



FOUNDATION FOR FAIR CONTRACTING OF CONNECTICUT, INC.

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Appropriations Committee Public Hearing Re: Governor Malloy's Proposed FY 15 Budget Adjustments

Sen. Bye, Rep. Walker and the Appropriations Committee members,

The Foundation for Fair Contracting (FFC) is a non-profit organization created by labor and management in order to monitor all public works construction projects covered under the Connecticut General Statutes Section 31-53 and the Davis- Bacon Act. We accomplish this by reviewing public documents prepared and/or submitted by the owner and the contractor(s). We focus on licensing, proper payment of prevailing wage rates, proper classification of workers, and properly administered state apprenticeship standards.

The FFC supports Governor Malloy's proposal to provide funding to the Department of Labor's Wage & Workplace Standards Division for six additional employees.

The FFC is the only neutral non-profit labor-management organization that is policing public construction projects in the state. And we would not be successful or effective if it weren't for the outstanding and hardworking investigators within our DOL's Wage and Workplace division.

The Wage & Workplace Standards division has received thousands of wage complaints over the last year. The FFC submitted nearly 40 wage complaints in the last year. However, with a backlog of over 1,500 open investigations, our Wage & Workplace division is overextended, and many of our complaints have yet to be resolved.

With the help of our Wage & Workplace division, the FFC has recovered over \$130,000 in back wages within the past two years. And the division has recovered over \$6.5 million in back wages for low and middle income workers in the past year. That being said, The DOL has determined that a loss in payroll taxes due to misclassification alone equate to nearly \$4 billion in unrecovered revenue for the state.

The division's investigative staff is tasked with, not only construction related violations, but also with compliance of minimum wage, overtime pay and wage payments. Simply put, our Wage & Workplace division is in need of more resources. Unfortunately, as well versed and capable as the division's current investigators are, those that operate within the underground economy are always finding new and creative ways to subvert our laws.

There is no doubt that the underground economy is thriving, not just in the construction industry, but in every industry that unscrupulous employers see an opportunity to cut corners and exploit a

workforce. The FFC has uncovered acts like misclassifying employees as independent contractors, underbidding, wage violations, ERISA violations, tax fraud and kickbacks. The current landscape makes it incredibly difficult for responsible contractors to compete.

By creating more positions within the Wage & Workplace division, your committee is putting more eyes, ears and boots on the ground on more of our state's public construction projects. Increased funding to the DOL means increased enforcement, which benefits the industry as a whole.

We urge the Appropriations Committee to maintain the Governor's proposal to provide an estimated \$300,000 in *"funding to support six additional employees to investigate complaints and ensure employers comply with wage and workplace standards."*

Sincerely,



Kimberly Glasman
Director