

City of Ramsey
Agenda
City Council Work Session
Tuesday, July 28, 2026

5:30 pm
Lake Itasca Room, 7550 Sunwood Drive NW

Remote Attendance available at www.cityoframsey.com/meetings.
Those joining remotely and requesting to speak are asked to use a webcam when speaking.

- 1. Call to Order**
- 2. Topics for Discussion**
 1. Quarterly Update from Fire and Police Departments
 2. Continued Review of Preliminary 2027 General Fund Budget/Levy
 3. Wage Theft & Project Labor Requirements
 4. Waterfront Park
 5. Discussion Regarding Union Contract Negotiations (Discussion Closed to the Public)
- 3. Topics for Future Discussion**
 1. Review Future Topics/Calendar
- 4. Mayor/Council/Staff Input**
 1. Update on Outside Committees
- 5. Adjournment***

***Note: the City Council may motion to recess this Work Session meeting and reconvene after the regular City Council meeting if items on the agenda are not completed.**

CC Work Session**Meeting Date:** 07/28/2026**Primary Strategic Plan Initiative:** Enhance City's communication through transparency and accountability.

Information**Title:**

Quarterly Update from Fire and Police Departments

Purpose/Background:

This case is informational to review the previous quarter of the calendar year related to Fire and Police activities, calls and any new trends. A verbal update will be provided.

Time Frame/Observations/Alternatives:

15 minutes

Recommendation:

Receive updates from both the Fire Chief and Chief of Police.

Outcome/Action:

No action requested.

Attachments*No file(s) attached.***Form Review****Inbox**

Brian Hagen

Reviewed By

Brian Hagen

Date

07/23/2026 03:10 PM

Form Started By: Katie Schmidt

Started On: 07/21/2026 09:07 AM

Final Approval Date: 07/23/2026

CC Work Session**Meeting Date:** 07/28/2026**Primary Strategic Plan Initiative:** Identify and implement operational efficiencies, cost savings and additional funding sources.**Information****Title:**

Continued Review of Preliminary 2027 General Fund Budget/Levy

Purpose/Background:

Continued review of the proposed 2027 General Fund Budget and respective tax levies.

As of July 23, tax capacity numbers are not yet available from the County.

Several items are attached for review:

1. Tax Capacity Rate Calculation Estimate
2. 2027 Personnel Requests
3. 2027 Capital Equipment Requests
4. 2027 Requested General Fund Budget
5. 2027 Requested EDA Budget

Notification:

Other documents such as cash flows and summary of line item additions/removals will be presented at the council worksession or attached as time allows.

Time Frame/Observations/Alternatives:

60 minutes or more

Recommendation:

Continued review of 2027 budget/levy.

Outcome/Action:

Continued review of 2027 budget/levy.

Attachments

Tax Capacity Estimated
 2027 Personnel Requests
 2027 Capital Requests
 2027 Requested General Fund Budget
 2027 Requested EDA Budget

Form Review**Inbox**

Brian Hagen

Reviewed By

Brian Hagen

Date

07/23/2026 03:10 PM

Form Started By: Diana Lund

Started On: 07/22/2026 02:09 PM

Final Approval Date: 07/23/2026

2027 - With 3% COLA & League MR & 4% MR Adj, Longevity Step change, Personnel Requests & all in Line items

	Certified	Estimated Fiscal Disp Dist	Local Levy	3.50% Taxable Value	Estimated Tax Capacity
General	19,740,050 *	2,113,031	17,627,019	46,401,715	37.987860%
Pavement Levy	1,935,510 **	207,182	1,728,327	46,401,715	3.724705%
EDA	86,367 ***	9,245	77,122	46,401,715	0.166205%
Bonds	3,007,527 ****	321,934	2,685,593	46,401,715	5.787701%
Total Levy	24,769,454 *****	2,651,393	22,118,061		47.667472%

***** Total Levy increase of 6.13% over 2026 adopted -\$1,430,538 increase 6.13% 1,430,538

* General Fund Levy increase of 8.17% over 2026 adopted - \$1,491,301 increase

** Pavement Levy = 5% increase over prior year pavement levy \$101,691 increase
\$200,000 from 2025 Excess Revenue Transfer (PIR Fund) Net Levy Decrease: \$98,309 or -4.83%

****Bond Levy - \$37,546 increase or 1.26%

***EDA Levy - (\$0) increase over 2026 adopted

2026 - Final County Numbers as of 6-17-26

	Certified	Estimated Fiscal Disp Dist	Local Levy	5.56% Taxable Value	Estimated Tax Capacity
General	18,248,749 *	2,073,130	16,175,619	44,832,575	36.080058%
Pavement Levy	2,033,819 **	231,050	1,802,769	44,832,575	4.021114%
EDA	86,367 ***	9,812	76,555	44,832,575	0.170758%
Bonds	2,969,981 ****	337,402	2,632,579	44,832,575	5.872024%
Total Levy	23,338,916 *****	2,651,393	20,687,523		46.144954%

***** Total Levy increase of 6.32% over 2025 adopted -\$1,388,222 increase 6.32% 1,388,222

* General Fund Levy increase of 7.78% over 2025 adopted - \$1,317,703 increase

** Pavement Levy = 5% increase over prior year pavement levy \$96,849 increase

****Bond Levy - \$26,330 decrease or -.88%

***EDA Levy - (\$0) increase over 2025 adopted

2025-Adopted

	Certified	Estimated Fiscal Disp Dist	Local Levy	-3.21% Taxable Value	Estimated Tax Capacity
General	16,931,046 *	1,792,494	15,138,552	42,470,228	35.645%
Pavement Levy	1,936,970 **	205,067	1,731,903	42,470,228	4.078%
EDA	86,367 ***	9,144	77,223	42,470,228	0.182%
Bonds	2,996,311 ****	317,220	2,679,091	42,470,228	6.308%
Total Levy	21,950,694 *****	2,323,925	19,626,769		46.214%

***** Total Levy increase of 8.24% over 2024 adopted -\$1,670,993 increase

* General Fund Levy increase of 13.16% over 2024 adopted - \$1,968,826 increase

** Pavement Levy = 5% increase over prior year pavement levy \$92,237 increase

****Bond Levy - (\$389,047 decrease). 2014 Cap Equip cert done & used \$300,000 from AUAR bond county paid

[illegible]

ITEM	COST		ESTIMATED	USEFUL	TOTAL OF	Pushed, Eliminated or Revised	JUSTIFICATION		OTHER	OTHER	Net 2027	
#	CNTR	DESCRIPTION	PURCHASE	LIFE	PURCH PRC		From Respective Department	NOTES		FUND	FUND	FUNDING
			PRICE				For Purchase/Replacement		AVAILABLE	SOURCE	REQUIRED	
2027 CAPITAL OUTLAY												
GENERAL FUND:												
Data Processing #192												
6585	192	Replace Engineering Plotter To PW	\$ 15,000	10	\$ 15,000	\$ (15,000)	Last replaced in 2013	MOVED TO 2028			\$ -	
6585	192	Replace 41 laptops (34 Police/ 7 Fire)	\$ 133,970	7	\$ 133,970	\$ (55,500)	Current laptops are 8 years old. Screen damage & slow	Toughbook for all officers, cso's, one reserve & 7 fire vehicles. 17 laptops pushed to 2028 so all not in one year. 7 fire laptops are asking for grant	\$ 2,500	resale	\$ 78,470	
Total Data Processing #192			\$ 148,970		\$ 148,970	\$ (70,500)			\$ -		\$ 78,470	
POLICE PROTECTION #211												
6550	211	Replace 2023 Dodge Charger with 2027 Ford F-150	\$ 50,000	5	\$ 50,000		Maintain vehicle rotation schedule	Replace 2023 Squad #330 Dodge Charger. Purchase Price: \$35,629 Nov 2023			\$ 50,000	
6550	211	Replace 2021 Ford Explorer with 2027 Ford Explorer	\$ 50,000	5	\$ 50,000		Maintain vehicle rotation schedule	Replace 2021 - #312 Ford Explorer Purchase Price: \$39,088 Sept 2021			\$ 50,000	
6550	211	Replace 2021 Ford Explorer with 2027 Ford Explorer	\$ 50,000	5	\$ 50,000		Maintain vehicle rotation schedule	Replace 2021 - #313 Ford Explorer Purchase Price: \$38,794 July 2021			\$ 50,000	
6580	211	NEW 6 additional License Plate Reading fixed-mounted cameras \$3k each)	\$ 18,000	8	\$ 18,000	\$ (18,000)	Add to the existing 6 LPR cameras for better coverage and investigations.	Removed completely			\$ -	
Total Police Protection #211			\$ 168,000		\$ 168,000	\$ (18,000)			\$ -		\$ 150,000	
FIRE #220												
6550	220	Replace 2019 Chev Tahoe With 2027 Ford F350 (Asst Fire Chief of Oper	\$ 55,000	7	\$ 55,000		Primary emergency vehicle during workday hours and one of three fire response vehicles that serve the city. Also equipped to function as a mobile command post.	Replace 2019 - #395 Chev Tahoe.	\$ 10,000	Resale	\$ 45,000	
6550	220	Replace 2020 Chevy Tahoe with 2027 Ford F150 (Fire Chief Vehicle)	\$ 50,000	7	\$ 50,000		Primary emergency vehicle during workday hours and one of three fire response vehicles that serve the city. Also equipped to function as a mobile command post.	Replace 2020 - 573 Chev Tahoe. Purchase Price: \$37,121 Feb 2020	\$ 8,000	Resale	\$ 42,000	
6550	220	Replace 2020 Chevy Tahoe with 2027 Ford F350 (Fire Prevention Vehicle)	\$ 55,000	7	\$ 55,000		Primary emergency vehicle during workday hours and one of three fire response vehicles that serve the city. Also equipped to function as a mobile command post.	Replace 2020 - #373 Chev Tahoe.	\$ 8,000	Resale	\$ 47,000	
6540	220	Replace 2008 Rosenbauer Fire Engine with 2026 model (Received 2027) - This is the 3rd year of 3-year funding. Total Cost is \$1.2M	\$ 600,000	15	\$ 600,000		Engine is one of two engines serves city. Approved with 2025 budget	Replace 2008 - 565 Rosenbauer Fire Engine, est resale value \$115,000 \$35,000 Discount if Chassis paid in full \$600,000K. Purchased June 2008: \$374,116	\$ 150,000	Resale/Discount	\$ 450,000	
Total Fire #220			\$ 760,000		\$ 760,000	\$ -			\$ 176,000		\$ 584,000	
Building Inspections #240												
6550	240	New 2027 Chevy Equinox	\$ 36,000	10	\$ 36,000		Provide a newer reliable inspection vehicle.	For building official.			\$ 36,000	
Total Building Inspections #240			\$ 36,000		\$ 36,000				\$ -		\$ 36,000	
CIVIL DEFENSE #250												
6580	250	Replace 2 emergency sirens	\$ 35,000	15	\$ 35,000		Replacing 17 sirens installed between 2003 and 2008. 2 every year	2029 Last year of replacing	\$ -		\$ 35,000	
Total Civil Defense #250			\$ 35,000		\$ 35,000				\$ -		\$ 35,000	
ENGINEERING #301												
6550	301	New 2027 GMC 2500	\$ 55,000	10	\$ 55,000		Vehicle is past the end of it's useful life.	Replace 2015 #411 GMC Sierra. Purchase Price: \$29,799 May 2015 Requesting to retain as a shared engineering			\$ 55,000	
Total Engineering #301			\$ 55,000		\$ 55,000	\$ -			\$ -		\$ 55,000	

PUBLIC WORKS #311												
6550	311	New 2027 Ford F550 Hook Truck	\$ 200,000	10	\$ 200,000	\$ (200,000)	Hook-lift system capable of interchanging multiple bodies. Would give versatility and capabilities to quickly change multif-function bodies while efficiently reducing downtime	With the addition of a street maintenance worker in 2027. Moved to 2028				\$
6580	311	New Second Fuel Island at Public works Facility	\$ 184,000	20	\$ 184,000	\$ (184,000)	The PW fuel island has only 1 pump with 1 gas/1diesel nozzle. Gas tank capacity is 1600 gallons with min delivery amount of 900 gal and diesel tank capacity is 2400 gal with min delivery amount of 900 gal. When fuel levels drop below 150 gal pumps shut off until alarm	Moved to 2028 for further discussion				\$
6580	311	New Mobile Vehicle Lift for Mechanics Bay	\$ 63,000	25	\$ 63,000	\$ (63,000)	Another vehicle lift is needed and a permanent floor mounted lift would cost \$40k but would restrict its use to one location, whereas mobile lift can be moved & used anywhere providing increased efficiencies & greater lift capacities	Moved to 2028 for further discussion				\$
6540	311	Replace 2004 Snogo Blower with Larue D40 Series Snow Blower attachment	\$ 250,000	20	\$ 250,000		Attaches to front-end loader. Loads trucks to eliminate tall snowbanks for greater visibility. Fleet capital points of 35. 28 points and above Condition IV suggests that the Vehicle Needs Immediate Consideration for Replacement	Replace 2004 - #647 Snogo. Purchased June 2004: \$69,901		\$ 15,000	Trade In	\$ 235,000
6580	311	Replace 2018 Kubota UTV with Kubota UTV 4X4	\$ 32,000	10	\$ 32,000	\$ (32,000)	Considering replacing this machine at this time could avoid costly repairs that could happen once it hits 10 year mark. Vehicle is at 18 points. At 18-22 points vehicle is condition II which suggests that the vehicle is in "Good" condition	Replace 2017 - #696 Kubota UTV Purchase Price: \$13,432 Feb 2018 NOTE: Not 10 years old Moved to 2028		\$ 7,000	Trade In	\$
6540	311	Replace 2015 Kubota Tractor with Kubota M6-111 Tractor	\$ 132,000	10	\$ 132,000		Vital Year-round piece of equipment: Snow removal & ditch/lot/storm pond mowing in the summer. Replacement Guidelines: 40 points. Vehicle needs Immediate Consideration for Replacement	Replace 2015 - #686 Kubota Tractor. Purchased September 2014: \$40,873		\$ 20,000	Trade In	\$ 112,000
6550	311	Replace 2016 Ford One-Ton with Dump & Plow Equipment with Ford Crew Cab F 550 with Dump & plow	\$ 114,000	10	\$ 114,000		Using Replacement Guidelines: 28 points. 28 points and above Condition IV suggests that the Vehicle Needs Immediate Consideration for Replacement	Replace 2016 #692 Ford one-ton with Dump & Plow . Purchased April 2016 \$64,480		\$ 15,000	Resale	\$ 99,000
6540	311	NEW 2027 Tandem Axle Plow Truck	380,000	15	380,000		Losing places to put snow in downtown area as well as highway 10 frontage roads. Using replacement guidelines: 38.5 points. 28 points and above Condition IV suggests that the Vehicle Needs Immediate Consideration for Replacement	Replace 2007 #662 Sterling Dump Keep in fleet until next new plow purchase received.				\$ 380,000
Total Public Works #311			\$ 1,355,000		\$ 1,355,000	\$ (479,000)				\$ 50,000		\$ 826,000
PARK & RECREATION #452												
6580	452	Replace 2018 Kubota UTV with Kubota UTV 4X4	\$ 32,000	10	\$ 32,000	\$ (32,000)	Used by the parks department for athletic field maintenance and has reached a typical life span of 10 years. See Kubota UTV notes above.	Replace 2017 - #695 Kubota UTV Purchase Price: \$16,022 Feb 2018 NOTE: Not 10 years old . Moved to 2028		\$ 7,000	Trade In	\$
6580	452	Replace 2014 Exmark Mower with Bagger With Exmark Mower	\$ 20,900	15	\$ 20,900		Using Replacement Guidelines: 32 points. 28 points and above Condition IV suggests that the Vehicle Needs Immediate Consideration for Replacement	Replace 2014 #683 Exmark Mower Purchase Price : \$14,237 May 2014		\$ 3,200	Trade in	\$ 17,700
6580	452	NEW 8 Pan Tilt Zoom fixed-mounted security cameras for in City Parks (\$3k each)	\$ 24,000	8	\$ 24,000		Install cameras in large parks to assist in incidents of property damage or other person crimes.					\$ 24,000
Total Park & Recreation #452			\$ 76,900		\$ 76,900	\$ (32,000)				\$ 3,200		\$ 41,700
TOTAL GENERAL FUND - 2027			\$ 2,634,870		\$ 2,634,870	\$ (599,500)				\$ 229,200		\$ 1,806,170
											Orig Req	\$ 2,384,170
												\$ (578,000)

