

Feel the Power!

A Minnesota Laborers - Employers Cooperation & Education Trust Publication

ANOTHER OPTIMISTIC YEAR PREDICTED FOR CONSTRUCTION

Construction Industry trends are pointing again in a positive direction. That's good news for Union Contractors, LIUNA and Union Building Trades men and women building successful careers.



It's also helping support new worker recruitment into the industry, as the industry strives to be a place that offers steady employment and less turbulent times for people who want to invest their careers and talents in building our most important infrastructure.

Dodge Forecasts 7% Increase

As reported in Engineering News-Record, according to the 2024 Dodge Construction Outlook, overall non-

residential construction starts are expected to rise 7%, nationally, following a 1% increase in 2023. US construction starts are estimated at \$1.206 trillion.¹ However, Dodge is forecasting a 12% dip nationally, as measured in units, for single-family construction. Multi-family construction softened nationally in 2023, but remains as a strength in Minnesota.

Minnesota AGC Survey 'Slightly More Positive'

Minnesota Associated General Contractors noted a 'slightly more positive' construction outlook from respondents of their annual Minnesota Construction Industry Assessment. The survey asks contractors, architects, engineers and other construction businesses about their outlook for 2024. The survey highlighted significant improvements that benefit the



industry, such as moderating inflation, loosening of supply chains and increased government funding for infrastructure.

In the commercial markets, experts see a 2% national decline in offices, warehousing, stores and hotels, relating to the increase of online shopping and of course the cooling of demand for office and work settings as many companies continue navigating their return to work policies. Manufacturing is still a strong industry coming off major growth in 2022.

Volatile Industrial Markets

Industrial Information Resources (IIR) is predicting a "tumultuous

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CONSTRUCTION PREDICTIONS - *continued*



election year”, which may result in projects being placed on hold.² However, their forecasters feel certain industries may see record growth. IIR terms the times as a “pivotal moment”, noting that the industrial markets seriously plan how conventional and renewable energy sources potentially collide.

Legislative Successes Fuel Infrastructure Growth

As reported in our July, 2023 issue, the 2023 legislative session resulted in historic accomplishments in

investments made in roads and bridges, clean water, public safety, higher education while maximizing all federal investments made through the Bipartisan Infrastructure Law. The work done on the state and federal level in the past 2 years will create thousands of jobs in those markets to improve assets and much relied on public infrastructure.

¹ *Engineering News-Record, Dodge Forecast: Total Construction Starts to Rise in 2024, November 17, 2023*

² *Industrial Information Resources: Market Outlook Presentation and Networking Event, January 5, 2024.*

DOL RULE WILL HELP COMBAT WAGE THEFT, RAISE STANDARDS FOR CONSTRUCTION WORKERS

The U.S. Department of Labor (DOL) announced a final rule on January 9th helping employers and workers better understand when a worker qualifies as an employee and when they may be considered an independent contractor under the Fair Labor Standards Act.

The rule provides guidance on proper classification and seeks to combat employee misclassification, a

serious problem in the construction industry, impacting workers’ rights to minimum wage and overtime pay. This rule will help in the enforcement and identification of bad actors.

“LIUNA applauds the U.S. Department of Labor final rule on Employee or Independent Contractor Classification, which will help combat wage theft and better protect construction workers

by restoring the multi-factor test used to properly identify a worker’s status,” said Brent Booker, General President of LIUNA – the Laborers’ International Union of North America.

WELCOME NEW CONTRACTORS!

• Double Nickels Concrete LLC

• Next 150 Construction LLC

LECET Mission

The Minnesota Laborers-Employers Cooperation & Education Trust (LECET) fund was created in 1992 as a non-profit joint Labor/Management cooperation effort affiliated with the Minnesota Laborers Union. LECET aims to promote the many benefits of Union construction while addressing a number of initiatives that are of mutual benefit to both signatory Union Contractors and LiUNA members.

