



**CONSTRUCTION BUSINESS GROUP**

*Building Wisconsin Together*



*Skilled Construction Trades and Respected Contractors  
Building Wisconsin Together®*

Welcome to Construction Business Group's Industry Updates. This monthly e-newsletter will help us communicate the important initiatives that we have underway and relevant updates on issues that impact Wisconsin's construction industry.

### Message from Executive Director Robb Kahl



As you probably already know, on Monday, April 24th, the Senate Committee on Labor and Government Reform held a public hearing on SB 216, a bill that would repeal the remaining prevailing wage laws in Wisconsin. If passed, there will be no prevailing wage protections on state public works projects, including state agency (and university) buildings and state roads.

In response to the newest attack on the industry, the Wisconsin Contractor Coalition (WCC) has once again become active. Through a variety of efforts, the WCC plans to let the public and the legislature know that the Wisconsin contractors oppose these efforts to weaken our industry. If you are a contractor or association and have not yet joined the WCC, please sign up online at <http://www.wisconsincontractorcoalition.com/the-issues>.

Everyone is encouraged to directly contact his/her state Senator and Assembly Representative and tell them to stop passing laws that weaken Wisconsin's construction industry and to vote against SB 216. You can locate your state Senator and Assembly Representative on the legislature's website <http://maps.legis.wisconsin.gov/>. If you hover over your hometown, the name, telephone number and email address of your Senator and Assembly Representative appear in a text box.

If you are looking for more expansive talking points or data for your legislative contact, visit the WCC website listed above, the Wisconsin Infrastructure Investment Now, Inc. website (<http://www.wisconsininfrastructure.com/why-prevailing-wage-works-for-wisconsin/>) or the National Alliance of Fair Contracting website (<http://www.faircontracting.org/studiesandreports/>). CBG is also willing to assist you with talking points, just give me (608-240-4175) or Cindy Buchko (608-310-8341) a call.

**Building Wisconsin Together®**

**Calling All South Central Contractors - Great  
Opportunity to Connect with Future Workforce**



[www.buildingwisconsin.together.com](http://www.buildingwisconsin.together.com)

Career Cruising is a career exploration and planning software provided by the State to all public schools grades 6-12 and technical colleges to help students connect the dots between their skills, interests, academics and career options. Inspire Madison Region adds another component to Career Cruising that enables businesses and related organizations throughout the region to connect with their future workforce.

The Inspire team at MadREP (Columbia, Dane, Dodge, Green, Iowa, Jefferson, Sauk Counties) is partnering with the construction trades to reach young people with information about apprenticeships, training and career opportunities available through trade unions. Employers aligned with construction trades can participate (at no cost) by clicking the link below to set up a profile that allows you to:

- Inform students and educators about your business and industry
- Answer career or company-related questions from local students
- Let teachers and students throughout the region know about special events such as career fairs, guest speakers, job shadows or internships
- Send targeted messages to students and educators about career-related topics important to your company and industry

Once registered, you'll receive an activation email within 2 weeks that will include instructions on how to log-in and edit your profile. Here's where to register now (it takes about 15-20 minutes at most):

<https://goo.gl/forms/tVW8sB8XsZhgDf8D3>

Please contact Adrian Crabb at [acrabb@madisonregion.org](mailto:acrabb@madisonregion.org) or visit the Inspire website for more information: <http://inspiremadisonregion.org/>

## Industry News and Updates

### From the News Stand

#### Wisconsin Budget Moves Free Up \$100M for Transportation Projects

Lower-than-expected costs for road projects and a revenue bump will free up more than \$100 million for the next Department of Transportation budget, Gov. Scott Walker announced. Walker's DOT also is expediting 21 road and bridge maintenance projects to receive funding in the current state fiscal year, which ends June 30. The projects, totaling \$65 million, had been scheduled for future years.

[Read More](#)

#### UI Tax Rates Projected to Fall Again in 2018

One of the factors used to determine an employer's UI tax liability is the financial condition of Wisconsin's UI Trust Fund.

The State of Wisconsin has four UI tax rate schedules - A, B, C and D. The highest tax rate (Schedule A) applies when the balance in the UI Trust Fund is less than \$300 million. The lowest tax rate (Schedule D) applies when the UI Trust Fund balance exceeds \$1.2 billion.

Recently, the Wisconsin Department of Workforce Development (DWD) released the 2017 Unemployment Insurance (UI) Financial Outlook Report in which the Department stated:

"The economy is projected to grow throughout the projection period of 2017 through 2019. Employers are currently paying taxes based upon the second lowest UI tax schedule, Schedule C for tax year 2017. In the current projection, the UI Trust Fund balance exceeds \$1.2 billion on June 30, 2017. This means that for 2018, the expected UI Tax Schedule will be Schedule D, the lowest UI tax schedule. It is expected that UI taxes will remain on Schedule D through the rest of the projection

period."

If the Department's projections hold true, Wisconsin employers who participate in the UI program would experience a tax reduction for the third straight year.