Funding For 2027 Capital Request: General Fund Only:	
Fleet Fund	50,000
Capital Equip Fund	585,000
COR/HRA Fund	1,171,170
Total	\$1,806,170

ENTERPRISE FUNDED												
1740	9605-Storm	Replace 2018 Elgin Pelican Street Sweeper	\$ 330,000	10	\$ 330,000		Using Replacement Guidelines: -35-points- 28 points and above- Condition IV suggests that the Vehicle Needs Immediate Consideration for Replacement which as exceeded this rating substantially.	Replace 2018 -#694 Elgin Pelican Street Sweeper. Purchase Price: \$205,743 - March 2018 - Note: Not yet 10 years old- was included in 2028 CIP last year. Street Sweeper # 685- was purchased in 2025 - - Moved to 2028		\$ 25,000	Trade in	\$ 305,000
TOTAL ENTERPRISE FUNDS - 2027			\$ 330,000		\$ 330,000		.			\$ 25,000		\$ 305,000

REVENUES

	-2022 Actual-	-2023 Actual-	-2024 Actual-	-2025 Actual-	-2026 Adopted-	-2027 Requested-	% Change
TAXES	11,961,591	12,827,463	14,751,073	16,534,327	18,209,749	19,672,050	8.03%
LICENSES AND PERMITS	843,010	1,058,097	1,610,437	1,446,884	992,850	1,024,350	3.17%
INTERGOVERNMENTAL REVENUES	885,575	1,508,405	920,634	1,016,315	845,500	926,300	9.56%
CHARGES FOR SERVICES	814,985	1,067,192	1,227,700	1,213,938	808,700	844,200	4.39%
FINES AND FORFEITS	45,717	39,681	8,603	53,017	48,000	48,000	0.00%
SPECIAL ASSESSMENTS	-	-	26,103	7,502	-	-	-
MISCELLANEOUS	235,737	27,875	34,247	10,019	21,050	21,000	-0.24%
INVESTMENT EARNINGS	(57,081)	312,520	295,273	351,913	75,000	75,000	0.00%
OTHER FINANCING SOURCES	659,892	1,700,265	4,031,473	883,408	1,788,750	2,368,670	32.42%
TOTAL REVENUES	15,389,426	18,541,497	22,905,543	21,517,323	22,789,599	24,979,570	9.61%

EXPENDITURES

	-2022 Actual-	-2023 Actual-	-2024 Adopted-	-2025 Actual-	-2026 Adopted-	-2027 Requested-	% Change
GENERAL GOVERNMENT	3,814,959	4,053,311	4,663,423	5,125,885	5,773,308	6,076,831	5.26%
PUBLIC SAFETY	6,822,296	7,876,060	9,504,535	9,177,537	10,317,079	11,183,692	8.40%
PUBLIC WORKS	2,153,946	3,451,351	4,325,197	2,877,702	3,879,900	4,408,914	13.63%
PARKS AND RECREATION	1,445,077	1,628,641	2,298,424	2,127,945	2,604,912	2,525,780	-3.04%
MISCELLANEOUS/CONTINGENCY	334,541	154,609	1,381,700	1,499,274	214,400	784,353	265.84%
TOTAL EXPENDITURES	14,570,820	17,163,971	22,173,279	20,808,344	22,789,599	24,979,570	9.61%

2025 GENERAL FUND REVENUES

GENERAL FUND 101 - REVENUE SUMMARY	-2022 Actual-	-2023 Actual-	-2024 Actual-	-2025 Actual-	-2026 Adopted-	-2027 Requested-	% Change
TAXES	11,961,591	12,827,463	14,751,073	16,534,327	18,209,749	19,672,050	8.03%
LICENSES AND PERMITS	843,010	1,058,097	1,610,437	1,446,884	992,850	1,024,350	3.17%
INTERGOVERNMENTAL REVENUES	885,575	1,508,405	920,634	1,016,315	845,500	926,300	9.56%
CHARGES FOR SERVICES	814,985	1,067,192	1,227,700	1,213,938	808,700	844,200	4.39%
FINES AND FORFEITS	45,717	39,681	8,603	53,017	48,000	48,000	0.00%
SPECIAL ASSESSMENTS	-	-	26,103	7,502	-	-	-
MISCELLANEOUS	235,737	27,875	34,247	10,019	21,050	21,000	-0.24%
INVESTMENT EARNINGS	(57,081)	312,520	295,273	351,913	75,000	75,000	0.00%
SALE OF FIXED ASSETS	-	-	-	14,000	-	-	-
OTHER FINANCING SOURCES	659,892	1,700,265	4,031,473	883,408	1,788,750	2,368,670	32.42%
TOTAL REVENUES	15,389,426	18,541,497	22,905,543	21,531,323	22,789,599	24,979,570	9.61%

2022 Levy	\$	11,712,590	9.76%	
2023 Levy	\$	13,145,820	12.24%	
2024 Levy	\$	14,962,220	13.82%	
2025 Levy	\$	16,931,046	13.16%	
2026 Levy	\$	18,248,749	7.78%	
2027 Levy	\$	19,740,050	8.17%	\$ 1,491,301 Increase

GENERAL FUND 101 - REVENUE BY SOURCE	-2022 Actual-	-2023 Actual-	-2024 Actual-	-2025 Actual-	-2026 Adopted-	-2027 Requested-
TAXES						
4011 CURRENT-AD VALOREM TAXES	10,068,520	11,454,193	13,286,680	14,953,491	16,505,920	17,667,050
401A CURRENT-UNCOLLECTED ALLOWANCE	-	-	-	-	(100,000)	(100,000)
4012 DELINQUENT-AD VALOREM TAXES	50,370	(127,723)	(92,345)	(63,879)	20,000	5,000
4014 FISCAL DISPARITIES	1,535,653	1,505,453	1,537,812	1,593,918	1,742,829	2,073,000
4015 EXCESS TAX INCREMENTS	304,151	144	16,725	56,495	38,000	25,000
4018 PENALTY/INT-AD VALOREM TAXES	2,742	(9,611)	2,202	(5,698)	3,000	2,000
4019 FORFEITED TAX SALE APPROPRIATION	153	5,006	-	-	-	-
TAXES Total	11,961,591	12,827,463	14,751,073	16,534,327	18,209,749	19,672,050

LICENSES AND PERMITS
- BUSINESS LICENSES/PERMITS

4140 CREDIT CARD PROCESSING FEES	(3,967)	(2,465)	(3,921)	(978)	(2,000)	(2,000)
4155 LIQUOR-ON SALE	48,185	44,620	46,220	48,820	50,000	50,000
4156 LIQUOR-OFF SALE	-	-	-	-	-	-
4159 MECHANICAL LICENSE	18,265	15,525	21,250	17,950	15,000	15,000
4163 PAWNSHOP LICENSE	4,000	4,000	4,000	4,000	4,000	4,000
4164 CIGARETTE SALES LICENSE	3,988	3,525	3,450	2,800	4,000	3,000
4165 REFUSE HAULERS LICENSE	400	350	350	350	350	350
4168 PEDDLERS LICENSE	4,100	4,500	24,150	14,408	10,000	12,000
4170 OTHER BUSINESS LICENSES & PERM	2,210	4,105	8,075	9,815	5,000	9,000
4171 INVESTIGATIVE FEES	2,441	2,415	3,475	4,911	3,000	3,000

- NON-BUSINESS LICENSES/PERMITS

4205 BUILDING PERMIT	520,770	637,240	849,543	794,771	450,000	450,000
4206 PLUMBING PERMIT	46,037	74,144	97,393	99,107	60,000	70,000
4207 ANIMAL LICENSE	2,000	500	2,750	1,225	-	-
4208 HEATING PERMIT	53,494	75,098	118,275	114,409	75,000	85,000
4209 CONDITIONAL USE PERMIT	9,600	22,150	14,000	13,000	15,000	12,000
4211 SIGN PERMITS	1,500	2,900	3,000	3,275	2,500	3,000
4212 RENTAL LICENSE	4,010	10,250	201,555	93,055	141,000	120,000
4213 FIRE PERMIT	10,750	21,044	16,695	18,925	14,000	15,000
4214 ELECTRICAL INSPECTION PERMIT	80,988	95,787	135,326	143,092	100,000	120,000
4220 SEPTIC SYSTEM PERMIT	21,685	22,433	26,890	25,535	20,000	25,000
4221 URBAN SEWER PERMIT	6,025	8,550	17,800	16,983	12,000	14,000
4222 URBAN WATER PERMIT	6,925	9,150	17,800	16,983	12,000	14,000
4230 OTHER NON-BUSINESS LIC & PERM	(395)	2,275	2,361	4,450	2,000	2,000

LICENSES AND PERMITS Total	843,010	1,058,097	1,610,437	1,446,884	992,850	1,024,350
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INTERGOVERNMENTAL REVENUES
- FEDERAL INTERGOVERNMENTAL

4253 FEDERAL EXCISE TAX REFUND	1,333	324	-	-	-	-
4252 FEDERAL GRANTS	-	70,000	-	-	-	-

- STATE INTERGOVERNMENTAL

4255 FEDERAL CARES ACT	55,624	650,000	-	-	-	-
4263 MARKET VALUE HOMESTEAD CREDIT	3,644	3,223	3,759	3,785	-	-
4268 MSA FOR STREETS	302,316	210,000	240,000	260,000	300,000	350,000
4269 POLICE - INSURANCE PREMIUM TAX	277,956	296,737	346,825	405,362	280,000	300,000
4271 POST BOARD REIMBURSEMENT	29,430	26,265	29,396	27,844	25,000	25,000
4272 STATE EXCISE TAX REFUND	525	566	793	1,646	500	1,000
4273 OTHER STATE GRANTS & AIDS	214,747	251,290	299,860	317,678	240,000	240,000

- LOCAL INTERGOVERNMENTAL

4287 OTHER LOCAL GOVERNMENT GRANTS	-	-	-	-	-	10,300
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INTERGOVERNMENTAL REVENUES Total	885,575	1,508,405	920,634	1,016,315	845,500	926,300
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CHARGES FOR SERVICES							
4304	RENTAL FEES - REAL PROPERTY	160,542	173,489	247,971	228,037	180,000	200,000
4305	RENTAL FEES	13,672	19,325	27,400	39,014	25,000	35,000
4306	ZONING & SUBDIVISION FEES	2,490	1,530	275	-	-	-
4307	PLAN CHECKING FEES	249,663	309,777	347,737	368,751	225,000	225,000
4308	SALES OF MAPS & PUBLICATIONS	137	235	171	16	100	100
4309	ASSESSMENT SEARCHES	270	360	300	30	100	100
4310	SPECIAL MEETING FEES	-	-	350	-	-	-
4312	GENERAL GOVERNMENT STAFF TIME	36,184	19,513	23,312	19,949	15,000	15,000
4313	OTHER GENERAL GOVERNMENT	-	-	125	-	-	-
4326	SPECIAL POLICE SERVICES	15,939	5,000	10,152	5,060	5,000	5,000
4327	SPECIAL FIRE PROTECTION SERVIC	130	30	-	600	-	-
4328	ACCIDENT REPORTS	763	857	914	878	1,000	1,000
4329	OPEN BURN PERMIT FEES	1,000	675	975	1,000	500	1,000
4330	OTHER PUBLIC SAFETY	4,325	4,195	3,060	5,457	2,000	2,000
4337	ENGINEERING	299,006	446,839	474,669	463,060	310,000	310,000
4338	PLAN & SPECIFICATION FEES	-	-	-	-	-	-
4339	OTHER PUBLIC WORKS	16,994	47,893	34,413	39,375	20,000	20,000
4347	OTHER CULTURE-RECREATION	13,869	37,474	55,875	42,710	25,000	30,000
CHARGES FOR SERVICES Total		814,985	1,067,192	1,227,700	1,213,938	808,700	844,200
FINES AND FORFEITS							
4452	COURT FINES	40,563	37,225	52,891	50,117	45,000	45,000
4453	OTHER FINES & FORFEITS	-	-	-	-	-	-
4454	ADMINISTRATIVE FINES	5,155	2,456	(44,288)	2,900	3,000	3,000
FINES AND FORFEITS Total		45,717	39,681	8,603	53,017	48,000	48,000
SPECIAL ASSESSMENTS							
4502	PRINCIPAL-SPECIAL ASSESSMENT	-	-	26,103	7,502	-	-
SPECIAL ASSESSMENTS Total		-	-	26,103	7,502	-	-
MISCELLANEOUS							
4601	MISCELLANEOUS REVENUE	-	-	(12)	531	-	-
4604	SURCHARGES	708	959	1,216	1,102	1,000	1,000
4605	ELECTION FILING FEES	30	-	40	-	50	-
4609	OTHER MISCELLANEOUS REVENUES	234,999	26,915	33,004	8,386	20,000	20,000
4608	CONTRIBUTIONS & DONATIONS	-	-	-	-	-	-
MISCELLANEOUS Total		235,737	27,875	34,247	10,019	21,050	21,000
INVESTMENT EARNINGS							
4701	INTEREST ON INVESTMENTS	(57,081)	312,520	295,273	351,913	75,000	75,000
INVESTMENT EARNINGS Total		(57,081)	312,520	295,273	351,913	75,000	75,000
OTHER FINANCING SOURCES							
4722	SALE OF GENERAL FIXED ASSETS	-	-	94,090	14,000	-	-
FIXED ASSET DISPOSITION Total		-	-	94,090	14,000	-	-
OTHER FINANCING SOURCES							
TRANSFERS IN							
4901	TRANSFER IN FROM OTHER FUNDS	659,892	1,700,265	3,937,383	883,408	1,788,750	2,368,670
OTHER FINANCING SOURCES Total		659,892	1,700,265	3,937,383	883,408	1,788,750	2,368,670
TOTAL REVENUE		15,389,426	18,541,497	22,905,543	21,531,323	22,789,599	24,979,570

