



FOUNDATION FOR FAIR CONTRACTING
OF CONNECTICUT, INC.

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TESTIMONY of
Cindy Dubuque, MSW
Executive Director

Re: RB 1039 ***AN ACT CONCERNING GENERAL CONTRACTOR LIABILITY FOR WAGES AND WORKERS' COMPENSATION.***

March 3, 2015

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

The Foundation for Fair Contracting of Connecticut ("FFC") submits this testimony in support of RB 1039 ***AN ACT CONCERNING GENERAL CONTRACTOR LIABILITY FOR WAGES AND WORKERS' COMPENSATION.***

The Foundation for Fair Contracting of Connecticut is an industry-sponsored organization. Our mission is to promote compliance with laws and regulations relating to public works construction. Specifically, we focus on issues concerning wages, classification of workers and apprenticeship standards.

The FFC commends the committee for raising this bill and asks that the committee include construction managers in addition to general contractors, as those subject to liability for failure to pay. Subcontractors are often at the mercy of prime contractors and general contractors in terms of being paid on time. This is also true of those working under construction managers. Sometimes, subcontractors may have to wait months at a time before receiving payment for work performed on a projects, and this leaves them struggling to pay their workers and to maintain their business. Holding both the general contractor and construction manager liable will serve to provide greater protection to the employees to recoup wages.

However, this legislation has another loophole that has yet to be addressed by the legislature. The language, "a general contractor and any subcontractor serving at the direction of such general contractor shall be liable". Most second and third tier subcontractors do not serve at the direction of a general contractor or construction manager. In fact, they serve at the direction of the prime contractor or whichever tier of contractor is above them. Therefore, if a third or fourth

tier contractor employee has not been paid, s/he may not be able to benefit from this change because they do not work under the "direction" of the general contractor. The best means of fixing this loophole is calling for direct bidding to both general contractors and construction managers for each classification of work so that there are more prime contractors "serving at the direction" of the GC or CM, and so that employees can recoup their wages.

We urge the committee to include construction managers as a liable party as well in this bill and ask you to consider how the current system of project bidding limits the ability of second and third tier subcontractors from potentially benefiting from this legislation.