



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



We are only a month away from a new State fiscal year, but it appears that the Republican-controlled legislature and Governor are miles apart on the transportation portion of the budget. With a \$1 BILLION annual shortfall, and nearly \$0.25 of every dollar going to debt service for borrowing made in prior fiscal years, the crisis is very real.

Assembly leadership appears willing to do the hard work necessary to address the long-term funding needs for transportation. The Governor and Senate leadership have refused to address the revenue side of the transportation equation-standing on policy (no tax increases) rather than acknowledge the economic reality of the crisis.

Businesses, trades, and the public are all on the same page - they want a solution, and they want it now. Our frustration is with good reason. The health of the Wisconsin economy is directly linked to the health of our transportation systems.

[Read more](#)

Building Wisconsin Together®



www.buildingwisconsin.together.com

Youth Outreach Efforts Successful - Thanks to Your Support

April and May have been busy months for CBG's outreach efforts. We appreciate the ongoing support of the Operating Engineers Training Center and our contractors.

Coloma Externship - On April 27th, we hosted an externship at the training center in Coloma for 130 educators and students to learn more about the exciting career of an Operating Engineer. The guests had an opportunity to tour the training center, test their skills on simulators, and learn from current apprentices and employers about this career path. A special thank you to The Boldt Company and Michels Corp. for joining us at this event.

Here is feedback from one of the



grandparents that attended: "I just wanted to let you know that we thought yesterday's sessions went amazingly well. Very well coordinated and I believe that everyone that listened learned a lot. The apprentice and contractor panel was exactly what every student in the room needed to hear! Much better for them to hear that information from others than their parents."

Based on the feedback, we have already scheduled the next event for **October 18th**. We welcome your participation.

WASDA Convention - On May 10th we attended and presented at the Wisconsin Association for School District Administrators Convention. Dr. Lynn Brown from Montello School District joined us to share her perspectives on how Destinations Career Academy is a perfect way to enhance program offerings and engage students.

Kids Building Wisconsin - Once again, CBG was a sponsor of the May 13th youth outreach event in Madison. Over 2600 kids attended this year's event - providing the perfect opportunity to spark excitement about construction careers early in the minds of kids and their parents. Congratulations to Tri-North on another well-orchestrated event!

There are many more stories to tell about districts we have met with thanks to members and contractors spreading the word. **We appreciate the support!**

Industry News and Updates

Labor Updates

Independent Contractors - Who's the Boss?

Construction Business Group investigators have noticed an alarming trend in the construction industry. Contractors, often subcontractors, have few "employees" and many "Independent Contractors." The legal term for this activity is "Worker Misclassification". According to the Wisconsin Department of Workforce Development (DWD), Unemployment Insurance Division, worker misclassification is defined as *"the practice of employers wrongfully identifying workers as independent contractors, when they should be treated as employees"*.

In the United States, 10-30% of businesses audited in 9 states misclassified at least some workers (US DOL, 2000); 15% of employers misclassified 3.5 million workers causing a tax loss of \$2.7 billion (IRS study, 2010). The USDOL indicated that 40% of construction workers are misclassified.

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From the News Stand

Video: Indiana GOP Leader Admits Repealing Prevailing Wage 'Hasn't Saved a Penny'

With Senate Committee Set to Vote on Repeal Bill, April 24 Video Debunks Prevailing Wage Supporters' Claims about Savings

PRESS RELEASE · MAY 2, 2017
MEDIA CONTACT

MADISON, Wis. - With the Republican-controlled Senate Labor Regulatory Reform Committee poised Wednesday morning to vote for a misguided repeal of prevailing wage laws for public works projects, video has surfaced from a forum April 24 in Milwaukee where Republican Indiana House Assistant Majority Leader Ed Soliday angrily reveals that similar legislation passed in Indiana which went into effect in 2015 "hasn't saved a penny."

"We got rid of prevailing wage and so far it hasn't saved a penny," Soliday says during the question and answer session hosted by the Wisconsin Transportation Development Association in Milwaukee. "Probably the people most upset with us repealing [prevailing] wage were the locals. Because the locals, quite frankly, like to pay local contractors and they like local contractors to go to the dentist in their own town."

One comprehensive analysis showed repealing Wisconsin's prevailing wage laws will result in a projected \$500 million in construction value being completed by out-of-state contractors on an annual basis and a yearly total of over \$1.2 billion being lost due to reduced economic activity. A second analysis revealed 885 public construction jobs left Indiana after repeal of prevailing wage and 770 jobs popped up across the border in Kentucky.