GENERAL FUND 101 - LINE ITEM DETAIL	-2022 Actual-	-2023 Adopted-	-2024 Actual-	-2025 Actual-	-2026 Adopted-	-2027 Requested-
4901 Other Finance Sources						
Water Fund Administrative Transfer	49,000	51,000	55,000	59,000	63,000	67,000
Sewer Fund Administrative Transfer	43,000	45,000	49,000	53,000	57,000	61,000
St. Lighting Fund Administrative Transfer	25,000	27,000	29,000	31,000	34,000	36,000
Recycling Fund Administrative Transfer	-	-	-	-	-	-
Storm Water Utility Fund Administrative Transfer	38,000	40,000	44,000	49,000	53,000	57,000
PW Campus Fund	-	167,931	571,972	-	-	-
HRA/COR Funds	-	-	-	-	917,000	1,217,670
Landfill Fund	63,000	-	-	-	-	-
Capital Maintenance Fund - For Trail Maintenance	60,000	70,000	70,000	70,000	70,000	70,000
Capital Maintenance Fund - For Capital Improvements	29,710	-	16,500	-	55,750	-
Facility Fund (Building Improvements)	-	-	36,000	-	100,000	-
Pavement Management Fund	-	-	60,104	-	-	-
Fleet Vehicle Fund	17,800	93,066	59,244	30,000	-	50,000
PIR Fund-Street Maintenance	150,000	597,595	200,000	200,000	200,000	225,000
Equipment Fund - Loan for Fire Truck	-	-	-	300,000	-	-
Equipment Revolving Fund - QCTV Funds	-	-	-	-	71,000	-
Capital Bonding	-	-	1,509,275	-	-	-
Equipment Revolving Fund	184,382	608,673	73,288	68,000	168,000	585,000
	659,892	1,700,265	3,973,383	883,408	1,788,750	2,368,670

2025 GENERAL FUND EXPENDITURES

EXPENDITURE BY OBJECT SUMMARY	-2022 Actual-	-2023 Actual-	-2024 Actual-	-2025 Actual-	-2026 Adopted-	-2027 Requested-	% Change
PERSONNEL SERVICES	10,181,456	11,319,181	12,588,749	14,108,909	15,703,113	17,000,771	8.26%
SUPPLIES	1,237,507	1,232,853	1,241,320	1,342,605	1,597,959	1,710,354	7.03%
OTHER SERVICES & CHARGES	2,521,359	3,555,551	3,337,053	3,189,996	3,886,154	4,355,902	12.09%
CAPITAL OUTLAY	295,957	901,777	3,624,458	633,928	1,496,000	1,806,170	20.73%
TRANSFERS OUT	272,688	92,756	1,319,847	1,437,421	106,373	106,373	0.00%
DEBT SERVICE	61,853	61,853	61,853	61,853	-	-	-
TOTAL EXPENDITURE BY OBJECT	14,570,820	17,163,971	22,173,279	20,774,712	22,789,599	24,979,570	9.61%

SUMMARY:

OPERATING EXPENSE:	13,940,322	16,107,585	17,167,122	18,641,511	21,187,226	23,067,027	8.87%
CAPITAL OUTLAY:	295,957	901,777	3,624,458	633,928	1,496,000	1,806,170	20.73%
TRANSFERS OUT/DEBT SERVICE:	334,541	154,609	1,319,847	1,437,421	106,373	106,373	0.00%
TOTAL EXPENDITURES	\$ 14,570,820	\$ 17,163,971	\$ 22,111,426	\$ 20,712,859	\$ 22,789,599	\$ 24,979,570	9.61%

EXPENDITURE BY OBJECT RECAP ALL SUB-FUNCTIONS	-2022 Actual-	-2023 Actual-	-2024 Actual-	-2025 Actual-	-2026 Adopted-	-2027 Requested-	% Change
GENERAL GOVERNMENT							
0111 MAYOR AND COUNCIL	106,114	107,719	106,831	97,516	98,999	132,353	33.69%
0114 CHARTER/PLAN/HORSE COMMISSIONS	2,709	2,467	2,521	2,756	3,275	3,429	4.70%
0130 ADMINISTRATION	913,981	977,369	1,030,356	1,191,673	1,185,218	1,262,667	6.53%
0141 ELECTIONS	44,689	6,357	95,352	20	47,663	180	-99.62%
0153 FINANCE	362,854	370,861	448,446	534,823	559,837	583,708	4.26%
0155 ASSESSING	125,272	126,096	129,777	132,211	138,000	137,000	-0.72%
0161 LEGAL	121,422	116,142	121,605	134,501	133,150	181,800	36.54%
0191 PLANNING & ZONING	665,874	818,640	951,445	1,092,953	1,210,213	1,241,605	2.59%
0192 DATA PROCESSING	773,912	840,343	958,559	1,109,890	1,302,634	1,469,154	12.78%
0194 GENERAL GOVERNMENT BUILDINGS	643,514	629,571	759,196	770,048	1,024,670	996,763	-2.72%
0195 NEWSLETTER	54,618	57,746	59,337	59,495	69,649	68,172	-2.12%
GENERAL GOVERNMENT Total	3,814,959	4,053,311	4,663,423	5,125,885	5,773,308	6,076,831	5.26%
PUBLIC SAFETY							
0211 POLICE PROTECTION	4,726,260	5,196,605	6,135,488	5,896,781	6,725,452	7,224,236	7.42%
0220 FIRE PROTECTION	1,427,516	1,785,989	2,314,915	2,207,478	2,424,671	2,657,246	9.59%
0240 PROTECTIVE INSPECTIONS	564,838	718,231	876,090	889,919	925,013	1,045,041	12.98%
0250 CIVIL DEFENSE	9,637	67,325	38,541	41,509	47,000	45,700	-2.77%
0260 TRAFFIC ENGINEERING	79,873	85,061	112,316	121,950	162,493	169,319	4.20%
0270 ANIMAL CONTROL	1,399	8,175	10,039	4,685	10,250	20,050	95.61%
0280 COMMUNITY ORIENTING POLICING	12,774	14,673	17,147	15,215	22,200	22,100	-0.45%
PUBLIC SAFETY Total	6,822,296	7,876,060	9,504,535	9,177,537	10,317,079	11,183,692	
PUBLIC WORKS							
0301 ENGINEERING	446,849	566,809	674,634	564,420	652,564	753,494	15.47%
0311 STREET MAINTENANCE	1,332,827	2,510,567	3,314,818	1,901,725	2,753,284	3,134,869	13.86%
0312 SNOW & ICE REMOVAL	374,270	373,975	335,746	411,557	474,052	520,551	9.81%
PUBLIC WORKS Total	2,153,946	3,451,351	4,325,197	2,877,702	3,879,900	4,408,914	13.63%
PARKS AND RECREATION							
0452 PARK & RECREATION	1,445,077	1,628,641	2,298,424	2,127,945	2,604,912	2,525,780	-3.04%
PARKS AND RECREATION Total	1,445,077	1,628,641	2,298,424	2,127,945	2,604,912	2,525,780	-3.04%
MISCELLANEOUS/CONTINGENCY							
0892 EXPENDITURE RESERVE	334,541	154,609	1,381,700	1,499,274	214,400	784,353	265.84%
MISCELLANEOUS/CONTINGENCY Total	334,541	154,609	1,381,700	1,499,274	214,400	784,353	265.84%
TOTAL EXPENDITURES & OTHER FINANCING	14,570,820	17,163,971	22,173,279	20,808,344	22,789,599	24,979,570	

EXPENDITURE BY OBJECT RECAP ALL SUB-FUNCTIONS	-2022 Actual-	-2023 Actual-	-2024 Actual	-2025 Adopted-	-2026 Adopted-	-2027 Requested
PERSONNEL SERVICES						
WAGES AND SALARIES						
6102 F.T. REGULAR-WAGES & SALARIES	6,528,037	7,445,527	8,278,948	9,319,530	10,503,711	11,702,643
6103 FULL TIME-REGULAR-OVERTIME	183,834	180,095	199,100	232,865	173,000	207,728
6104 PART TIME-WAGES & SALARIES	746,543	773,014	871,155	1,013,834	934,233	1,027,123
6105 TEMPORARY-WAGES & SALARIES	179,828	88,117	134,959	98,720	172,002	163,458
6106 OVERTIME-TEMPORARY	636	-	-	-	-	-
6107 OVERTIME-PART TIME	-	-	-	-	-	-
WAGES AND SALARIES	7,638,878	8,486,752	9,484,162	10,664,950	11,782,946	13,100,952
OTHER GROSS EARNINGS						
6108 SEVERANCE PAY	108,460	52,334	82,751	130,824	50,000	50,000
OTHER GROSS EARNINGS	108,460	52,334	82,751	130,824	50,000	50,000
EMPLOYER CONTRIBUTIONS						
6121 PERA CONTRIBUTIONS	839,838	929,059	1,019,017	1,139,206	1,256,767	1,336,851
6122 FICA/MEDICARE CONTRIBUTIONS	367,731	416,569	464,185	534,509	630,512	665,722
6123 ICMA RETIREMENT TRUST	800	-	-	-	-	-
6131 GROUP INSURANCE	878,018	1,049,605	1,165,820	1,354,012	1,543,011	1,507,982
6132 DISABILITY INSURANCE	1,313	1,313	1,313	1,313	1,313	1,313
6133 WORKERS COMP INSURANCE PREMIUM	346,417	383,549	371,500	284,093	381,507	283,671
6135 PAID FAMILY MEDICAL LEAVE	-	-	-	-	57,057	54,280
EMPLOYER CONTRIBUTIONS	2,434,117	2,780,095	3,021,835	3,313,135	3,870,167	3,849,819
PERSONNEL SERVICES Total	10,181,456	11,319,181	12,588,749	14,108,909	15,703,113	17,000,771

SUPPLIES							
OFFICE SUPPLIES							
6203	DUPLICATING SUPPLY & COPY PAPER	2,198	4,594	1,267	2,501	4,500	3,500
6204	STATIONERY, ENVELOPES & FORMS	9,542	8,707	7,744	5,338	9,700	9,000
6205	DRAFTING SUPPLIES	-	-	-	-	-	-
6206	FILM, MICROFILM, TAPES, DISKS	370	208	128	179	800	450
6207	TRAINING SUPPLIES	3,562	10,165	8,170	5,437	10,500	19,000
6208	MISCELLANEOUS OFFICE SUPPLIES	9,670	12,230	13,452	11,427	14,125	14,100
OFFICE SUPPLIES		25,343	35,904	30,762	24,882	39,625	46,050
OPERATING SUPPLIES							
6221	CLEANING SUPPLIES	1,910	4,025	4,759	3,618	5,000	5,000
6223	GASOLINE	156,406	134,883	125,471	125,873	159,000	162,500
6225	DIESEL FUEL	73,397	65,682	49,086	57,305	84,000	82,000
6227	LUBRICANTS & ADDITIVES	7,730	9,014	8,082	4,947	12,000	12,250
6229	SHOP MATERIALS	8,830	5,539	10,843	7,879	9,100	9,900
6231	UNIFORMS & TURN-OUT GEAR	124,187	132,811	166,428	133,672	174,200	176,400
6233	BATTERIES	2,013	1,940	435	1,354	5,000	2,500
6235	AMMUNITION	13,725	13,274	14,827	11,050	15,000	17,000
6237	CRIME SCENE KIT MATERIALS	-	509	495	713	1,500	1,500
6239	FIRST AID SUPPLIES	5,444	6,005	5,425	5,934	11,000	9,000
6241	COMMUNITY POLICING SUPPLIES	9,967	10,351	14,111	12,220	15,000	15,000
6247	HAPPY DAYS SUPPLIES	7,000	12,000	12,000	7,000	7,000	7,000
6249	MISCELLANEOUS OPERATING SUPPLY	143,977	123,827	162,790	155,998	172,625	179,250
6246	MARKETING	198	2,951	2,986	1,188	3,000	2,000
OPERATING SUPPLIES		554,783	522,811	577,737	528,750	673,425	681,300
REPAIR AND MAINTENANCE SUPPLIES							
6251	BATTERIES	-	829	922	2,178	2,500	3,200
6253	BRAKES	3,238	4,045	1,739	180	4,000	4,000
6255	TIRES	6,616	7,315	6,529	7,360	9,500	8,000
6257	OTHER VEHICLE PARTS	122,472	146,373	156,213	153,395	156,500	172,300
6259	BUILDING MAINT/REPAIR SUPPLIES	51,453	23,188	55,456	53,670	54,700	60,000
6261	SAND & GRAVEL	2,300	2,779	-	-	5,300	4,800
6263	SALT	129,704	68,426	117,442	147,311	135,000	171,404
6265	ASPHALT	104,227	142,180	117,072	148,661	185,000	186,000
6266	SCBA-PARTS	5,899	23,874	25,450	11,437	25,000	25,000
6267	OTHER STREET MAINTENANCE SUPPL	10,675	14,920	17,050	14,245	17,500	17,500
6269	LANDSCAPE MATERIALS	17,795	24,599	9,489	47,797	19,500	64,500
6271	SIGN REPAIR MATERIALS	1,148	1,464	3,103	1,611	6,000	6,000
6275	OTHER EQUIPMENT PARTS	2,933	945	554	1,990	3,000	25,750
6268	IRRIGATION SUPPLIES	16,118	20,540	10,881	10,498	60,000	15,000
REPAIR AND MAINTENANCE SUPPLIES		474,577	481,476	521,899	600,333	683,500	763,454
SMALL TOOLS AND MINOR EQUIPMENT							
6282	EMERGENCY SUPPLIES - COVID	-	-	-	-	-	-
6281	SMALL TOOLS & MINOR EQUIPMENT	182,804	192,347	110,815	188,640	201,009	219,300
SMALL TOOLS AND MINOR EQUIPMENT		182,804	192,347	110,815	188,640	201,009	219,300
MERCHANDISE FOR RESALE							
6291	CULVERTS, SIGNS, STREET SUPPLY	-	316	107	-	400	250
MERCHANDISE FOR RESALE		-	316	107	-	400	250
SUPPLIES Total		1,237,507	1,232,853	1,241,320	1,342,605	1,597,959	1,710,354
OTHER SERVICES & CHARGES							
PROFESSIONAL SERVICES							
6302	AUDITING & ACCOUNTING SERVICES	39,128	45,174	46,421	58,655	60,000	65,200
6304	LEGAL FEES	120,510	115,288	120,849	133,866	156,300	181,000
6305	MEDICAL/PSYCHOLOGICAL FEES	-	-	-	-	-	-
6306	PERSONNEL TESTING & RECRUITMT	24,634	14,849	26,235	32,128	33,000	25,534
6315	MISCELLANEOUS PROFESSIONAL SER	273,357	224,706	555,366	387,418	373,647	380,498
PROFESSIONAL SERVICES		457,629	400,017	748,871	612,066	622,947	652,232
COMMUNICATION							
6321	TELEPHONE	13,675	13,945	13,095	16,508	17,750	23,055
6322	POSTAGE	17,806	19,369	21,796	24,016	27,800	32,772
6323	CELLULAR PHONES	43,623	50,176	52,295	59,565	64,032	68,020
6325	LONG DISTANCE CHARGES	-	-	-	-	-	-
COMMUNICATION		75,103	83,490	87,186	100,089	109,582	123,847