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Contact Us



MNLECET.org
651.429.1600 | info@mnlecet.org
f MinnesotaLECET



LIUNAMinnesota.org
651.653.9776 | Council@LiunaMinnesota.org
f t i LIUNAMinnesota

SAFETY SEMINARS ANNOUNCED

Minnesota LECET has scheduled new Safety Seminars in 2024. These professionally-led seminars are free for union contractor participants with lunch provided and a certificate of attendance.

Register
(651) 429-1600 info@mnndlecet.org

January 25, 2024 – 10 AM-Noon
Laborers Training Center – Lino Lakes, MN

Session 1: Why should we FOCUS FOUR on Worker Health?
Session 2: Engaging the New Generation Workforce into Your Safety Culture

February 13, 2024 – 10 Am-Noon
Holiday Inn Downtown – Duluth, MN

Session 1: Chop Saw Safety Basics - Are your crews "Cutting Corners" on dangerous chop saw activities?
Session 2: Why should we FOCUS FOUR on Worker Health?

February 7, 2024 – 10 Am-Noon
Rochester Eagles Club – Rochester, MN

Session 1: Chop Saw Safety Basics - Are your crews "Cutting Corners" on dangerous chop saw activities?
Session 2: Why should we FOCUS FOUR on Worker Health?

March 15, 2024
Laborers Training Center – Lino Lakes, MN

Trade Show (9AM-Noon): What's new in Safety & Equipment
Education Session (9:30 AM-10:15AM): Chop Saw Safety Demo
Union Contractor Open House & Safety Driven Awards Ceremony

2024 CAREER FAIRS

Minnesota LECET and LIUNA are planning five construction career fairs with Union contractors to promote and attract new workers to LIUNA and the construction industry. They will be held in Duluth, Grand Rapids, Lino Lakes, Mankato and Rochester.

These career fairs are not intended for current members of LIUNA.

Union Contractors interested in joining us with a table top display, should contact LECET at info@mnlecet.org.

Duluth, April 2
Grand Rapids, April 3
Lino Lakes, March 13
Mankato, March 26
Rochester, March 28

LiUNA Career Fairs



2024 LECET SCHOLARSHIP PROGRAM ANNOUNCED

The Minnesota Laborers – Employers Cooperation & Education Trust (LECET) Scholarship/Leadership Grant Program is available to eligible candidates looking to advance in the construction industry. Awards are in the amount of \$1,000 for eligible candidates covering two separate programs:

FOR UNION CONTRACTOR'S STAFF AND LIUNA MEMBERS & FAMILIES

Academic Scholarship Program: For candidates currently enrolled in a higher education program, preferably in their second year or greater with a declared major in a construction industry related program.

FOR LIUNA MEMBERS ONLY

Leadership Grant Program: Designed especially for current LIUNA MN & ND members who are seeking to advance in the construction industry through higher educational construction related programs or specialized training not currently offered through the Laborers Training Center*.

FOR INFORMATION:
www.mnlecet.org
(651) 429-1600
Info@mnlecet.org

Applications are due by June 30, 2024.

*The Laborers Training Center offers over 70 class offerings to members including supervisory courses. Members are encouraged to take as much training as they can to advance their skills. Please contact the LTC for more information.

NEW REPORT ON THE IMPACT OF LOW-ROAD CONSTRUCTION PRACTICES

A new report from North Star Policy Action, *Subsidizing Abuse: How Public Financing Fuels Exploitation in Affordable Housing Construction*, details the extent of taxpayer support for low-road construction practices that exploit immigrants and other at-risk workers. The report explores how public financing flows to a handful of private for-profit housing developers that employ contractors that have been charged with or face allegations of exploitation according to interviews with workers and industry experts. These low-road practices not only harm workers, but they hinder the ability for responsible contractors to compete. The authors conclude with specific recommendations to increase standards on publicly financed projects.

Minnesota's Housing Crisis

The authors begin the report with a detailed overview of the scale of Minnesota's housing infrastructure crisis. The supply of low-cost rental housing in Minnesota has fallen by a quarter over the last decade, while demand for affordable housing grew. In 2011, there were 408,599 units available for less than \$1,000 a month. In 2021, that number decreased to 308,733.