One Wisconsin Now Executive Director Scot Ross said he "wasn't surprised the Wisconsin Republicans are using lies and deception to level yet another attack on Wisconsin workers." Ross said the list of Republican co-authors on the bill was "a who's who of Wisconsin's anti-worker extremists."

[Read more](#)

[\(See a Copy of Video Here\)](#)

South Carolina Fifth State to Raise Gas Tax this Year

A bill to raise South Carolina's gas tax became law when the Republican-led legislature overrode the veto of Governor Henry McMaster, a fellow Republican. South Carolina is the fifth state to increase taxes on motor fuel to support needed transportation investment in 2017, and the 22nd state since 2013.

The measure is expected to raise \$640 million annually and includes:

- Gradually increasing the state's fuel tax by 2 cents-per-gallon annually over the next six years, beginning July 1 (12 cents-per-gallon total, resulting in a state gas tax rate of 28 cents-per-gallon);
- Instituting a \$120 fee for vehicles powered by anything other than motor fuel and \$60 fee for hybrid vehicles;
- Increasing biennial registration fees for passenger motor vehicles by \$16;
- Creating an "Infrastructure Maintenance Fee", charged on the purchase of motor vehicles and capped at \$500 (replacing the current \$300 sales tax on motor vehicles);
- Instituting a \$250 one-time fee for motor vehicles transferred from another state; and
- Charging out-of-state commercial truckers a fee based on miles driven annually within the state.

"Today's bipartisan vote by the Senate to override the governor's veto ensures that our state will have dedicated resources in place to maintain our roads," said Senate President Pro Tempore Hugh Leatherman, R-Florence.

2018 Trump Budget and Infrastructure Plan

The Trump administration recently laid out its long-awaited vision for a \$1 trillion infrastructure plan.

As expected, the plan targets \$200 billion in direct federal spending over the next ten years on infrastructure needs such as roads, bridges, tunnels, railroads and expanded broadband. According to the administration, the \$200 billion along with incentivized non-federal funding will result in \$1 trillion of infrastructure spending.

The rest of the [6-page factsheet](#), which is all that is known of the plan at this point, puts forward the administration's key principles, ideas for streamlining the environmental review and permitting

process and illustrative funding examples and other tools.

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Midwest Transportation Workforce Center (MTWC) Features Wisconsin Operating Engineers

MTWC's special edition for National Transportation Week features the innovative Destinations Career Academy Pre-Apprenticeship program. We are proud to be a national example of excellence in workforce development.

[Read the article here](#)

Report Analyzes Impact of Infrastructure Plan on Jobs

President Donald Trump's \$1 trillion infrastructure plan could generate up to 3 million jobs, according to a report by Boston Consulting Group. However, about half as many positions would be created if project planners focus on immediacy rather than job-growth potential.

[Read More](#)

Construction spending predicted to increase 6% in 2017

FMI's Nonresidential Construction Index fell 1.1 points in the second quarter, but the company is anticipating 6% growth in construction spending in 2017. Here, FMI shares forecasts for several key construction sectors, including manufacturing and commercial.

[Read More](#)

President Trump Signs Executive Order on "Buy American, Hire American"

President Trump signed a new executive order concerning the use of American made products and materials and American labor on federal and federally assisted procurements and projects. The "Buy American" portion of the order intends to narrow the universe of iron, steel, and manufactured goods that are able to comply with domestic materials and products sourcing laws already on the books. This web of confusing laws and regulations governs which products can be incorporated on federal and federally assisted construction projects.

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Don't Expect Fully Autonomous Heavy Construction Equipment Soon

Semi-autonomous heavy construction equipment is already operating at sites across the country, but experts say it will be some time before completely autonomous machines work on any projects. Construction sites, unlike mining and agricultural sites, are always changing, and that creates huge challenges for developers of autonomous construction vehicles.

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Construction Employment at 9 Year High in April

Employment in the construction industry hit its highest point in nine years in April, a national trade group reported recently.

Citing seasonally adjusted federal data, the Associated General Contractors of America reported that the industry added 5,000 jobs from March to April, bringing the number of people employed in construction to 6.877 million. The AGC also noted that average construction wages were up in April by 2.1 percent above what they had been in the same month the year before. Construction workers now make \$28.55 an hour on average.

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