EMPLOYEE REIMBURSEMENTS							
6331	TRAVEL & LODGING	9,975	9,898	10,895	14,872	27,100	29,100
6334	MILEAGE REIMBURSEMENT	559	429	198	379	1,100	1,300
6335	TRAINING	107,609	114,653	128,414	120,605	192,760	195,900
EMPLOYEE REIMBURSEMENTS		118,143	124,980	139,506	135,856	220,960	226,300
ADVERTISING AND PUBLISHING							
6352	GENERAL NOTICE & PUBLIC INFOR	38,966	42,257	42,270	44,011	48,600	52,900
6353	ORDINANCE PUBLICATION	2,322	1,430	1,403	798	2,000	1,000
6354	HELP WANTED ADVERTISEMENTS	7,302	549	38	1,319	2,000	2,000
ADVERTISING AND PUBLISHING		48,591	44,235	43,710	46,127	52,600	55,900
INSURANCE							
6361	GENERAL LIABILITY/PROPERTY INS	175,764	232,341	235,256	230,221	253,937	267,319
INSURANCE		175,764	232,341	235,256	230,221	253,937	267,319
UTILITIES							
6371	ELECTRIC UTILITIES	172,305	172,445	175,874	183,816	206,000	232,200
6372	WATER/IRRIGATION	18,053	24,680	19,406	23,373	66,000	67,600
6373	GAS	72,127	66,293	67,558	71,768	83,500	97,800
6374	REFUSE/RECYCLING	16,853	15,458	18,809	22,248	24,500	27,700
UTILITIES		279,338	278,876	281,647	301,205	380,000	425,300
REPAIRS AND MAINTENANCE - LABOR							
6381	BUILDING & STRUCTURE REPAIR	33,095	11,746	62,519	49,391	132,000	130,000
6382	MACHINERY & EQUIPMENT REPAIR	48,494	56,936	45,517	60,453	112,000	109,000
6383	OFFICE EQUIPMENT REPAIR	-	-	-	-	-	-
6386	BRAKE REPAIR	-	-	-	-	-	-
6387	TIRE MOUNTING & BALANCING	60	-	-	40	400	400
6388	OTHER VEHICLE REPAIR	78,514	71,913	79,128	64,334	110,000	110,800
6389	TOWING SERVICES	3,096	345	526	519	3,000	3,000
REPAIRS AND MAINTENANCE - LABOR		163,259	140,940	187,689	174,737	357,400	353,200
REPAIRS AND MAINTENANCE - CONTRACTS							
6404	MACHINERY & EQUIPMENT	3,458	-	2,880	3,159	4,000	4,000
6405	OFFICE & DATA PROCESSING EQUIP	434,785	437,303	491,800	560,663	656,420	811,416
REPAIRS AND MAINTENANCE - CONTRACTS		438,243	437,303	494,680	563,822	660,420	815,416
RENTALS							
6413	OFFICE EQUIPMENT RENTAL	3,483	5,265	5,160	5,160	7,500	5,300
6415	OTHER EQUIPMENT RENTAL	41,405	41,583	52,281	39,763	57,250	173,100
6416	MACHINERY RENTAL	-	-	-	-	350	-
6417	UNIFORM RENTAL	913	1,233	2,404	1,503	1,850	1,600
RENTALS		45,800	48,080	59,845	46,426	66,950	180,000
DUES, SUBSCRIPTIONS, AND REGISTRATION FEES							
6451	MEMBERSHIP DUES	47,023	47,587	32,699	49,943	57,288	59,568
6452	SUBSCRIPTIONS	1,458	1,511	931	298	1,770	1,770
DUES, SUBSCRIPTIONS, AND REGISTRATION FEES		48,481	49,098	33,630	50,241	59,058	61,338
BOOKS AND PAMPHLETS							
6471	BOOKS & PAMPHLETS	2,384	1,963	3,267	1,471	5,300	5,250
BOOKS AND PAMPHLETS		2,384	1,963	3,267	1,471	5,300	5,250
CONTRACTED SERVICES							
6488	STREET MAINTENANCE CONTRACT	294,998	1,272,595	571,622	500,175	650,000	700,000
6489	OTHER CONTRACTED SERVICES	373,625	441,631	450,143	427,560	447,000	489,800
CONTRACTED SERVICES		668,623	1,714,226	1,021,765	927,734	1,097,000	1,189,800
OTHER SERVICES & CHARGES Total		2,521,359	3,555,551	3,337,053	3,189,996	3,886,154	4,355,902
CAPITAL OUTLAY							
CAPITAL OUTLAY							
6520	BUILDINGS	-	-	-	-	-	-
6540	HEAVY MACHINERY	103,199	266,007	1,529,889	-	-	727,000
6550	MOTOR VEHICLES	47,226	512,086	1,348,000	349,198	1,302,000	924,000
6580	OTHER EQUIPMENT	118,639	123,685	682,521	236,962	123,000	76,700
6585	COMPUTER HARDWARE/SOFTWARE	26,894	-	64,048	47,768	71,000	78,470
CAPITAL OUTLAY		295,957	901,777	3,624,458	633,928	1,496,000	1,806,170
CAPITAL OUTLAY Total		295,957	901,777	3,624,458	633,928	1,496,000	1,806,170
TRANSFERS OUT							
OPERATING TRANSFERS							
6820	OPERATING TRANSFERS TO OTHER F	272,688	92,756	1,319,847	1,437,421	106,373	106,373
OPERATING TRANSFERS		272,688	92,756	1,319,847	1,437,421	106,373	106,373
TRANSFERS OUT Total		272,688	92,756	1,319,847	1,437,421	106,373	106,373
DEBT SERVICE							
DEBT SERVICE							
6603	OTHER L.T. OBLIGATION PRINCIPA	61,853	61,853	61,853	61,853	-	-
DEBT SERVICE		61,853	61,853	61,853	61,853	-	-
DEBT SERVICE Total		61,853	61,853	61,853	61,853	-	-
TOTAL EXPENDITURES & OTHER FINANCING		14,570,820	17,163,971	22,173,279	20,774,712	22,789,599	24,979,570

SUMMARY:

OPERATING EXPENSE(Includes Transfers Out & Debt Service):	14,274,863	16,262,194	18,548,821	20,140,785	21,293,599	23,173,400
CAPITAL OUTLAY:	295,957	901,777	3,624,458	633,928	1,496,000	1,806,170
TOTAL EXPENDITURES	\$ 14,570,820	\$ 17,163,971	\$ 22,173,279	\$ 20,774,712	\$ 22,789,599	\$ 24,979,570

FUND: GENERAL

Business Unit	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
REVENUE						
9101 - GENERAL FUND REVENUE	15,389,426	18,541,497	22,905,543	21,531,323	22,789,599	24,979,570
TOTAL REVENUE	15,389,426	18,541,497	22,905,543	21,531,323	22,789,599	24,979,570
EXPENDITURES						
111 - MAYOR AND COUNCIL	106,114	107,719	106,831	97,516	98,999	132,353
114 - COMMISSIONS	2,709	2,467	2,521	2,756	3,275	3,429
130 - ADMINISTRATION	913,981	977,369	1,030,356	1,191,673	1,185,218	1,262,667
141 - ELECTIONS	44,689	6,357	95,352	20	47,663	180
153 - FINANCE	362,854	370,861	448,446	534,823	559,837	583,708
155 - ASSESSING	125,272	126,096	129,777	132,211	138,000	137,000
161 - LEGAL SERVICES	121,422	116,142	121,605	134,501	133,150	181,800
191 - PLANNING AND ZONING	665,874	818,640	951,445	1,092,953	1,210,213	1,241,605
192 - DATA PROCESSING	773,912	840,343	958,559	1,109,890	1,302,634	1,469,154
194 - GENERAL GOVERNMENT BUILDINGS	643,514	629,571	759,196	770,048	1,024,670	996,763
195 - NEWSLETTER	54,618	57,746	59,337	59,495	69,649	68,172
211 - POLICE PROTECTION	4,726,260	5,196,605	6,135,488	5,896,781	6,725,452	7,224,236
220 - FIRE PROTECTION	1,427,516	1,785,989	2,314,915	2,207,478	2,424,671	2,657,246
240 - BUILDING INSPECTION	564,838	718,231	876,090	889,919	925,013	1,045,041
250 - CIVIL DEFENSE	9,637	67,325	38,541	41,509	47,000	45,700
260 - TRAFFIC ENGINEERING	79,873	85,061	112,316	121,950	162,493	169,319
270 - ANIMAL CONTROL	1,399	8,175	10,039	4,685	10,250	20,050
280 - COMMUNITY ORIENTING POLICING	12,774	14,673	17,147	15,215	22,200	22,100
301 - ENGINEERING	446,849	566,809	674,634	564,420	652,564	753,494
311 - STREET MAINTENANCE	1,332,827	2,510,567	3,314,818	1,901,725	2,753,284	3,134,869
312 - SNOW AND ICE REMOVAL	374,270	373,975	335,746	411,557	474,052	520,551
452 - PARK AND RECREATION	1,445,077	1,628,641	2,298,424	2,127,945	2,604,912	2,525,780
892 - MISCELLANEOUS/CONTINGENCY	334,541	154,609	1,381,700	1,499,274	214,400	784,353
TOTAL EXPENDITURES	14,570,820	17,163,971	22,173,279	20,808,344	22,789,599	24,979,570

GENERAL GOVERNMENT

111-195

EXPENDITURE BY OBJECT SUMMARY	-2022 Actual-	-2023 Actual-	-2024 Actual-	-2025 Actual-	-2026 Adopted-	-2027 Requested-
PERSONNEL SERVICES	2,349,661	2,663,698	3,043,567	3,461,163	3,628,345	3,786,284
SUPPLIES	150,454	140,016	131,541	114,723	165,634	162,100
OTHER SERVICES & CHARGES	1,240,724	1,249,598	1,347,076	1,503,457	1,833,329	2,049,977
CAPITAL OUTLAY	74,120	-	141,240	47,768	146,000	78,470
TOTAL EXPENDITURE BY OBJECT	3,814,959	4,053,311	4,663,423	5,127,111	5,773,308	6,076,831

LINE ITEM DETAIL BY COST CENTER OR SUB-FUNCTION

GENERAL GOVERNMENT

111-195

EXPENDITURE BY OBJECT RECAP ALL SUB-FUNCTIONS	-2022 Actual-	-2023 Actual-	-2024 Actual-	-2025 Actual-	-2026 Adopted-	-2027 Requested-
PERSONNEL SERVICES						
WAGES AND SALARIES						
6102 F.T. REGULAR-WAGES & SALARIES	1,618,640	1,887,389	2,150,142	2,490,224	2,589,393	2,726,547
6103 FULL TIME-REGULAR-OVERTIME	4,477	2,842	7,732	5,221	-	-
6104 PART TIME-WAGES & SALARIES	144,822	171,229	178,115	165,306	164,472	206,782
6105 TEMPORARY-WAGES & SALARIES	62,028	2,285	46,874	2,535	33,800	3,000
6107 OVERTIME-PART TIME	-	-	-	-	-	-
TOTAL WAGES AND SALARIES	1,829,967	2,063,745	2,382,863	2,663,286	2,787,665	2,936,329
OTHER GROSS EARNINGS						
6108 SEVERANCE PAY	20,888	22,959	2,705	33,791	-	-
TOTAL OTHER GROSS EARNINGS	20,888	22,959	2,705	33,791	-	-
EMPLOYER CONTRIBUTIONS						
6121 PERA CONTRIBUTIONS	129,895	151,796	169,704	194,873	200,810	211,081
6122 FICA/MEDICARE CONTRIBUTIONS	133,584	155,758	172,137	195,790	226,892	238,339
6123 ICMA RETIREMENT TRUST	800	-	-	-	-	-
6131 GROUP INSURANCE	215,835	247,981	294,909	362,066	380,636	376,290
6133 WORKERS COMP INSURANCE PREMIUM	18,693	21,459	21,249	11,357	18,496	11,171
6135 PAID FAMILY MEDICAL LEAVE	-	-	-	-	13,846	13,074
TOTAL EMPLOYER CONTRIBUTIONS	498,806	576,994	657,999	764,086	840,680	849,955
Total PERSONNEL SERVICES	2,349,661	2,663,698	3,043,567	3,461,163	3,628,345	3,786,284
SUPPLIES						
OFFICE SUPPLIES						
6203 DUPLICATING SUPPLY & COPY PAPER	2,198	4,594	1,267	2,501	4,500	3,500
6204 STATIONERY, ENVELOPES & FORMS	5,830	2,899	2,489	1,656	3,700	3,000
6206 FILM, MICROFILM, TAPES, DISKS	-	-	-	-	-	-
6208 MISCELLANEOUS OFFICE SUPPLIES	4,680	5,396	7,604	5,657	6,850	6,900
TOTAL OFFICE SUPPLIES	12,708	12,889	11,361	9,814	15,050	13,400
OPERATING SUPPLIES						
6221 CLEANING SUPPLIES	1,910	4,025	4,759	3,618	5,000	5,000
6223 GASOLINE	3,390	3,347	3,522	3,546	4,500	7,000
6225 DIESEL FUEL	2,172	563	1,304	1,448	2,500	3,500
6231 UNIFORMS & TURN-OUT GEAR	2,199	1,695	3,020	3,206	3,500	3,500
6247 HAPPY DAYS SUPPLIES	7,000	12,000	12,000	7,000	7,000	7,000
6249 MISCELLANEOUS OPERATING SUPPLY	53,046	32,725	44,632	33,484	38,475	35,400
6246 MARKETING	198	2,951	2,986	1,188	3,000	2,000
TOTAL OPERATING SUPPLIES	69,915	57,306	72,222	53,490	63,975	63,400
REPAIR AND MAINTENANCE SUPPLIES						
6257 OTHER VEHICLE PARTS	3,200	2,136	8,517	1,076	2,500	2,500
6259 BUILDING MAINT/REPAIR SUPPLIES	5,313	5,329	8,335	9,695	10,000	10,000
TOTAL REPAIR AND MAINTENANCE SUPPLIES	8,513	7,464	16,852	10,772	12,500	12,500
SMALL TOOLS AND MINOR EQUIPMENT						
6281 SMALL TOOLS & MINOR EQUIPMENT	59,318	62,356	31,106	40,649	74,109	72,800
TOTAL SMALL TOOLS AND MINOR EQUIPMENT	59,318	62,356	31,106	40,649	74,109	72,800
Total SUPPLIES	150,454	140,016	131,541	114,723	165,634	162,100

