.

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.

Tradeswomen, It’s Your Time!

What started out as a grass roots gathering in California more than a decade ago has turned into an international event. And it’s coming to Minnesota! The Minneapolis Hilton will host the 9th National Trades Women Build Nations Conference, October 4-6.

The conference begins at 7 a.m. Friday with two days of service volunteer opportunities. One is painting at Ascension Place, a women’s shelter in Minneapolis, and the other is food packing at Second Harvest Heartland, a local food shelf. On Friday evening a welcome reception sponsored by the building trades and Union Bank & Trust runs from 6-9 p.m. at the Hilton with Chase & Ovation, a Prince cover band, performing. Saturday and Sunday will feature workshops on topics ranging from recruiting, apprenticeships, health and opioid problems, government policy, retirement and financial planning.

According to the U.S. Department of Labor, women make up 47 percent of the workforce but less than 10 percent in the building trades. The trades offer great career paths and the number of women in the trades are growing. The conference allows women to garner support among each other, develop ideas to recruit more women, and navigate unique on-the-job challenges.

With an estimated attendance of 2,500 at last year’s conference in Seattle, the women’s conference has exceeded the attendance of the North American Building Trades Union’s (NABTU) Legislative Conference, the yearly gathering in Washington, D.C. where congressional leaders mingle with labor leaders. The women’s conference became international in scope when a group of women from Ireland arrived. The conference has even attracted the attention of Teen Vogue magazine.

“The career message is pretty straightforward: This is one industry where the pay is equal among the genders,” said Betsy Barnett, NABTU’s communications director. “The career opportunity is very viable for women.”

More volunteers are needed for the conference. Anyone interested can sign up at the official page of the Trades Women Build Nations Conference at the NABTU web site www.nabtu.org/wbn. Or call Jenny Winkler, director of marketing and public relations, at the Minneapolis Building Trades, at 612-817-2930.