As a result, Minnesota families have been forced to devote a growing share of their household budget to housing. More than 10% of Minnesotans, or 590,530, are cost burdened, which is defined as housing costs that exceed 30% of household income. Over 250,000 children live in these cost-burdened households. As Minnesota's population ages, this problem will only get worse. Nearly two in every

three seniors who rent are cost burdened.

The pain isn't only being felt by renters in the Minneapolis-St. Paul metro area either. One in five Minnesota homeowners (19%) is currently considered cost-burdened. Minnesota also has a large racial disparity in homeownership: 78% of white Minnesotans are homeowners while only 31% of black Minnesotans own their home. This is particularly damaging because of the historic role of homeownership in generational wealth-building.

Subsidizing Abuse:

How Public Financing Fuels Exploitation in Affordable Housing Construction



The report argues that Minnesota needs to increase the pace of new home construction at all levels of affordability, from subsidized low-income housing to single family homes for homeownership. Government support for new housing is critical, but taxpayer money cannot be used to fuel exploitation and tax fraud.

Public Money Fueling Worker Exploitation

After detailing the scale of the need, the authors turn to an analysis of the ways in which public money is fueling low-road construction practices. They argue that despite recent efforts by the legislature and enforcement agencies to curb the practices, wage theft and exploitation remain persistent problems in Minnesota's construction industry. Recent media coverage has surfaced troubling allegations of construction firms cutting corners and abusing workers on projects in Rochester, Eagan and Minneapolis. These accounts are consistent with research documenting the scale of wage theft and misclassification in the industry. The problems are especially acute in the multi-family housing industry.

According to a recent report from the Midwest Economic Policy Institute, about 30,100 Minnesota construction workers are misclassified or are paid off the books, accounting for 23 percent of the workforce. These illegally employed construction workers earn 36 percent less (\$29,700 annually) in combined wages and fringe benefits. The state annually loses \$136 million in state tax revenues due to construction payroll fraud. Victims of wage theft are also often victims of other forms of exploitation like human trafficking.

Public Funding Without Safeguards

Some sources of public financing for affordable housing employ robust labor standards that reduce the risk of wage theft and exploitation on construction projects. Prevailing

ON PUBLICLY FINANCED AFFORDABLE HOUSING CONSTRUCTION

wage standards, for example, play a key role in preventing exploitation and minimizing the risk of irresponsible conduct on publicly-financed projects. A prevailing wage requirement reduces the risk of wage theft and exploitation in two key ways. First, it discourages a race-to-the-bottom in highly competitive bidding processes by setting a wage floor based on the going rate for workers performing similar work within a geographic labor market. Second, prevailing wage requirements increase transparency and reduce the risk of misclassification on a project. Unfortunately, two of the largest sources of public housing financing, the Low-Income Housing Tax Credit (LIHTC) program and tax increment financing (TIF), do not carry prevailing wage requirements.

The authors found that wage theft and other forms of abuse are most common LIHTC and TIF projects. LIHTC was established in 1986 to provide tax credits for affordable housing development. Congress authorizes each state to allocate a certain number of LIHTCs and issues up to a specified amount of tax-exempt bond financing annually. States receive their allocation annually.

TIF is a tool used by cities, counties and other units of government to finance real estate development. TIF is a tool to capture additional property taxes paid as a result of development in the district to pay for development costs. The TIF financing is calculated based on increased property tax values resulting from the construction of a new building. In 2021, 385 development authorities submitted reports for 1,668 TIF districts including 576 housing TIF districts.

Findings

The report brings together evidence of the extent to which contractors that have a record of cheating workers or face serious allegations of exploitation have benefited from public subsidies and been employed on affordable housing projects. The authors reviewed public evidence from court rulings, publicly-available legal settlements, and media reports, and also interviewed construction workers and worker advocates.

In recent years, contractors that have a record of cheating workers or face serious allegations of exploitation have worked on 31 affordable housing projects across the Twin Cities metropolitan area, including 25 LIHTC-funded projects since 2016 and 14 TIF-funded projects since 2018. In total, these projects have received taxpayer-funded subsidies in excess of \$84 million.