## Total Netted from State's Misclassification Fight Exceeds \$1.1 Million

By Dan Shaw

State officials' efforts to crack down on companies that misclassify direct employees as independent contractors has generated more than \$1 million for the state's unemployment-benefits system over the past few years.

The state began stepping up its enforcement of misclassification laws several years ago. Since then, those efforts have recovered nearly \$1.13 million worth of unpaid unemployment-insurance taxes, penalties and interest, according to a report on the state's unemployment fund released by the Wisconsin Department of Workforce Development.

Worker misclassification is believed to be particularly rampant in the construction industry, where frequent seasonal layoffs can blur the line between a permanent employee and someone hired for a particular job. Industry officials say deliberate misclassification not only deprives the state of unemployment taxes and other resources; it also gives dishonest companies an advantage by enabling them to avoid the sort of costs that their more scrupulous rivals often end up rolling into bid prices.

The state reported that auditors found 8,613 misclassified workers at Wisconsin companies last year. The same year saw tipsters use a state-run website to report 59 instances of suspected misclassification.

[Read More](#)

## Davis-Bacon: Empowering Communities and Careers in America

*Davis-Bacon and prevailing wage laws have had astounding results since their inception.*

by Mark Douglas

Paying workers higher wages means they become self-sufficient instead of becoming dependent on public assistance. This provides a two-fold benefit of improving quality of living and lowering burdens for American taxpayers. In addition, these laws and the technology needed to enforce them have had an unexpected boon-local communities now have the ability to track their disadvantaged worker hiring goals which has proven transformative for both disadvantaged families and for the communities in which they live.

### **What is Davis-Bacon and Prevailing Wage?**

Every American strives to earn a fair wage which allows a lifetime of health and prosperity. Our country was built on this very foundation-that regardless of race, religion, or creed, all of us have the right to life, liberty, and the pursuit of happiness. Today, however, many find themselves unable to live the American dream. Construction workers in particular are earning wages below the poverty line or losing jobs to out-of-state or illegal immigrants willing to work for low wages.

[Read More](#)

## Prevailing Wage Laws: What Do We Know?

Institute for Construction Economics Research (ICERES)

In recent years, states and municipalities have been increasingly engaged in heated, often partisan, debates over the future of prevailing wage laws. In addition to the repeal of state prevailing wage laws in West Virginia and Kentucky, there have been high-profile political challenges in several states including Wisconsin and Nevada. Numerous city councils and county commissioners have

been concurrently engaged in similar debates regarding local prevailing wage ordinances. References to economic studies often accompany these calls for legislative action, as advocates on both sides of the debate can point to papers supporting their position. The lack of consensus among researchers, however, is mostly attributable to differences in empirical methodology and scientific rigor. To improve the clarity of future public policy debates on prevailing wage laws, this paper summarizes the current state of research on these policies, highlighting recent academic findings and identifying empirical shortcomings inherent in a number of oft-cited non-academic studies.

[See full PDF of Study here](#)

## Two Top U.S. Research Organizations: Repealing Davis-Bacon Act Would Save 0%

By Frank Manzo

The Brookings Institution and Wilson Center are two of the top 10 research organizations in the United States.

Together, these nonpartisan organizations have relaunched The Fiscal Ship, an online "game" that challenges people to put the federal budget on a sustainable course over the next 25 years. Picking from the menu of tax and spending options can be pretty eye-opening for many Americans.

Embedded in the game is one interesting policy option called "repeal federal construction wage law." Picking this option means that you'd repeal the Davis-Bacon Act, which requires that workers on federally-assisted construction projects be paid the local prevailing wage. The posited argument for repeal is that it would save the government money. The argument against repeal is:

*"This is just another way to push down wages of hard-working folks. Davis-Bacon blocks out-of-town firms from parachuting in with low-paid workers and under-cutting local contractors. It could lead to lower-quality work by less-skilled workers."*

Interestingly, if you play the game and only choose to repeal the federal prevailing wage law from the list of tax and spending options, your plan results in a 0% change in federal revenue and a 0% change in federal spending. The game gives you a positive mark if your goal is to shrink government but a negative mark if your goal is to reduce inequality.

Ultimately, your plan gets declined as not helping to fix the budget.

[Read More](#)

## La Crosse County Voters OK Tax for Road Repair

Voters in La Crosse County recently approved 55%-45% an advisory referendum on a half-cent sales tax to improve county highways. Voters were asked if the county should implement a "premier resort area tax," which would add a half percent sales tax at businesses designated as "tourism related" to raise an estimated \$6.6 million annually.

This approval gives the county the go-ahead to pursue state legislation authorizing the tax, which would then need approval by two-thirds of the county board.

The proposal had been opposed by the local chamber of commerce and the local newspaper, but still passed by a healthy margin -- a sign that La Crosse County voters are fed up with potholes and failing bridges and are willing to tax themselves to Just Fix It.

