

Questions for the future of OPEN SHOP construction

Staffing for GCs and trade contractors in the future

Based on the attached comparison who will future graduating legally employable teen citizens go to work for given the choice between working for Labor Brokers, Open Shop contractors or Union Contractors? What advice/guidance would you provide to your child in this choice?

What advice would you give the teen if the self-performing open shop contractor didn't exist? Legally operating open shops can't compete against the Labor Broker model. Unions have a hard time competing against legally operated open shops. Unions have zero chance in competing against Labor Brokers. Open shops will have to convert to Federal work only or die unless they adopt the "currently illegal" Labor Broker model.

What is the path to becoming a legally employable foreman for a trade contractor and will it exist in the future? Where will legally employable trade foreman come from in the future if the undocumented 1099 market continues to grow? Open shop, Union or Labor Broker

What is the path to becoming a legally employable project manager for a trade contractor and will it exist in the future? Open shop, Union or Labor Broker

Where will legally employable safety professionals come from in the future if the undocumented 1099 market continues to grow? Open shop, Union or Labor Broker

Where did our safety professions in our organizations get their start at and was it for an open shop or a union shop? Where will legally employable safety professionals come from in the future if the undocumented 1099 market continues to grow? Open shop, Union or Labor Broker

Where did the trade specific estimators that work for GCs as well as trade contractors get their start at? Where will legally employable trade estimators come from in the future if the undocumented 1099 market continues to grow? Open shop, Union or Labor Broker

Labor Brokers

Where do the labor brokers find their people?

Why do the labor brokers have access to so many people?

Why do the people that are working for labor brokers want to work for the labor brokers?

Do the people that are working for the labor brokers have the option to work as an employee for a subcontractor?

Can law abiding employers hire these people directly?

Do the people that work for the labor brokers have a Social Security card/number?

Are any of your people eligible for hire through EVerify?

Do the people that work for the labor brokers pay into Social Security?

Do the people that work for the labor brokers pay Federal and State taxes?

How many people are currently being paid by labor brokers in the DC area?

How large is the 1099 market?

Diversity, inclusion, discrimination, pay inequality and other social injustices

What actions are reputable GC firms applying towards these endeavors?

Do you expect your subcontractors to apply the same efforts?

Do you see any opportunities with regards to these social injustices with the labor broker model?

Are all of these subject issues laws or moral issues?

Do these social injustices only apply to people that have a US issued Social Security card?

Competitive advantage

What are the costs to an employer to provide reasonable benefits and required taxes for an employee? Labor brokers pay their people as independent workers and are not subject to ANY Social Security match, unemployment insurance, workers compensation, vacation, holidays, sick leave, etc. Their labor is 40% cheaper than law abiding employers. This equates to being beat by 10% to 15% minimum on projects that use labor brokers to install their products.

Adopt the illegal employee misclassification labor broker model or close up shop? What would you do?

Legal implications/Risk

If the one paying knows that taxes are not being paid does that make you an accessory to the crime?

If the one paying knows before it happens does it make it premeditated?

What happens to the construction industry should we ever get an elected official to uphold the current immigration laws and the workers that are employed by labor brokers get deported?

Safety

Why do companies have to fill out an OSHA 300 log?

Do labor brokers fill out an OSHA 300 log?

Do labor brokers have a Workers Comp MOD?

What drives a company's Workers Comp MOD?

Are 1099 workers required to fill out an OSHA 300 log?

Who do 1099 workers have to report injuries to?

Are there statistics for injuries for 1099 workers?

From my experience

Edison Center: Our company was invited to a hiring fair at the Edison Center (Montgomery County Public Schools trade school) earlier this year and I personally interviewed 20 teens. The interview was very basic as I eased into seeing if they would have 2 forms of ID as a condition of employment. Shockingly only 2 out of the 20 teens I spoke with had 2 forms of ID that is required of law abiding employers. They would not have a Social Security card. I approached the school administrator about my findings only to have him say that its true and there is nothing that MCPS can do to fix the issue. 10% of these teens are legally employable.

Labor broker #1 conversation certified payroll: I was having a conversation with our labor broker around him being able to provide assistance on a project that required certified payrolls. He stated that he has 12 people that he could place with us. He employs a total of 66 total tradesman. 18% of his people are legally employable.

Labor broker #2 conversation certified payroll: I had a conversation with our second favorite labor broker around him being able to provide staffing assistance on a project that required certified payrolls. He stated that he has 23 people that he could place with us. He employs 78 total tradesman. 29% of his people are legally employable.

Labor broker #2 conversation multifamily staffing: During our conversation I asked him his thoughts on the percentage of people that were legally employable on a typical multifamily project. He stated only around 30% of the workers were legally employable.

Labor broker #1 conversation Getting Busted: We were discussing the lawsuits coming down from the DC AG and his plans if he were to have a suit filed against him. He stated that he would shut down the operation in his name and open up again the same day in the name of one of his friends. He would give his friend 20% of the profits for his efforts and adopt a new alias/name.

Labor broker #2 conversation hiring legal employees and taxes: When questioning the broker about where he is finding people to work for him that are legal, he stated that he hires them away from larger companies for the same money. They don't need the benefits and they only look at their take home amount after cashing their paycheck. They make more money because they are being paid as 1099 staff and are responsible for paying their taxes on their own. The Fed Govt will issue them a FED ID# which will allow them to pay into taxes but will not allow them to file a return to collect any overpayment due to not having a SS number or work visa. Why pay in if you can't file for a refund? Why pay in if you cant collect Social Security at retirement age?

Federal ID #s: Providing a FED ID number to a broker is checking the box keeping the broker out of trouble with the IRS. The federal government will issue a FED ID number to anyone that applies with zero proof of identity. See the picture accepting FED IDs in Frederick MD.

MVA and the REAL ID: The MVA was forced to comply with the REAL ID drivers license from the federal govt in an effort to combat terrorist traveling on airplanes with fake IDs in which they have done. They have also taken it one step further by issuing a NOT FOR FEDERAL USE drivers license.

Reach out direct if you want more info.....