



Why not disrupt the underground construction economy, one where workers are being misclassified (erroneously paid as independent contractors rather than full-time employees) or being paid off the books?

Both practices are illegal. And, according to a 2016 study by [Stockton University](#), cost the state nearly \$20 million in taxes while millions more are not being contributed to the state's unemployment insurance program.

It's an issue many governors in New Jersey (and other states) have wrestled with. But one New Jersey's labor leaders feel may eventually be dealt with.

Hope came early in May, when Murphy signed an executive order creating a 12-member task force to evaluate the state's current enforcement practices — and come up with ways to improve it.

"The exploitation of workers is not only unethical — it is illegal," Murphy said at the time of the signing. "In New Jersey, we promote fairness, fight against discrimination and work to end unfair labor practices. I am proud to take this step forward to end a practice that creates an unfair advantage over companies that play by the rules and hurts our working families."

The ceremony t

man-hours a year, that's \$70 million. Multiply that by 15 buildings trades and it adds up to a lot of dollars.

"When we say this to legislators, it really opens their eyes, but we haven't had a lot of movement on that."

Tolson was quick to str





"The governor has taken that very »rst step," he said. "Actually, it was preceded by the appointment of a very knowledgeable and very caring and very aggressive commissioner of labor (Rob Asaro-Angelo).

"I think that is very encouraging for all of us in the building trades."

Still, however, there appears to be a way to go.

Ballantyne said some examples of the underground economy are out in the open — but not dealt with.

"What's really di½cult — and, actually, shocking — is when you see independent contractors utilized on prevailing wage public works projects," he said. "Then, not only does the state not receive the taxes from the wages that would come into the coffers and help move the state forward, but they strip away the ability to have highly skilled and quali»ed carpenters and contractors on their job.

"They also cheat the general public, because those wages are prescribed by law to be paid on job sites — and that doesn't happen all the time because people are circumventing it as misclassi»ed contractors."

### To whom would you talk ...and what would you say?

So, what's the »rst step to »xing the underground construction problem? The six panelists at the ROI-NJ Thought Leadership event, New Jersey's Underground Construction Economy, Bringing Billions of Dollars Above Ground, were asked this question: To whom would you talk ...and what would you say?

#### Danilo Barros, apprentice carpenter

Nonunion workers: I would tell them about the help the unions provide each worker. I would tell them I'm doing a much better job because I'm trained and it's helping me grow. I'm not just staying in the same position, but I'm learning different types of trade, all different details you wouldn't know if you were working nonunion. I would tell guys they don't even know if they would like something else, because they don't get a chance.

#### Kevin Duncan, professor of economics, Colorado State University

The governor: He has to understand the importance of skilled development of the industry, because it's who is going to build your infrastructure. I would also make an appeal to all politicians in general about the »scal impact and the tax revenue reduction that hurts the state. Those two things are important and usually are levers to get politicians motivated.

#### John Fronjjan, senior research associate, Hughes Center for Public Policy at Stockton University

The general public: I want to talk to the average person in New Jersey who may think this is a victimless crime. That there's not a whole lot going on and it doesn't really affect them because they don't work in the industry. But it's an issue that affects all of New Jersey. It affects anyone who pays taxes or has work done. The average person needs to understand that this is affecting the entire state.

#### Darlene Regina, chief operating o½cer, Associated Construction Contractors of New Jersey

The governor: This is a problem that we can no longer turn our head on and push under the carpet as a union vs. nonunion issue. This is a problem, because if we don't do something to stop the underground economy from growing, we are going to lose good contractors who offer people who want to go into the construction trades a career where they can stay her

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