Meanwhile, an advisory referendum in Milwaukee County on a \$60 wheel tax (local vehicle registration fee) to pay for transit and other projects was rejected 72%-28% -- a sign that Milwaukee County voters are opposed to addressing the county's transit problems by piling on the backs of motorists. Currently, Milwaukee County charges a \$30 wheel tax and the City of Milwaukee a \$20 wheel tax, which are imposed in addition to the \$75 state registration fee.

## OSHA Silica Standard Delayed 90 Days

The Occupational Safety & Health Administration (OSHA) announced that enforcement of its crystalline silica standard for the construction industry will be delayed from June 23 to Sept. 23, 2017. OSHA says time is needed to conduct additional outreach and provide educational materials and guidance to employers. The standard sets exposure limits for silica and establishes requirements for companies intended to protect workers.

[OSHA press release.](#)

[OSHA fact sheet on silica standard.](#)

## Upcoming Events

### 2017 ARTBA Federal Issues Program & Transportation Construction Coalition Fly-In

May 16-18; Hyatt Regency Washington Hotel

For more information, click [here](#).

### TDA of Wisconsin Sponsoring Upcoming Event

With state budget deliberations heating up, the Transportation Development Association of Wisconsin has an important (and free!) meeting coming up in May:

Wednesday, May 10, Madison: "Turnout for Transportation Lobby Day" at the State Capitol. This builds on the Turnout for Transportation meetings held statewide last fall and gives transportation advocates an opportunity to lobby their legislators on long-term sustainable funding. [Details.](#)

## Legislative Alerts

### Budget Committee Rejects Governor's DOT Spending Plan

Recently, the leaders of legislature's Joint Committee on Finance announced that the committee will develop its own two-year spending plan for the Wisconsin Department of Transportation (DOT). This unusual procedural decision by the Republican-led Legislature caught us by surprise.

The DRIVE (Devote Resources, Invest for a Vibrant Economy) Coalition has as a common goal the enactment of a sustainable, long-term transportation plan that will keep Wisconsin's economy strong. Collectively, they have united behind the following core principles:

- DOT spending should be reviewed to ensure that incoming tax and fee revenues are being invested efficiently and effectively;
- Wisconsin road conditions are deteriorating as revenues have remained flat, the state is facing once-in-a-generation costs to rebuild substantial segments of our 50+ year-old Interstate System, and crucial road projects are underway that, if delayed further, will cause major disruptions to the traveling public and significant damage to state commerce;
- More transportation-related borrowing will not solve Wisconsin's ongoing transportation funding problems; and
- The transportation funding solution must meet the needs of the entire state.

### CMGC, Prevailing Wage Repeal Pulled from Budget

Budget committee co-chairs Sen. Alberta Darling and Rep. John Nygren announced that the Governor's proposals to implement a pilot program for Construction Manager/General Contractor transportation project delivery and to repeal prevailing wage law for state highway projects are being

pulled from the state budget because they are considered non-fiscal policy items.

It means these two issues should be drafted as non-budget legislation and considered by other standing committees of the Legislature. A total of 83 items across state agencies were removed from the Governor's budget proposal because they are considered policy related, not budget related.

The co-chairs also announced that the committee will develop a new transportation budget from the "adjusted base" (this year's funding level, minus any general obligation bonding) rather than the Governor's proposal. In essence, this means the Legislature has thrown out the Governor's transportation proposal and it intends to develop its own budget.

[Read JFC memo.](#)

In response, a spokesman says the Governor "welcomes the opportunity to work with lawmakers" on road funding. "He is open to many different options as long as they don't include an increase in the gas tax."

## Rep. Kooyenga Working on Funding Package

Joint Finance Committee member Rep. Dale Kooyenga (R-Brookfield) recently said he is working on an Assembly GOP transportation plan that he expects should be completed by early May. Rep. Kooyenga has been tasked by Speaker Vos to figure out how the state can reform taxes while addressing long-term, sustainable transportation funding.

Rep. Kooyenga declined to share any specifics on the plan, saying "people need to look at the entire package" first. But he said he'll bounce it off lawmakers and stakeholders and present something to the public by early May.

He said it's "too early to tell" whether the gas tax would increase under his plan, though he doesn't want to take anything off the table and he "will not put anything out there that has a net increase in taxes."

"What you will see me do is take a bunch of different ideas in the building and go in the direction of lower taxes, go in the direction of a more solvent transportation fund and go in the direction of better roads in Wisconsin," he said.

## Association News

### WisDOT Advances 21 Projects to June Letting

WisDOT announced recently that construction let savings are allowing 21 highway and bridge projects to be advanced to the June 13 letting.

"Lower fuel prices and more competitive bids on projects have resulted in increased savings on road projects," said WisDOT Secretary Dave Ross. "Using these savings now means WisDOT will accomplish more road work in the current fiscal year and provide additional resources to the Legislature in planning the next budget. Improving more roadways and bridges now, before inflation reduces purchasing power, and taking advantage of the savings will help preserve our assets and maintain infrastructure."

[Projects being advanced to June letting.](#)