

Sheet Metal Workers' International Association

Local Union



No. Forty

Hartford, New Haven, Middlesex, Tolland, Windham, New London Counties, State of Connecticut and Fisher's Island, State of N.Y.

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TESTIMONY of

Jeremy Zeedyk

Business Representative

SMART Local Union 40

February 24, 2015

Honorable Senator Winfield, Honorable Representative Tercyak, and esteemed members of the Labor Committee:

The Sheet Metal Air Rail and Transportation (SMART) International Union Local 40 submits this testimony in opposition of:

Proposed H.B. No. 6246 AN ACT CONCERNING LABOR AGREEMENTS AND THE GOVERNING BODIES OF MUNICIPALITIES, Proposed S.B. No. 113 AN ACT EXEMPTING CERTAIN MUNICIPAL PROJECTS FROM PREVAILING WAGE REQUIREMENTS, Proposed S.B. No. 180 AN ACT CONCERNING AN INCREASE TO THE PREVAILING WAGE LAWS FOR BOTH NEW CONSTRUCTION AND REMODELING, Proposed S.B. No. 182 AN ACT REPEALING THE PREVAILING WAGE LAWS, Proposed H.B. No. 5071 AN ACT CONCERNING MUNICIPAL TAX RELIEF AND THE FACILITATION OF PUBLIC WORKS PROJECTS, Proposed H.B. No. 5072 AN ACT CONCERNING MODERNIZATION OF THE PREVAILING WAGE LAWS. (LAB), Proposed H.B. No. 5073 AN ACT CONCERNING CHANGES TO THE PREVAILING WAGE, Proposed H.B. No. 5074 AN ACT CONCERNING MUNICIPAL PROJECTS AND THE PREVAILING WAGE. (LAB), Proposed H.B. No. 5076 AN ACT CONCERNING THE APPLICATION OF THE PREVAILING WAGE RATE TO SCHOOL AND TRANSPORTATION PROJECTS, Proposed H.B. No. 5078 AN ACT EXEMPTING CERTAIN MUNICIPAL PROJECTS FROM PREVAILING WAGE RATE REQUIREMENTS, Proposed H.B. No. 5440 AN ACT EXEMPTING CERTAIN MUNICIPAL PROJECTS FROM PREVAILING WAGE RATE REQUIREMENTS, Proposed H.B. No. 5441 AN ACT CONCERNING INFLATION AND THE PREVAILING WAGE, Proposed H.B. No. 5510 AN ACT CONCERNING CHANGES TO THE PREVAILING WAGE LAWS, Proposed H.B. No. 5511 AN ACT IMPLEMENTING A THREE-YEAR MORATORIUM ON THE PREVAILING WAGE LAWS FOR CERTAIN MUNICIPAL PROJECTS, Proposed H.B. No. 5515 AN ACT EXPLORING THE PREVAILING WAGE LAWS, Proposed H.B. No. 6250 AN ACT CONCERNING PRIVATE CONTRIBUTIONS TO PUBLIC WORKS PROJECTS AND THE PREVAILING WAGE STANDARD, Proposed S.B. No. 114 AN ACT INCREASING THE PREVAILING WAGE THRESHOLD FOR MUNICIPAL PROJECTS, Proposed S.B. No. 181 AN ACT ALTERING THE CURRENT PREVAILING WAGE THRESHOLDS, Proposed H.B. No. 5075 AN ACT INCREASING THE PREVAILING WAGE THRESHOLD, Proposed H.B. No. 5079 AN ACT CONCERNING PREVAILING WAGE THRESHOLDS, Proposed H.B. No. 5208 AN ACT ADJUSTING THE PREVAILING WAGE THRESHOLDS, Proposed H.B. No. 5209 AN ACT CONCERNING THE ELIMINATION OF THE PREVAILING WAGE THRESHOLDS, Proposed H.B. No. 5516 AN ACT ADJUSTING THE PREVAILING WAGE THRESHOLDS, Proposed H.B. No. 5613 AN ACT CONCERNING AN INCREASE IN THE PREVAILING WAGE THRESHOLDS, Proposed H.B. No. 6251 AN ACT DOUBLING THE PREVAILING WAGE THRESHOLDS, Proposed H.B. No. 6650 AN ACT INCREASING THE THRESHOLD

AMOUNTS REQUIRING PUBLIC WORKS PROJECTS TO ABIDE BY THE PREVAILING WAGE LAWS, Proposed H.B. No. 6666 AN ACT INCREASING AND INDEXING THE PREVAILING WAGE THRESHOLDS, Proposed S.B. No. 436 AN ACT CONCERNING THE WAITING WEEK AND UNEMPLOYMENT BENEFITS, Proposed S.B. No. 437 AN ACT CONCERNING MINIMUM EARNINGS FOR UNEMPLOYMENT BENEFITS, Proposed S.B. No. 442 AN ACT INCREASING THE MINIMUM EARNINGS NECESSARY TO QUALIFY FOR UNEMPLOYMENT BENEFITS, Proposed S.B. No. 447 AN ACT CONCERNING UNEMPLOYMENT COMPENSATION AND ELIGIBILITY FOR EXTENDED BENEFITS, Proposed H.B. No. 5611 AN ACT CONCERNING ELIGIBILITY FOR UNEMPLOYMENT BENEFITS, Proposed H.B. No. 5850 AN ACT CONCERNING AN INDIVIDUAL'S ELIGIBILITY FOR UNEMPLOYMENT COMPENSATION BENEFITS, Proposed H.B. No. 5851 AN ACT CONCERNING UNEMPLOYMENT COMPENSATION REFORM, Proposed H.B. No. 5864 AN ACT CONCERNING UNEMPLOYMENT COMPENSATION ELIGIBILITY AND TIME-SPECIFIC WORK ASSIGNMENTS, Proposed H.B. No. 5867 AN ACT CONCERNING INTEREST DUE ON ADVANCES FROM THE UNEMPLOYMENT COMPENSATION ADVANCE FUND, Proposed H.B. No. 5869 AN ACT CONCERNING MUNICIPAL EMPLOYERS, UNEMPLOYMENT COMPENSATION AND THE APPEALS PROCESS, Proposed H.B. No. 5872 AN ACT CONCERNING MONTHLY APPEARANCES AT THE UNEMPLOYMENT OFFICE.