OTHER SERVICES & CHARGES							
PROFESSIONAL SERVICES							
6302	AUDITING & ACCOUNTING SERVICES	34,712	40,216	40,870	50,604	52,000	56,200
6304	LEGAL FEES	120,510	115,288	120,849	133,866	132,300	181,000
6305	MEDICAL/PSYCHOLOGICAL FEES	-	-	-	-	-	-
6306	PERSONNEL TESTING & RECRUITMT	24,634	14,849	26,235	32,128	33,000	25,534
6315	MISCELLANEOUS PROFESSIONAL SER	64,693	57,420	76,338	65,546	146,647	116,873
TOTAL PROFESSIONAL SERVICES		244,549	227,773	264,292	282,143	363,947	379,607
COMMUNICATION							
6321	TELEPHONE	13,675	13,945	13,095	16,508	17,750	23,055
6322	POSTAGE	14,867	15,582	18,004	20,146	21,100	26,122
6323	CELLULAR PHONES	43,623	50,176	52,295	59,565	64,032	68,020
6325	LONG DISTANCE CHARGES	-	-	-	-	-	-
TOTAL COMMUNICATION		72,165	79,703	83,394	96,219	102,882	117,197
EMPLOYEE REIMBURSEMENTS							
6331	TRAVEL & LODGING	1,460	2,086	1,716	2,348	7,400	6,400
6334	MILEAGE REIMBURSEMENT	84	230	-	218	500	700
6335	TRAINING	17,959	23,534	25,383	29,622	47,875	46,000
TOTAL EMPLOYEE REIMBURSEMENTS		19,504	25,850	27,099	32,189	55,775	53,100
ADVERTISING AND PUBLISHING							
6352	GENERAL NOTICE & PUBLIC INFOR	38,966	42,257	42,270	44,011	48,600	52,900
6353	ORDINANCE PUBLICATION	2,322	1,430	1,403	798	2,000	1,000
6354	HELP WANTED ADVERTISEMENTS	7,302	549	38	1,319	2,000	2,000
TOTAL ADVERTISING AND PUBLISHING		48,591	44,235	43,710	46,127	52,600	55,900
INSURANCE							
6361	GENERAL LIABILITY/PROPERTY INS	30,378	30,050	29,652	27,567	30,757	33,869
TOTAL INSURANCE		30,378	30,050	29,652	27,567	30,757	33,869
UTILITIES							
6371	ELECTRIC UTILITIES	99,439	102,932	102,872	111,440	120,000	135,000
6372	WATER/IRRIGATION	2,928	3,358	2,676	3,636	4,000	4,600
6373	GAS	40,961	38,397	36,661	42,316	44,000	48,000
6374	REFUSE/RECYCLING	5,569	5,681	6,803	6,394	8,000	8,000
TOTAL UTILITIES		148,896	150,369	149,013	163,785	176,000	195,600
REPAIRS AND MAINTENANCE - LABOR							
6381	BUILDING & STRUCTURE REPAIR	9,127	3,272	13,457	13,966	75,000	75,000
6382	MACHINERY & EQUIPMENT REPAIR	19,344	20,262	24,393	37,044	75,000	75,000
6388	OTHER VEHICLE REPAIR	241	71	-	222	3,000	3,000
TOTAL REPAIRS AND MAINTENANCE - LABOR		28,712	23,606	37,850	51,231	153,000	153,000
REPAIRS AND MAINTENANCE - CONTRACTS							
6405	OFFICE & DATA PROCESSING EQUIP	387,787	395,677	456,285	531,631	601,870	760,716
TOTAL REPAIRS AND MAINTENANCE - CONTRACTS		387,787	395,677	456,285	531,631	601,870	760,716
RENTALS							
6415	OTHER EQUIPMENT RENTAL	-	-	-	-	-	-
TOTAL RENTALS		-	-	-	-	-	-
DUES, SUBSCRIPTIONS, AND REGISTRATION FEES							
6451	MEMBERSHIP DUES	38,014	38,494	24,240	42,300	45,728	47,218
6452	SUBSCRIPTIONS	1,458	1,511	931	298	1,770	1,770
TOTAL DUES, SUBSCRIPTIONS, AND REGISTRATION FEES		39,472	40,005	25,171	42,598	47,498	48,988
BOOKS AND PAMPHLETS							
6471	BOOKS & PAMPHLETS	-	-	-	-	-	-
TOTAL BOOKS AND PAMPHLETS		-	-	-	-	-	-
CONTRACTED SERVICES							
6489	OTHER CONTRACTED SERVICES	220,670	232,330	230,609	229,966	249,000	252,000
TOTAL CONTRACTED SERVICES		220,670	232,330	230,609	229,966	249,000	252,000
Total OTHER SERVICES & CHARGES		1,240,724	1,249,598	1,347,076	1,503,457	1,833,329	2,049,977
CAPITAL OUTLAY							
CAPITAL OUTLAY							
6520	BUILDINGS	-	-	-	-	-	-
6550	MOTOR VEHICLES	47,226	-	60,692	-	75,000	-
6580	OTHER EQUIPMENT	-	-	16,500	-	-	-
6585	COMPUTER HARDWARE/SOFTWARE	26,894	-	64,048	47,768	71,000	78,470
TOTAL CAPITAL OUTLAY		74,120	-	141,240	47,768	146,000	78,470
Total CAPITAL OUTLAY		74,120	-	141,240	47,768	146,000	78,470
TOTAL EXPENDITURES & OTHER FINANCING		3,814,959	4,053,311	4,663,423	5,127,111	5,773,308	6,076,831
SUMMARY:							
OPERATING EXPENSE:		3,740,839	4,053,311	4,522,183	5,079,343	5,627,308	5,998,361
CAPITAL OUTLAY:		74,120	-	141,240	47,768	146,000	78,470
TOTAL EXPENDITURES		\$ 3,814,959	\$ 4,053,311	\$ 4,663,423	\$ 5,127,111	\$ 5,773,308	\$ 6,076,831

BUDGET SUMMARY:

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0111	6104	PART TIME-WAGES & SALARIES	38,000	46,050	44,000	46,290	44,000	74,400
0111	6121	PERA CONTRIBUTIONS	1,300	1,600	1,600	900	1,600	900
0111	6122	FICA/MEDICARE CONTRIBUTIONS	2,907	3,523	3,366	3,541	3,366	5,692
0111	6133	WORKERS COMP INSURANCE PREMIUM	116	144	137	91	189	230
0111	6135	PAID FAMILY MEDICAL LEAVE						294
0111	6247	HAPPY DAYS	7,000	12,000	12,000	7,000	7,000	7,000
0111	6249	MISCELLANEOUS OPERATING SUPPLY	21,308	6,736	7,041	1,244	1,000	1,000
0111	6315	MISCELLANEOUS PROFESSIONAL SER	-	-	16,840		-	-
0111	6331	TRAVEL & LODGING	-	166	-	-	1,000	1,000
0111	6335	TRAINING	-	1,135	773	839	1,400	1,400
0111	6361	GENERAL LIABILITY/PROPERTY INS	823	875	746	526	787	504
0111	6451	MEMBERSHIP DUES	34,661	35,491	20,328	37,085	38,657	39,933
Total Expenditure			106,114	107,719	106,831	97,516	98,999	132,353

SUMMARY:**OPERATING EXPENSE:**

106,114 107,719 106,831 97,516 98,999 132,353

CAPITAL OUTLAY:

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TOTAL EXPENDITURES

\$ 106,114 \$ 107,719 \$ 106,831 \$ 97,516 \$ 98,999 \$ 132,353

PERSONNEL COMPLEMENT

Mayor	1.00	1.00	1.00	1.00	1.00	1.00
Council	6.00	6.00	6.00	6.00	6.00	6.00
Mayor and Council Total	7.00	7.00	7.00	7.00	7.00	7.00

6249 Miscellaneous Operating Supplies

Mayor's Prayer Breakfast	340	78	648	-	-	-
Meals for Council Work sessions	2,353	3,586	3,208	223	-	-
Employee Recognition Event (January Event)	4,047	3,010	3,114	-	-	-
Tree Lighting/Outside Lights & Light Contest	10,438	-	-	-	-	-
Gala/Fundraising Events	805	-	-	-	-	-
Miscellaneous	3,325	62	70	1,021	1,000	1,000
	21,308	6,736	7,041	1,244	1,000	1,000

6315 Miscellaneous Professional Services

Candidate Forum Recording			200			
Citizen Survey		-	16,640	-	-	-
	-	-	16,840	-	-	-

6451 Dues

North Metro Mayors Association	11,417	11,303	11,303	11,303	11,575	11,303
North Metro Chamber (EDA)				-	-	-
Mississippi/Champlin Streamgagge Agreement	620	620	675	702	750	800
Anoka Area Chamber of Commerce (EDA)				-	-	-
League of Minnesota Cities	22,594	23,538	8,350	25,050	26,302	27,800
MN Mayors Assoc	30	30		30	30	30
National League of Cities				-	-	-
	34,661	35,491	20,328	37,085	38,657	39,933

DESCRIPTION OF SERVICES:

The Mayor and Council budget provides for legislative and policy making activities of the city on behalf of the citizens of Ramsey. They provide for the planning and control of all financial activities including approving the tax levy, rates and charges, and approval of expenditures.

BUDGET HIGHLIGHTS
Computer Reimbursements - \$800 Each for 3 incoming members (6104)
Salary Increase Mayor & Council - (\$28,000) (6104)
Happy Days offset with Lodging Tax - (\$-5,000) (6247)

GOALS OF CURRENT YEAR BUDGET:
- Establish and implement a Strategic Action Plan - Establish legislative priorities for the City - Maintain a stable tax levy rate

Performance Measurements:						
	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Projected	2027 Projected
Tax Levy Rate	42.24%	40.43%	41.43%	46.21%	46.30%	TBD

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0114	6105	TEMPORARY-WAGES & SALARIES	2,490	2,285	2,330	2,535	3,000	3,000
0114	6122	FICA/MEDICARE CONTRIBUTIONS	191	175	168	204	230	383
0114	6133	WORKERS COMP INSURANCE PREMIUM	7	7	11	7	25	16
0114	6135	PAID FAMILY MEDICAL LEAVE	-	-	-	-	-	20
0114	6361	GENERAL LIABILITY/PROPERTY INS	21	-	12	10	20	10
Total Expenditure			2,709	2,467	2,521	2,756	3,275	3,429

SUMMARY:

OPERATING EXPENSE:

2,709 2,467 2,521 2,756 3,275 3,429

CAPITAL OUTLAY:

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TOTAL EXPENDITURES

\$ 2,709 \$ 2,467 \$ 2,521 \$ 2,756 \$ 3,275 \$ 3,429

PERSONNEL COMPLEMENT

Charter Commission Members	9.00	9.00	9.00	9.00	9.00	9.00
Planning Commission Members	7.00	7.00	7.00	7.00	7.00	7.00
Commission Total	16.00	16.00	16.00	16.00	16.00	16.00

DESCRIPTION OF SERVICES:

The Commissions budget provides council-appointed committee members tasked to

BUDGET HIGHLIGHTS

No major changes

GOALS OF CURRENT YEAR BUDGET:

- Implement individual commissions' work plans and missions
- Implement and manage individual commissions' budgets

Performance Measurements:

	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected	2027 Projected
# of Meetings: Charter Commission	2	2	2	2	2	2
# of Meetings: Economic Development Authority Commission	12	12	12	12	12	12
# of Meetings: Environmental Policy Board Commission	11	11	11	11	11	11
# of Meetings: Parks and Recreation Commission	10	10	10	10	10	10
# of Meetings: Planning Commission	17	17	17	17	17	17
# of Meetings: City Council Regular Session	23	23	23	23	23	23
# of Meetings: City Council Work Session	25	25	25	25	25	25
# of Meetings: Public Works Committee	8	8	8	8	8	8

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0130	6102	F.T. REGULAR-WAGES & SALARIES	562,006	651,397	678,132	767,665	738,328	796,005
0130	6103	FULL TIME-REGULAR-OVERTIME						
0130	6104	PART TIME-WAGES & SALARIES	16,383	24,686	24,764	27,027	26,701	33,964
0130	6105	TEMPORARY-WAGES & SALARIES	37,276					
0130	6108	SEVERANCE				30,865	-	
0130	6121	PERA CONTRIBUTIONS	42,721	50,252	51,848	59,219	57,378	62,248
0130	6122	FICA/MEDICARE CONTRIBUTIONS	43,360	51,500	52,292	59,525	63,645	68,972
0130	6123	ICMA RETIREMENT TRUST	800	-				-
0130	6131	GROUP INSURANCE	71,806	75,814	85,737	97,876	87,946	91,545
0130	6133	WORKERS COMP INSURANCE PREMIUM	3,077	3,504	3,045	1,743	1,975	1,525
0130	6135	PAID FAMILY MEDICAL LEAVE					3,732	3,621
0130	6203	DUPLICATING SUPPLY & COPY PAPE	2,198	4,594	1,267	2,501	4,500	3,500
0130	6204	STATIONERY, ENVELOPES & FORMS	5,458	1,890	1,350	1,350	2,500	2,000
0130	6208	MISCELLANEOUS OFFICE SUPPLIES	3,413	3,515	4,900	3,677	4,950	4,500
0130	6246	MARKETING	198	2,951	2,986	1,188	3,000	2,000
0130	6249	MISCELLANEOUS OPERATING SUPPLY	4,204	3,536	5,727	4,167	6,600	6,600
0130	6306	PERSONNEL TESTING	24,634	14,849	26,235	32,128	33,000	25,534
0130	6315	MISCELLANEOUS PROFESSIONAL SER	63,894	57,243	59,152	65,099	101,647	116,873
0130	6322	POSTAGE	121	67	52	44	600	200
0130	6331	TRAVEL & LODGING	491	1,765	1,716	1,799	4,000	3,000
0130	6334	MILEAGE REIMBURSEMENT	84	-	-	-	-	200
0130	6335	TRAINING	10,128	16,760	18,648	22,666	27,875	25,000
0130	6352	GENERAL NOTICE & PUBLIC INFOR	172	102	108	600	1,000	800
0130	6353	ORDINANCE PUBLICATION	2,322	1,430	1,403	798	2,000	1,000
0130	6354	HELP WANTED ADVERTISEMENTS	7,302	549	38	1,319	2,000	2,000
0130	6361	GENERAL LIABILITY/PROPERTY INS	7,067	6,883	6,309	5,995	6,700	6,325
0130	6405	OFFICE & DATA PROCESSING EQUIP	2,231	1,897	1,897	1,897	2,000	2,000
0130	6451	MEMBERSHIP DUES	1,919	1,525	2,543	2,318	2,371	2,485
0130	6452	SUBSCRIPTIONS	714	659	208	208	770	770
Total Expenditure			913,981	977,369	1,030,356	1,191,673	1,185,218	1,262,667

SUMMARY:

OPERATING EXPENSE:	913,981	977,369	1,030,356	1,191,673	1,185,218	1,262,667
CAPITAL OUTLAY:	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 913,981	\$ 977,369	\$ 1,030,356	\$ 1,191,673	\$ 1,185,218	\$ 1,262,667

PERSONNEL COMPLEMENT

City Administrator	1.00	1.00	1.00	1.00	1.00	1.00
Director of Administrative Services	1.00	1.00	1.00	1.00	1.00	1.00
City Clerk	1.00	0.80	0.80	0.80	0.80	0.80
HR Generalist	1.00	1.00	1.00	1.00	1.00	1.00
HR Specialist	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Clerks	1.00	1.00	1.00	1.00	1.00	1.00
Communications Coordinator	1.00	1.00	1.00	1.00	1.00	1.00
Communications Specialist					0.50	0.50
Receptionist	1.50	1.50	1.50	1.50	-	-
Administration Total	8.50	8.30	8.30	8.30	7.30	7.30

6249 Miscellaneous Operating Supplies

Employee Recognition (Spring & Fall)	2,253	2,605	4,856	2,383	3,600	3,600
Expenses for staff workshops and other misc. operating supplies.	1,951	931	871	1,784	3,000	3,000
	4,204	3,536	5,727	4,167	6,600	6,600

6315 Miscellaneous Professional Services

Insurance Agent of Record Annual Fee	7,000	7,000	7,000	8,000	8,500	8,500
HRA(admin & deposit)/REBA, Paper Shred,Contract Neg	3,621	4,514	3,004	5,453	3,004	3,004
Employee Assistance Program-Cobra/HSA/Group Health	3,687	4,198	8,972	6,436	5,500	5,500
City Code Codification	6,363	5,905	9,377	5,845	9,377	6,201
Workers Comp/Unemployment	12,039	11,879	4,826	16,637	17,499	17,499
Recruiting Software (NEOGOV)	3,920	4,670	4,997	5,297	5,560	6,121
HRIS Software					25,535	39,438
Minute Taking	27,263	19,077	20,976	17,431	26,672	27,606
	63,894	57,243	59,152	65,099	101,647	116,873

6451 Dues

IPMA - National		150	-			
ICMA	1,356			1,200	1,200	1,200
MCCMA	174	257	199	267	226	275
MAMA						
Miscellaneous	389	504	1,944	551	185	250
HR organizations-misc		614		300	760	760
Notary Fees			400			
	1,919	1,525	2,543	2,318	2,371	2,485

DESCRIPTION OF SERVICES:

The Administration Department is generally responsible for the execution of city policy/ strategic plan as adopted by the City Council, prepares and maintains official records, provides for the licensing of local businesses and activities as required by state law or city ordinance, provides Human Resource services, and generally oversees the coordination of events and communications for the City.