A Roadmap to High-Road Affordable Housing

Minnesota recently adopted one of the strongest wage theft laws in the country, and this law has the potential to be a powerful tool to punish employers that steal from workers. Punishment after a crime has occurred, however, is not sufficient. Greater emphasis on prevention is needed to root out the problem.

Prevailing wage policies are an important tool for preventing exploitation of vulnerable workers. Greater employment transparency and a fair wage floor vastly reduce the risk of problems on publicly-subsidized projects. In fact, almost all of the evidence that we have gathered is tied to projects that do not carry prevailing wage requirements. Expanding and fully enforcing prevailing wage requirements would be an important first step.

The authors conclude with specific policy recommendations to protect workers and level the playing field for high-road contractors. These recommendations include greater transparency, extension of Minnesota's responsible contractor policy and expanded developer accountability.

Greater transparency, a responsible contractor standard, systems of accountability for issues on a developer's past projects and investments in enforcement are all important concrete steps that elected officials can take at all levels of government to ensure high-road affordable housing development.



SCAN to
get the
report

SAVE THE DATE!



SATURDAY APRIL 20, 2024



8 AM - 1 PM

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2350 MAIN STREET, LINO LAKES, MN 55038

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- Chronic Condition Management

MINNESOTA LABORERS HEALTH & WELLNESS CLINICS

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You'll also find a variety of great information and answers to many of your questions on the website!

952-687-8100
laborersclinics.org

Appointment Desk Hours:
Mon-Fri: 6:00AM-7:00PM
Saturday: 8:00AM-4:30PM
Sunday: 8:00AM-4:30PM

SAFETY DRIVEN | THE POWER OF PARTNERSHIP

3rd Quarter 2023 Safety Driven Quarterly Award Winners

LABORER	CONTRACTOR	LABORER	CONTRACTOR
Kaitlyn Misquadace	Ames Construction Inc	John Brackin	Kuechle Underground Inc
Michael McKay	Carl Bolander & Sons	Aaron Kloss	Lakehead Constructors Inc
Trea Byklum	CHARPS LLC	Dakota Jensen	Michels Corporation
Roberto Ayala	Envirobate Inc	Alex Johnson	MP Technologies
Tyler Von De Linde	Global Specialty Contractors Inc	Rene Rubalcava	Restoration Systems Inc
Marlon Speed	Gopher State Cleaning	Vince Loehrer	RJM Construction
Steaphan Downer	Johnson-Nelson Masonry	Emily Rymanowski	Ryan Companies US Inc
Sandy Frisbie	Jorgenson Construction Inc	John Danner	SR Weidema Inc
Tim Horejsi	Kelleher Construction Inc	Andrew Mueller	Sunram Construction Inc
Jay Beck	Kiffmeyer Inc	Samson Ofanoa	Ulland Brothers

All winners receive their choice of a Quarterly Award prize and have been nominated by Union Contractors in accordance with the LECET Safety Driven Program rules.

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TRAINING CENTER REMODELING COMPLETE

The Laborers Training Center has completed the remodeling in the main Building 1, just in time for the busy training season. The project team was led by Union contractor Construction Results Corporation as the prime contractor with all Union craftsmen and women performing the work.

The upgrades will help dramatically improve the technology, security and overall functionality of the Laborers Training Center original building – built in 1994, and help bring it up to the same technology features installed in the newer Building 2, which opened in 2022.

Improvements on the north end include a reworked front entry, main office update and new executive board room. On the south end, the new trainee entrance and lunch

room is now more than double in space. Other building improvements include: new brighter energy efficient lighting, technology upgrades, mechanical system enhancements, epoxy flooring and base floor trims.

As LIUNA continues to expand outreach efforts through the LECET Contractor Open House, Fall LIUNA Open House, Career Fairs, Health Fairs and other outreach events, the advancements in the main building will create a synergy on the LTC campus.

“The Board of Trustees are looking into the future with these important actions taken to modernize the LTC campus and fully bring it into the digital age,” said Dean Mills, Director of Training. “These updates have been designed to improve the LIUNA member learning experience and

help members build great long-term Union construction careers to build and maintain our nation’s most important infrastructure systems.”