SMART Local 40 is a building and construction trades and production union which represents over 1000 working families who are employed by approximately 50 signatory construction contractors constructing, renovating and testing buildings throughout Connecticut and the region, many of which are State of Connecticut projects. We are one of the 14 unions commonly referred to as the "Building Trades". Most of our contractors formerly were or currently are small, women owned and minority contractors.

With so many bills it is difficult to know where to begin, but looking at these bills as a whole it boils down to two main issues: construction costs and unemployment insurance.

First construction costs. Every year it seems we are discussing construction workers wages and/or Project Labor Agreements as being the largest contributing factors to construction costs, and every year we expend a tremendous effort debunking this myth. Yet here we are dancing this same old dance once again. And for that reason I am not going to waste this committee's time going over the studies that show that eliminating prevailing wage (or increasing threshold levels in any form) increases injuries and fatalities on worksites, reduces availability of skilled workers, reduces revenue for states, increases reliance on social services, and does not decrease the cost of construction at all. Nor will I debate whether or not elected officials should be able to choose to utilize project labor agreements without going through a time consuming and potentially costly process of having a public hearing simply so that a small number of anti-union contractors and special interests can scare the public without any credible evidence whatsoever.

But what I would like to bring to your attention is the other aspects of construction that are potentially more costly and under far less scrutiny than any of the issues contained in these bills. Some of these concepts are going through a rigorous and very thorough review process as we speak, while others are having pilot programs developed and will be implemented soon.

Soft costs on construction often account for over a third of all construction costs and include things like, architects, engineers, program managers, owner's reps, construction managers and contingency funds. Very few, if any, of these are subject to public bidding or lowest responsible bidder statutes. And for that matter very few of these costs are ever shared with the public let alone the contract conditions for which public entities gladly enter into. Recently it was discovered by a building committee that an architect and engineer who admitted to making major mistakes designing a school which cost the municipality hundreds of thousands of dollars was not made to pay for any of it due to a clause in their contract. The company did have insurance to cover such mistakes that would have shielded the municipality from the cost if it had been much higher. This was unnoticed by the committee and the rest of the chain charged with overseeing the project. Contingency funds are another area with lax oversight. These funds often are worth more than a million dollars and if they are unused during construction are given to the construction manager almost like a bonus. This is above and beyond the

fee they charge for managing the project sometimes equaling 5% of the cost of the project, again without real public bidding and lowest responsible bidder laws.

Another area that could use some attention is transparency in the bidding of project elements. Current bidding laws do not require providing many details of the price of project elements. Typically there are over 40 subcontractors on a construction project, yet only a handful are publicly bid and each layer of subcontracting increases the bid price of the lower tiered subcontractor. This leads to higher than necessary initial pricing and up to 20% markup on change orders.

An area getting much attention although with little notice is budgeted price per square foot in public schools. Currently price per square foot ranges from \$250 - \$600 per square foot regardless of where in the state a school is built. Many factors contribute to this, but prevailing wages cannot be accountable for such price deviations. I urge you all to look at what the School Building Projects Advisory Council (SBPAC) is doing in their meetings and analysis to address this and other factors in reigning in school construction costs.

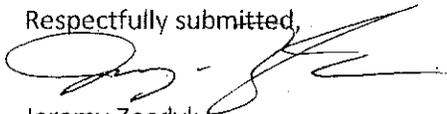
Unemployment insurance. The construction industry is very different than most other occupations in regards to employment, or rather unemployment. In construction there are boom and bust cycles much more frequently than the rest of the economy and often times have nothing to do with the availability of capital. Many times things that are beyond the construction workers' control are to blame such as weather, planning, approval, pre-production of materials and unexpected site work or remediation. This can cause ready, willing and able workers to have to "sit the bench" for short to extended lengths of time.

The Great Recession, which we are still recovering from, forced a lot of construction workers out of the industry when unemployment insurance was depleted or unavailable to them. This has and will cause a great disturbance in available manpower in the near future, and if left uncorrected could lead to much higher construction costs. Fortunately, the Building Trades unions are doing their part to meet the demand by training new workers and apprentices, as they always have. But each of these new workers knows that unemployment is a very real part of the job, and will always be; and still they rush to sign up. If unemployment insurance were to be dramatically altered I can't say that people would still take that risk. One proposed change would delay benefits for a week or more. Imagine working for 3-8 different contractors for a short time and missing pay for a week each time, at the end of the year that amounts to up to 2 months of not having income for you and your family. How many construction workers would sign up for, or continue to be available for work if this were a reality? Unemployment is a lifeline for these workers and helps this region maintain some of the safest, most highly skilled workers to work on some of the most intricate, complex and dangerous work in New England. Without these workers corporations will not choose to build here and invest billions of dollars in buildings and equipment when they cannot guarantee the quality of the work.

In conclusion, there are many other ways to save significant dollars on construction costs and I would ask that this committee reject these bills and any others that have a similar concept and explore ways to reduce construction costs that do not impact wages and insurance coverage.

SMART Local 40 looks forward to continuing this discussion with the committee and offering input and solutions to this and other issues concerning the construction industry.

Respectfully submitted,



Jeremy Zeedyk
Business Representative
SMART Union Local 40