BUDGET HIGHLIGHTS

- Adding online benefits administration (6315)
-

GOALS OF CURRENT YEAR BUDGET:

- Oversee implementation of the Council Strategic Action Plan and Legislative Priorities
- Optimize use of non-city funding through joint projects, grants, and partnerships

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0141	6102	F.T. REGULAR-WAGES & SALARIES	8,041	-	32,996		8,883	
0141	6103	FULL TIME-REGULAR-OVERTIME	1,095	-	2,450		-	
0141	6104	PART TIME-WAGES & SALARIES		-	2,874		-	
0141	6105	TEMPORARY-WAGES & SALARIES	22,261	-	44,544		30,800	
0141	6121	PERA CONTRIBUTIONS	706	-	2,821		667	
0141	6122	FICA/MEDICARE CONTRIBUTIONS	642	-	2,900		3,036	
0141	6133	WORKERS COMP INSURANCE PREMIUM	130	-	158		258	
0141	6135	PAID FAMILY MEDICAL LEAVE					310	
0141	6249	MISCELLANEOUS OPERATING SUPPLY	5,631	203	6,195		2,000	
0141	6281	SMALL TOOLS & MINOR EQUIPMENT	5,717	6,083	-	-	1,309	
0141	6322	POSTAGE	120	26	91	1	100	150
0141	6361	GENERAL LIABILITY/PROPERTY INS	346	45	321	18	300	30
Total Expenditure			44,689	6,357	95,352	20	47,663	180

SUMMARY:

OPERATING EXPENSE:	44,689	6,357	95,352	20	47,663	180
CAPITAL OUTLAY:	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 44,689	\$ 6,357	\$ 95,352	\$ 20	\$ 47,663	\$ 180

DESCRIPTION OF SERVICES:

The Elections budget provides funds needed to conduct the national, state, and local elections in accordance with statutory requirements.

BUDGET HIGHLIGHTS

- Non-Election Year

Performance Measurements:

	2022	2024	2026			
Number of Votes	12318	16991				
Number of Voters registered Election Day	18059	18849				
Percent (votes/registered)	68.21%	90.14%				
Number of Wards	4	4				
Number of Precincts	9	9				

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0153	6102	F.T. REGULAR-WAGES & SALARIES	247,373	255,114	308,032	366,758	370,297	391,263
0153	6108	SEVERANCE PAY	8,699					
0153	6121	PERA CONTRIBUTIONS	18,501	18,890	22,344	26,899	23,741	25,105
0153	6122	FICA/MEDICARE CONTRIBUTIONS	19,299	19,179	21,672	25,612	31,254	32,707
0153	6131	GROUP INSURANCE	19,708	26,186	41,342	51,632	61,112	57,959
0153	6133	WORKERS COMP INSURANCE PREMIUM	1,246	1,308	527	159	2,135	800
0153	6135	PAID FAMILY MEDICAL LEAVE					1,898	1,774
0153	6204	STATIONERY, ENVELOPES & FORMS	372	1,009	1,139	306	1,200	1,000
0153	6208	MISCELLANEOUS OFFICE SUPPLIES	312	225	746	322	500	500
0153	6302	AUDITING & ACCOUNTING SERVICES	34,712	40,216	40,870	50,604	52,000	56,200
0153	6322	POSTAGE	1,716	1,543	1,899	2,294	2,200	2,400
0153	6335	TRAINING	2,218	-	681	1,635	3,000	3,000
0153	6352	GENERAL NOTICE & PUBLIC INFOR	306	505	580	600	600	700
0153	6361	GENERAL LIABILITY/PROPERTY INS	2,800	2,612	2,582	2,676	2,700	3,000
0153	6451	MEMBERSHIP DUES	640	365	365	1,100	1,200	1,300
0153	6489	OTHER CONTRACTED SERVICES	4,952	3,709	5,667	4,226	6,000	6,000
Total Expenditure			362,854	370,861	448,446	534,823	559,837	583,708

SUMMARY:

OPERATING EXPENSE:

362,854 370,861 448,446 534,823 559,837 583,708

CAPITAL OUTLAY:

- - - - - -

TOTAL EXPENDITURES

\$ 362,854 \$ 370,861 \$ 448,446 \$ 534,823 \$ 559,837 \$ 583,708

PERSONNEL COMPLEMENT

Finance Director	1.00	1.00	1.00	1.00	1.00	1.00
Asst. Finance Director	1.00	1.00	1.00	1.00	1.00	1.00
Accountant I	-	1.00	1.00	1.00	1.00	1.00
Accountant II	-	-	1.00	1.00	1.00	1.00
Accountant III	1.00	-	-	-	-	-
Accounting Clerk	1.00	1.00	1.00	1.00	1.00	1.00
Finance Total	4.00	4.00	5.00	5.00	5.00	5.00

DESCRIPTION OF SERVICES:

The Finance Department is responsible for financial reporting and budgeting, assessments, cash receipts, accounts receivable, accounts payable, payroll processing, debt service management and investment of all city funds.

BUDGET HIGHLIGHTS

- Personnel Costs

GOALS OF CURRENT YEAR BUDGET:

- Continued long-term financial planning (5-Year Budget & 10-Year CIP)
- Continued CAFR award recognition
- Ensure compliance with state and federal laws

Performance Measurements:

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Projected	2027 Projected
Average Rate of Return	1.64%	3.05%	3.39%	2.99%	2.50%	2.50%
Bond Rating	AA+	AA+	AA+	AA+	AA+	AA+

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0155	6489	OTHER CONTRACTED SERVICES	125,272	126,096	129,777	132,211	138,000	137,000
Total Expenditure			125,272	126,096	129,777	132,211	138,000	137,000

SUMMARY:

OPERATING EXPENSE:	125,272	126,096	129,777	132,211	138,000	137,000
CAPITAL OUTLAY:	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 125,272	\$ 126,096	\$ 129,777	\$ 132,211	\$ 138,000	\$ 137,000

DESCRIPTION OF SERVICES:

The Assessing budget provides contractual assessing services provided by Anoka County.

BUDGET HIGHLIGHTS

No major changes

GOALS OF CURRENT YEAR BUDGET:

- Increase number of in-person assessment appraisals to better reflect market values

Performance Measurements:

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Projected	2027 Projected
Number of Assessed Parcels - Residential Properties	9,347	9,475	9,642	9,853	10,113	10,315
Number of Assessed Parcels - Commercial Properties	402	396	385	387	388	390

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0161	6304	LEGAL FEES	120,510	115,288	120,849	133,866	132,300	181,000
0161	6361	GENERAL LIABILITY/PROPERTY INS	913	855	755	636	850	800
Total Expenditure			121,422	116,142	121,605	134,501	133,150	181,800

SUMMARY:

OPERATING EXPENSE:	121,422	116,142	121,605	134,501	133,150	181,800
CAPITAL OUTLAY:	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 121,422</u>	<u>\$ 116,142</u>	<u>\$ 121,605</u>	<u>\$ 134,501</u>	<u>\$ 133,150</u>	<u>\$ 181,800</u>

DESCRIPTION OF SERVICES:

The Legal budget provides for legal counsel to the City Council and city staff, reviews ordinances, resolutions, contracts and other legal documents. The budget also provides for prosecution services. The City's prosecution services are provided by Eckberg, Lammers Attorneys at Law and other legal services are provided by Holstad & Knaak, PLC

BUDGET HIGHLIGHTS

Increase in Civil due to contract change (6304)

GOALS OF CURRENT YEAR BUDGET:

- Ensure city compliance with all laws

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0191	6102	F.T. REGULAR-WAGES & SALARIES	442,889	556,589	658,500	779,662	839,459	878,656
0191	6104	PART-TIME WAGES & SALARIES	62,985	71,849	73,059	51,789	51,527	53,072
0191	6108	SEVERANCE PAY	7,504	4,934		475		
0191	6121	PERA CONTRIBUTIONS	37,800	47,023	54,103	61,776	66,824	69,880
0191	6122	FICA/MEDICARE CONTRIBUTIONS	38,380	46,887	53,627	60,751	73,748	76,578
0191	6131	GROUP INSURANCE	56,284	71,843	90,547	116,840	127,502	120,961
0191	6133	WORKERS COMP INSURANCE PREMIUM	2,566	3,279	3,095	1,850	5,173	1,900
0191	6135	PAID FAMILY MEDICAL LEAVE					4,480	4,158
0191	6208	MISCELLANEOUS OFFICE SUPPLIES	542	1,276	1,596	1,458	1,000	1,500
0191	6223	GASOLINE	-	-	-	-	-	1,500
0191	6249	MISCELLANEOUS OPERATING SUPPLY	1,347	2,304	2,346	5,017	3,000	1,500
0191	6315	MISCELLANEOUS PROFESSIONAL SER	799	177	346	447	10,000	-
0191	6322	POSTAGE	565	876	878	1,519	1,500	4,000
0191	6331	TRAVEL & LODGING	969	155	-	550	2,400	2,400
0191	6334	MILEAGE REIMBURSEMENT	-	230	-	218	500	500
0191	6335	TRAINING	4,260	1,831	5,128	2,112	9,300	10,300
0191	6352	GENERAL NOTICE & PUBLIC INFOR	2,079	1,408	527	587	3,000	3,000
0191	6361	GENERAL LIABILITY/PROPERTY INS	5,366	6,016	5,967	6,013	6,300	7,200
0191	6451	MEMBERSHIP DUES	794	1,113	1,004	1,797	3,500	3,500
0191	6452	SUBSCRIPTIONS	744	852	723	90	1,000	1,000
Total Expenditure			665,874	818,640	951,445	1,092,953	1,210,213	1,241,605

SUMMARY:

OPERATING EXPENSE:	665,874	818,640	951,445	1,092,953	1,210,213	1,241,605
CAPITAL OUTLAY:	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 665,874	\$ 818,640	\$ 951,445	\$ 1,092,953	\$ 1,210,213	\$ 1,241,605

PERSONNEL COMPLEMENT

City Planner	-	1.00	1.00	1.00	1.00	1.00
Planning Manager	1.00	1.00	1.00	1.00	1.00	1.00
Senior City Planner	1.00	1.00	1.00	1.00	1.00	1.00
Rental Housing Inspector	-	-	1.00	1.00	1.00	1.00
Zoning Code Enforcement Officer	1.00	1.00	1.00	1.00	1.00	1.00
Deputy City Administrator/Community Development Director	1.00	-	-	-	-	-
Community Development Director		1.00	1.00	1.00	1.00	1.00
Planning Technician	1.00	-	-	-	-	-
Economic Development Manager	1.00	1.00	1.00	1.00	1.00	1.00
Community/Economic Development Assistant	0.50	0.50	0.63	0.63	0.63	0.63
Administrative Assistant	0.73	0.73	0.73	1.00	1.00	1.00
Planning & Zoning Total	7.23	7.23	8.36	8.63	8.63	8.63

DESCRIPTION OF SERVICES:

The mission of the Community Development Department is to guide residential and commercial growth through comprehensive planning processes and administer the city's building and zoning codes in a equitable and professional manner to promote and sustain public safety, quality of life, and the health and well being of the whole community.

The Planning Division's function is to prepare and implement the City's Comprehensive Plan (the City's land use guide) which comprises of two (2) major functions: long-range land use planning and zoning administration, code

BUDGET HIGHLIGHTS

- No major changes

GOALS OF CURRENT YEAR BUDGET:

- All Land Use Applications processed with 60 days.
- Standard plan review completed within 5 business day (previously 10 business days).
- Improve Responsiveness to Code Violation Complaints
- Improve image of key nodes/corridors and be proactive on site plans due to Ramsey Gateway Project.
- Improve the application process for land use applications.

Performance Measurements:

5	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Projected	2027 Projected
Number of Land Use Applications	44	25	40	25	40	40
Number of Rental Inspections Completed				952		
Number of Code Enforcement Cases	470	817	400	321	400	400

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0192	6102	F.T. REGULAR-WAGES & SALARIES	189,159	246,057	267,133	318,957	336,817	354,892
0192	6108	SEVERANCE PAY						
0192	6121	PERA CONTRIBUTIONS	13,959	18,402	19,824	23,643	25,261	26,617
0192	6122	FICA/MEDICARE CONTRIBUTIONS	14,080	18,460	19,839	23,510	25,767	27,149
0192	6131	GROUP INSURANCE	28,513	37,695	40,137	43,227	45,333	50,135
0192	6133	WORKERS COMP INSURANCE PREMIUM	976	1,316	1,218	757	1,448	700
0192	6135	PAID FAMILY MEDICAL LEAVE					1,681	1,600
0192	6208	MISCELLANEOUS OFFICE SUPPLIES	414	380	362	199	400	400
0192	6249	MISCELLANEOUS OPERATING SUPPLY	542	162	1,456	1,202	875	1,300
0192	6281	SMALL TOOLS & MINOR EQUIPMENT	49,366	50,158	18,594	37,074	64,800	64,800
0192	6315	MISCELLANEOUS PROFESSIONAL SER	-	-	-	-	35,000	
0192	6321	TELEPHONE	13,675	13,945	13,095	16,508	17,750	23,055
0192	6323	CELLULAR PHONES	43,623	50,176	52,295	59,565	64,032	68,020
0192	6335	TRAINING	1,354	3,809	154	2,370	6,300	6,300
0192	6361	GENERAL LIABILITY/PROPERTY INS	5,802	5,526	6,016	5,376	6,300	7,000
0192	6374	REFUSE/RECYCLING	-	479	-	-	-	-
0192	6405	OFFICE & DATA PROCESSING EQUIP	385,556	393,779	454,388	529,734	599,870	758,716
0192	6585	COMPUTER HARDWARE/SOFTWARE	26,894		64,048	47,768	71,000	78,470
Total Expenditure			773,912	840,343	958,559	1,109,890	1,302,634	1,469,154

SUMMARY:

OPERATING EXPENSE:	747,018	840,343	894,511	1,062,122	1,231,634	1,390,684
CAPITAL OUTLAY:	26,894	-	64,048	47,768	71,000	78,470
TOTAL EXPENDITURES	\$ 773,912	\$ 840,343	\$ 958,559	\$ 1,109,890	\$ 1,302,634	\$ 1,469,154

PERSONNEL COMPLEMENT

IT Manager	1	1	1	1	1	1
Systems & Security	1	1	1	1	1	1
IT Tech	1	1	1	1	1	1
Data Processing Total	3.00	3.00	3.00	3.00	3.00	3.00

6405 Office Equipment Contracts

Support (LOGIS)	6,470			10,800	12,500	35,000
Financial Support(General Ledger,P/R, S/A, F/A & System Dev)(LOGIS)	96,110		104,530	108,260	112,730	113,795
PIMS becomes Accella System Support (LOGIS)	47,875		67,126	53,425	83,735	85,800
Tungsten(LOGIS)	3,860		4,260	4,475	4,700	4,935
DigiPlan(LOGIS)	-	-	-	20,000	42,000	42,000
GIS (LOGIS)	50,115		55,251	58,000	60,900	63,000
Laserfiche Licensing (LOGIS)	6,423		23,940	28,137	16,500	13,650
Licensing/maintenance through Logis	37,247		24,088	27,308	47,365	146,227
Malware Bytes (3-Year Renewal)	10,411			10,932	-	700
Digital Signage	5,870		4,733	3,380	3,448	3,264
Other Licensing/Maintenance (Civic Rec/Engineering-Autocad)	17,055		50,502	78,127	82,000	53,585
Internet (Included in LOGIS Support)	17,560		19,360	20,330	21,145	21,990
Server Backup/Hosting LOGIS	39,790		53,030	55,950	48,021	101,925
Copier/Printer Support	13,595		15,449	16,685	17,562	17,840
Agenda Quick	3,500		6,800	6,700	6,900	7,212
Phone Support	6,041		10,869	6,343	16,602	9,500
Miscellaneous	15,430		5,404	5,783	7,912	5,202
Website Annual Fee	8,205		9,046	15,098	15,850	37,898
	385,556	393,779	454,388	529,734	599,870	763,523

6585 Computer Hardware / Software

Server Virtualization				0	33,000	-
Replace 24 laptops (17 Police/7 Fire)				0	-	78,470
Universal Power Supply	26,894	-	-	-	-	-
Firewall				24,574	-	-
City Hall Copier Replacements				23,194	-	-
computer purchases			26,821	-	-	-
Networking Switches			37,227	-	38,000	-

	26,894	-	64,048	47,768	71,000	78,470
PERSONNEL COMPLEMENT						
IT Manager	1.00	1.00	1.00	1.00	1.00	1.00
Security Administrator	1.00	1.00	1.00	1.00	1.00	1.00
IT Support Technician	-	-	-	-	1.00	1.00
IT Systems Specialist	1.00	1.00	1.00	1.00	-	-
Data Processing Total	3.00	3.00	3.00	3.00	3.00	3.00

DESCRIPTION OF SERVICES:

The Information Technology Department manages and maintains all voice, network, and data systems for the city. They also handle long-term project planning, technology implementations and helpdesk support for city staff.

BUDGET HIGHLIGHTS

- LOGIS Network Services added (Naaas) - \$49,630 Less \$6,776 current costs-net \$42,854 (6405)
- Website annual fee increase - \$22,048 (6405)
- Office 365- Implementation-\$20,000/\$50,000 Licensing (6405)
- ADA Remediation Software - \$14,100 (6405)
- New AutoDesk Licensing & Desk Phone Licensing - \$5,500 (6405)
- New Endpoint Security Software - \$5,200 (6405)
- Police Squad Hardware Refresh - \$3,100 (6405)
- **Replace** Engineering Plotters - \$15,000 (6585)
- **Replace** 41 Laptops (34 Police/7 Fire) - \$131,470 (6585)

GOALS OF CURRENT YEAR BUDGET:

- Ensure staff access to tools and resources in order to provide effective services to citizens.
- Identify efficiency, security, and cost-saving opportunities that improve/maintain city services using technology & staff

Performance Measurements:

	2022 Actual	2023 Actual	2024 Projected	2025 Actual	2026 Actual	2027 Projected
Number of Physical Servers	3	3	3	3	3	0
Number of Virtualized Servers	14	13	13	17	13	14
Number of Desktop PCs / Laptops	177	180	180	174	171	176
Number of Phones	109	112	112	114	119	120
Number of Mobile Phones	65	65	65	81	85	83
Number of Other Cell Devices (hot spots, cameras, etc.)				48	49	49
Number of Tablets	23	30	30	7	4	4
Number of Wireless Access Points	18	28	28	29	24	25

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0194	6102	F.T. REGULAR-WAGES & SALARIES	164,491	174,759	202,928	256,636	288,241	305,731
0194	6103	FULL TIME-REGULAR-OVERTIME	3,382	2,842	5,281	5,221		
0194	6104	PART TIME-WAGES & SALARIES	27,454	28,644	33,418	40,199	42,244	45,346
0194	6108	SEVERANCE PAY	4,686	18,025	2,705	1,225		
0194	6121	PERA CONTRIBUTIONS	14,556	15,369	16,983	22,394	24,786	26,331
0194	6122	FICA/MEDICARE CONTRIBUTIONS	14,339	15,749	18,072	22,601	25,282	26,858
0194	6131	GROUP INSURANCE	39,524	36,444	37,147	52,491	58,743	55,690
0194	6133	WORKERS COMP INSURANCE PREMIUM	10,552	11,885	13,033	6,734	7,261	6,000
0194	6135	PAID FAMILY MEDICAL LEAVE					1,713	1,607
0194	6221	CLEANING SUPPLIES	1,910	4,025	4,759	3,618	5,000	5,000
0194	6223	GASOLINE	3,390	3,347	3,522	3,546	4,500	5,500
0194	6225	DIESEL FUEL	2,172	563	1,304	1,448	2,500	3,500
0194	6231	UNIFORMS & TURN-OUT GEAR	2,199	1,695	3,020	3,206	3,500	3,500
0194	6249	MISCELLANEOUS OPERATING SUPPLY	20,014	19,784	21,867	21,854	25,000	25,000
0194	6257	OTHER VEHICLE PARTS	3,200	2,136	8,517	1,076	2,500	2,500
0194	6259	BUILDING MAINT/REPAIR SUPPLIES	5,313	5,329	8,335	9,695	10,000	10,000
0194	6281	SMALL TOOLS & MINOR EQUIPMENT	4,235	6,115	12,512	3,575	8,000	8,000
0194	6361	GENERAL LIABILITY/PROPERTY INS	6,816	6,841	6,574	5,983	6,400	8,600
0194	6371	ELECTRIC UTILITIES	99,439	102,932	102,872	111,440	120,000	135,000
0194	6372	WATER/IRRIGATION	2,928	3,358	2,676	3,636	4,000	4,600
0194	6373	GAS	40,961	38,397	36,661	42,316	44,000	48,000
0194	6374	REFUSE/RECYCLING	5,569	5,203	6,803	6,394	8,000	8,000
0194	6381	BUILDING & STRUCTURE REPAIR	9,127	3,272	13,457	13,966	75,000	75,000
0194	6382	MACHINERY & EQUIPMENT REPAIR	19,344	20,262	24,393	37,044	75,000	75,000
0194	6388	OTHER VEHICLE REPAIR	241	71	-	222	3,000	3,000
0194	6489	OTHER CONTRACTED SERVICES	90,445	102,525	95,165	93,529	105,000	109,000
0194	6550	MOTOR VEHICLES	47,226	-	60,692		75,000	
0194	6580	OTHER EQUIPMENT	-	-	16,500			
Total Expenditure			643,514	629,571	759,196	770,048	1,024,670	996,763

SUMMARY:

OPERATING EXPENSE:	596,288	629,571	682,004	770,048	949,670	996,763
CAPITAL OUTLAY:	47,226	-	77,192	-	75,000	-
TOTAL EXPENDITURES	\$ 643,514	\$ 629,571	\$ 759,196	\$ 770,048	\$ 1,024,670	\$ 996,763

PERSONNEL COMPLEMENT

Gen. Gov't. Bldgs.

Building Maintenance	3.50	3.50	4.50	4.50	4.50	4.50
Gen Govt Bldgs Total	3.50	3.50	4.50	4.50	4.50	4.50

DESCRIPTION OF SERVICES:

The General Government Buildings Department is responsible for cleaning city buildings and the repair and maintenance of all building systems, as well as two cemeteries.

BUDGET HIGHLIGHTS

- Increased electric costs - \$15,000 (6371)
-

GOALS OF CURRENT YEAR BUDGET:

- Clean and maintain our municipal buildings to the highest level possible
- Continue to prepare and support voting precincts during elections
- Respond to all maintenance requests in a timely manner

Performance Measurements:						
	2022 Actual	2023 Actual	2024 Actual	2025 Projected	2026 Projected	2027 Projected
Buildings Maintained	13	13	13	13	17	18
Rooms Prepared for Meetings Annually	1210	1210	1250	1250	1270	1280
Maintenance Request Cleared	45	45	50	50	53	60

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0195	6102	F.T. REGULAR-WAGES & SALARIES	4,682	3,474	2,422	548	7,368	
0195	6121	PERA CONTRIBUTIONS	351	261	182	41	553	
0195	6122	FICA/MEDICARE CONTRIBUTIONS	386	286	199	45	564	
0195	6133	WORKERS COMP INSURANCE PREMIUM	22	15	26	15	32	
0195	6135	PAID FAMILY MEDICAL LEAVE					32	
0195	6322	POSTAGE	12,345	13,069	15,084	16,287	16,700	19,372
0195	6352	GENERAL NOTICE & PUBLIC INFOR	36,409	40,241	41,055	42,225	44,000	48,400
0195	6361	GENERAL LIABILITY/PROPERTY INS	424	399	370	334	400	400
Total Expenditure			54,618	57,746	59,337	59,495	69,649	68,172

SUMMARY:

OPERATING EXPENSE:	54,618	57,746	59,337	59,495	69,649	68,172
CAPITAL OUTLAY:	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 54,618	\$ 57,746	\$ 59,337	\$ 59,495	\$ 69,649	\$ 68,172

DESCRIPTION OF SERVICES:

The community newsletter, The Ramsey Resident, is distributed to residential homes every two months. It is intended to provide public information about community events and local government.

BUDGET HIGHLIGHTS

Staff Costs Reflected under 0130-Administration (6102-6135)
Advertising now produced in-house; reduced fees, increased revenue.

GOALS OF CURRENT YEAR BUDGET:

- Continue refreshed Ramsey branding items into the newsletter

Performance Measurements:

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Projected	2027 Projected
Number of newsletters completed annually	6	6	6	6	6	6
Number of full color newsletters completed annually	6	6	6	6	6	6

PUBLIC SAFETY

211-280

EXPENDITURE BY OBJECT SUMMARY	-2022 Actual-	-2023 Actual-	-2024 Actual-	-2025 Actual-	-2026 Adopted-	-2027 Requested-
PERSONNEL SERVICES	5,636,560	6,231,938	6,663,698	7,417,715	8,322,129	8,761,617
SUPPLIES	503,417	524,930	545,425	598,941	633,550	712,450
OTHER SERVICES & CHARGES	604,391	601,831	881,388	735,023	721,900	904,625
CAPITAL OUTLAY	77,929	517,361	1,414,024	413,507	639,500	805,000
DEBT SERVICE	-	-	-	-	-	-
TOTAL EXPENDITURE BY OBJECT	6,822,296	7,876,060	9,504,535	9,165,187	10,317,079	11,183,692

LINE ITEM DETAIL BY COST CENTER OR SUB-FUNCTION

PUBLIC SAFETY

211-280

EXPENDITURE BY OBJECT RECAP ALL SUB-FUNCTIONS	-2022 Actual-	-2023 Actual-	-2024 Actual-	-2025 Actual-	-2026 Adopted-	-2027 Requested-
PERSONNEL SERVICES						
WAGES AND SALARIES						
6102 F.T. REGULAR-WAGES & SALARIES	3,495,004	3,916,991	4,150,959	4,591,368	5,353,411	5,737,201
6103 FULL TIME-REGULAR-OVERTIME	135,588	128,145	137,910	161,186	130,000	145,000
6104 PART TIME-WAGES & SALARIES	601,722	601,786	693,040	848,528	769,761	820,341
6105 TEMPORARY-WAGES & SALARIES	270	45	5,638	576	-	-
6107 OVERTIME-PART TIME	-	-	-	-	-	-
TOTAL WAGES AND SALARIES	4,232,583	4,646,966	4,987,547	5,601,659	6,253,172	6,702,542
OTHER GROSS EARNINGS						
6108 SEVERANCE PAY	21,943	20,251	78,603	97,033	-	-
TOTAL OTHER GROSS EARNINGS	21,943	20,251	78,603	97,033	-	-
EMPLOYER CONTRIBUTIONS						
6121 PERA CONTRIBUTIONS	598,194	651,108	699,964	772,989	860,664	921,376
6122 FICA/MEDICARE CONTRIBUTIONS	115,980	127,619	136,414	161,218	192,416	207,430
6131 GROUP INSURANCE	421,109	512,677	503,629	570,900	707,147	693,972
6132 DISABILITY INSURANCE	1,313	1,313	1,313	1,313	1,313	1,313
6133 WORKERS COMP INSURANCE PREMIUM	245,437	272,004	256,228	212,603	278,300	206,800
6135 PAID FAMILY MEDICAL LEAVE	-	-	-	-	29,117	28,184
TOTAL EMPLOYER CONTRIBUTIONS	1,382,034	1,564,721	1,597,549	1,719,023	2,068,957	2,059,075
Total PERSONNEL SERVICES	5,636,560	6,231,938	6,663,698	7,417,715	8,322,129	8,761,617
SUPPLIES						
OFFICE SUPPLIES						
6204 STATIONERY, ENVELOPES & FORMS	3,712	5,808	5,255	3,682	6,000	6,000
6206 FILM, MICROFILM, TAPES, DISKS	370	208	128	179	800	450
6207 TRAINING SUPPLIES	3,562	10,165	8,170	5,437	10,500	19,000
6208 MISCELLANEOUS OFFICE SUPPLIES	1,800	2,991	3,515	2,928	3,700	4,200
TOTAL OFFICE SUPPLIES	9,444	19,172	17,068	12,227	21,000	29,650
OPERATING SUPPLIES						
6223 GASOLINE	109,192	94,580	80,769	77,780	90,000	96,000
6225 DIESEL FUEL	7,163	9,858	14,266	15,133	15,000	18,000
6227 LUBRICANTS & ADDITIVES	1,624	2,709	2,382	2,938	3,000	3,250
6229 SHOP MATERIALS	1,538	1,425	2,282	2,537	2,000	2,500
6231 UNIFORMS & TURN-OUT GEAR	108,626	115,974	144,578	109,749	146,200	147,400
6233 BATTERIES	2,013	1,940	435	1,354	5,000	2,500
6235 AMMUNITION	13,725	13,274	14,827	11,050	15,000	17,000
6237 CRIME SCENE KIT MATERIALS	-	509	495	713	1,500	1,500
6239 FIRST AID SUPPLIES	5,444	6,005	5,425	5,934	11,000	9,000
6241 COMMUNITY POLICING SUPPLIES	9,967	10,351	14,111	12,220	15,000	15,000
6249 MISCELLANEOUS OPERATING SUPPLY	48,417	51,315	69,159	82,939	84,250	88,350
TOTAL OPERATING SUPPLIES	307,710	307,939	348,729	322,347	387,950	400,500
REPAIR AND MAINTENANCE SUPPLIES						
6251 BATTERIES	-	829	922	2,178	2,500	3,200
6253 BRAKES	3,238	4,045	1,739	180	4,000	4,000
6255 TIRES	6,616	7,315	6,529	7,360	9,500	8,000
6257 OTHER VEHICLE PARTS	18,440	41,515	40,784	63,718	43,000	51,000
6259 BUILDING MAINT/REPAIR SUPPLIES	43,518	14,241	47,031	43,975	42,000	47,500
6266 SCBA-PARTS	5,899	23,874	25,450	11,437	25,000	25,000
6271 SIGN REPAIR MATERIALS	1,148	1,464	3,103	1,611	6,000	6,000
6275 OTHER EQUIPMENT PARTS	2,933	945	554	1,990	3,000	25,750
TOTAL REPAIR AND MAINTENANCE SUPPLIES	81,792	94,227	126,110	132,449	135,000	170,450
SMALL TOOLS AND MINOR EQUIPMENT						
6281 SMALL TOOLS & MINOR EQUIPMENT	104,472	103,276	53,410	131,919	89,200	111,600
TOTAL SMALL TOOLS AND MINOR EQUIPMENT	104,472	103,276	53,410	131,919	89,200	111,600
MERCHANDISE FOR RESALE						
6291 CULVERTS, SIGNS, STREET SUPPLY	-	316	107	-	400	250
TOTAL MERCHANDISE FOR RESALE	-	316	107	-	400	250
Total SUPPLIES	503,417	524,930	545,425	598,941	633,550	712,450

OTHER SERVICES & CHARGES							
PROFESSIONAL SERVICES							
6302	AUDITING & ACCOUNTING SERVICES	4,416	4,958	5,551	8,051	8,000	9,000
6315	MISCELLANEOUS PROFESSIONAL SER	150,362	134,615	413,781	284,732	132,000	163,125
TOTAL PROFESSIONAL SERVICES		154,778	139,573	419,332	292,783	140,000	172,125
COMMUNICATION							
6321	TELEPHONE	-	-	-	-	-	-
6322	POSTAGE	2,584	2,603	2,584	3,351	4,300	4,100
6323	CELLULAR PHONES	-	-	-	-	-	-
TOTAL COMMUNICATION		2,584	2,603	2,584	3,351	4,300	4,100
EMPLOYEE REIMBURSEMENTS							
6331	TRAVEL & LODGING	8,515	7,685	9,179	12,523	18,700	22,700
6334	MILEAGE REIMBURSEMENT	474	199	198	161	600	600
6335	TRAINING	81,528	75,342	75,269	80,423	110,500	108,600
TOTAL EMPLOYEE REIMBURSEMENTS		90,517	83,225	84,645	93,107	129,800	131,900
INSURANCE							
6361	GENERAL LIABILITY/PROPERTY INS	106,710	133,713	130,366	127,567	141,250	137,450
TOTAL INSURANCE		106,710	133,713	130,366	127,567	141,250	137,450
UTILITIES							
6371	ELECTRIC UTILITIES	31,828	29,147	32,984	30,019	37,000	38,200
6372	WATER/IRRIGATION	2,117	2,791	2,166	4,320	3,000	4,000
6373	GAS	11,838	9,987	16,603	13,263	18,500	24,800
6374	REFUSE/RECYCLING	1,571	1,718	1,773	1,928	2,000	2,200
TOTAL UTILITIES		47,354	43,642	53,526	49,529	60,500	69,200
REPAIRS AND MAINTENANCE - LABOR							
6382	MACHINERY & EQUIPMENT REPAIR	15,015	14,124	13,489	15,460	24,000	22,500
6383	OFFICE EQUIPMENT REPAIR	-	-	-	-	-	-
6386	BRAKE REPAIR	-	-	-	-	-	-
6388	OTHER VEHICLE REPAIR	68,786	52,534	69,794	62,416	77,000	78,000
6389	TOWING SERVICES	3,096	345	526	519	3,000	3,000
TOTAL REPAIRS AND MAINTENANCE - LABOR		86,897	67,004	83,809	78,395	104,000	103,500
REPAIRS AND MAINTENANCE - CONTRACTS							
6405	OFFICE & DATA PROCESSING EQUIP	43,253	41,626	35,515	29,032	49,000	49,900
TOTAL REPAIRS AND MAINTENANCE - CONTRACTS		43,253	41,626	35,515	29,032	49,000	49,900
RENTALS							
6413	OFFICE EQUIPMENT RENTAL	3,483	5,265	5,160	5,160	7,500	5,300
6415	OTHER EQUIPMENT RENTAL	38,215	37,867	42,640	37,684	50,250	166,000
TOTAL RENTALS		41,698	43,132	47,800	42,844	57,750	171,300
DUES, SUBSCRIPTIONS, AND REGISTRATION FEES							
6451	MEMBERSHIP DUES	7,039	7,596	6,843	5,999	9,000	9,100
6452	SUBSCRIPTIONS	-	-	-	-	-	-
TOTAL DUES, SUBSCRIPTIONS, AND REGISTRATION FEES		7,039	7,596	6,843	5,999	9,000	9,100
BOOKS AND PAMPHLETS							
6471	BOOKS & PAMPHLETS	2,384	1,963	3,267	1,471	5,300	5,250
TOTAL BOOKS AND PAMPHLETS		2,384	1,963	3,267	1,471	5,300	5,250
CONTRACTED SERVICES							
6489	OTHER CONTRACTED SERVICES	21,177	37,754	13,702	10,945	21,000	50,800
TOTAL CONTRACTED SERVICES		21,177	37,754	13,702	10,945	21,000	50,800
Total OTHER SERVICES & CHARGES		604,391	601,831	881,388	735,023	721,900	904,625
CAPITAL OUTLAY							
CAPITAL OUTLAY							
6540	HEAVY MACHINERY	-	-	-	-	-	-
6550	MOTOR VEHICLES	-	417,176	1,102,015	349,198	516,500	770,000
6580	OTHER EQUIPMENT	77,929	100,185	312,009	64,309	123,000	35,000
TOTAL CAPITAL OUTLAY		77,929	517,361	1,414,024	413,507	639,500	805,000
Total CAPITAL OUTLAY		77,929	517,361	1,414,024	413,507	639,500	805,000
DEBT SERVICE							
DEBT SERVICE							
6603	OTHER L.T. OBLIGATION PRINCIPA	-	-	-	-	-	-
TOTAL DEBT SERVICE		-	-	-	-	-	-
Total DEBT SERVICE		-	-	-	-	-	-
TOTAL EXPENDITURES & OTHER FINANCING		6,822,296	7,876,060	9,504,535	9,165,187	10,317,079	11,183,692
SUMMARY:							
OPERATING EXPENSE:		6,744,368	7,358,699	8,090,511	8,751,680	9,677,579	10,378,692
CAPITAL OUTLAY:		77,929	517,361	1,414,024	413,507	639,500	805,000
TOTAL EXPENDITURES		\$ 6,822,296	\$ 7,876,060	\$ 9,504,535	\$ 9,165,187	\$ 10,317,079	\$ 11,183,692

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0211	6102	F.T. REGULAR-WAGES & SALARIES	2,865,943	3,108,329	3,364,368	3,643,410	4,087,554	4,382,761
0211	6103	FULL TIME-REGULAR-OVERTIME	131,945	126,091	126,294	160,935	130,000	145,000
0211	6104	PART TIME-WAGES & SALARIES	90,750	72,089	99,259	147,871	197,606	199,228
0211	6108	SEVERANCE PAY	14,582	20,251	59,252	36,397		
0211	6121	PERA CONTRIBUTIONS	511,012	542,373	588,572	637,160	695,644	746,796
0211	6122	FICA/MEDICARE CONTRIBUTIONS	66,062	71,967	79,784	92,226	109,281	115,495
0211	6131	GROUP INSURANCE	339,894	377,986	385,895	398,757	472,364	453,872
0211	6133	WORKERS COMP INSURANCE PREMIUM	191,818	209,520	204,207	170,623	228,647	164,000
0211	6135	PAID FAMILY MEDICAL LEAVE					21,356	20,359
0211	6204	STATIONERY, ENVELOPES & FORMS	3,134	4,692	4,962	3,399	4,500	4,500
0211	6206	FILM, MICROFILM, TAPES, DISKS	370	208	128	179	500	350
0211	6207	TRAINING SUPPLIES	3,562	10,165	8,170	5,437	10,500	19,000
0211	6208	MISCELLANEOUS OFFICE SUPPLIES	1,271	2,605	2,430	1,926	2,500	2,500
0211	6223	GASOLINE	85,351	74,806	67,842	63,558	72,000	75,000
0211	6227	LUBRICANTS & ADDITIVES	1,624	2,709	2,382	2,938	3,000	3,250
0211	6229	SHOP MATERIALS	1,538	1,425	2,282	2,537	2,000	2,500
0211	6231	UNIFORMS & TURN-OUT GEAR	48,896	63,393	71,023	43,379	80,000	80,000
0211	6233	BATTERIES	2,013	1,940	435	1,354	2,000	2,500
0211	6235	AMMUNITION	13,725	13,274	14,827	11,050	15,000	17,000
0211	6237	CRIME SCENE KIT MATERIALS	-	509	495	713	1,500	1,500
0211	6239	FIRST AID SUPPLIES	4,287	4,252	4,287	3,644	8,000	6,000
0211	6249	MISCELLANEOUS OPERATING SUPPLY	10,886	14,510	22,506	27,321	25,500	28,000
0211	6251	BATTERIES	-	829	647	2,178	1,500	2,200
0211	6253	BRAKES	3,238	4,045	1,739	180	4,000	4,000
0211	6255	TIRES	6,616	7,315	6,529	7,360	9,500	8,000
0211	6257	OTHER VEHICLE PARTS	13,425	20,154	21,950	24,718	23,000	27,000
0211	6259	BUILDING MAINT/REPAIR SUPPLIES	13,502	512	14,715	9,372	12,000	15,500
0211	6275	OTHER EQUIPMENT PARTS	220	550	554	597	1,000	24,250
0211	6281	SMALL TOOLS & MINOR EQUIPMENT	76,843	69,237	19,643	94,301	48,000	70,200
0211	6315	MISCELLANEOUS PROFESSIONAL SER	11,892	7,840	50,070	16,549	22,000	38,125
0211	6322	POSTAGE	1,182	1,204	1,208	1,745	2,600	2,100
0211	6331	TRAVEL & LODGING	5,159	5,706	8,212	10,890	12,000	16,000
0211	6335	TRAINING	28,335	31,667	36,762	25,714	50,000	46,000
0211	6361	GENERAL LIABILITY/PROPERTY INS	86,707	105,032	102,814	100,731	110,000	105,000
0211	6371	ELECTRIC UTILITIES			2,307	2,693	2,500	3,000
0211	6373	GAS			6,086	8,946	6,500	9,800
0211	6382	MACHINERY & EQUIPMENT REPAIR	509	187	1,975	785	2,000	1,500
0211	6388	OTHER VEHICLE REPAIR	10,675	13,287	10,709	4,148	17,000	18,000
0211	6389	TOWING SERVICES	3,096	345	526	519	3,000	3,000
0211	6405	OFFICE & DATA PROCESSING EQUIP	9,179	2,706	2,695	2,823	22,000	15,900
0211	6413	OFFICE EQUIPMENT RENTAL	3,483	5,265	5,160	5,160	7,500	5,300
0211	6415	OTHER EQUIPMENT RENTAL	38,215	37,867	42,530	37,684	50,000	165,750
0211	6451	MEMBERSHIP DUES	3,246	3,822	3,447	3,569	4,400	4,000
0211	6489	OTHER CONTRACTED SERVICES	12,625	25,079	373	1,462	1,000	20,000
0211	6550	MOTOR VEHICLES	-	115,083	428,959	49,198	126,500	150,000
0211	6580	OTHER EQUIPMENT	9,453	15,780	256,477	30,644	18,000	
Total Expenditure			4,726,260	5,196,605	6,135,488	5,896,781	6,725,452	7,224,236

SUMMARY:

OPERATING EXPENSE:	4,716,807	5,065,742	5,450,053	5,816,939	6,580,952	7,074,236
CAPITAL OUTLAY:	9,453	130,863	685,436	79,842	144,500	150,000
TOTAL EXPENDITURES	\$ 4,726,260	\$ 5,196,605	\$ 6,135,488	\$ 5,896,781	\$ 6,725,452	\$ 7,224,236

PERSONNEL COMPLEMENT

Police Chief	1.00	1.00	1.00	1.00	1.00	1.00
Captain	2.00	2.00	2.00	2.00	2.00	2.00
Sergeant	4.00	4.00	5.00	5.00	5.00	5.00
Drug Task Force Officer	1.00	1.00	1.00	1.00	1.00	1.00
Patrol Officer	21.00	22.00	21.00	21.00	22.00	22.00
Lead CSO/Community Service Officer	1.26	2.00	3.07	3.07	3.07	3.07
Police Office Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Clerical/Support Personnel	3.64	3.64	3.64	4.27	4.64	4.64
Public Safety Total	34.90	36.64	37.71	38.34	39.71	39.71

6550 Motor Vehicles

Chev Silverado		66,957				
Dodge Durango (2 in 2024)		119,173	49,198	54,500		
Ford Explorers (3 in 2024)		180,455				
2 Chargers	73,400					
Ford Explorer with set up				72,000		
Ford Explorers (2) \$50K each						100,000
Ford F-150						50,000
Tahoe	41,683	62,375				
	-	115,083	428,959	49,198	126,500	150,000

6580 Other Equipment

Axon Squad Car Cameras	-	-	219,708	-	-	-
Radios	-	-	36,769	-	-	-
Tire Changer (1/2 cost with PW)	-	-	-	13,606	-	-
Drone	-	-	-	-	18,000	-
Audio/Video Recorder in Interview Rooms	9,453	-	-	17,038	-	-
	9,453	-	256,477	30,644	18,000	-

DESCRIPTION OF SERVICES:

The Police Department is responsible for the protection of life and property and a sense of community security and responds to all emergencies in the city. The Police Department will deter criminal activity by visible patrols; the enforcement of traffic laws; and the apprehension of criminal offenders. The department investigates criminal incidents and apprehends offenders through the gathering, analysis, preservation and presentation of evidence. The Police department provides other community services such as code enforcement, animal control, crime prevention, and school liaison.

BUDGET HIGHLIGHTS

- Personnel Costs - COLA & Steps
- Overtime Increase - \$15,000 (6103)
- Wellness Sauna -\$4,800 (DTF Funded); Replace 20-year old Treadmill - \$7,000 (6207)
- Handgun Replacements \$14,500 (6231)
- Case Mgmt Room into 2 offices -\$7,000; Garage Floor Patch \$6,000 (6259)
- Portable Radio Upgrades (FBI Required) - \$23,500 (500 x 47 radios) - (6275)
- 3-replacement squad set up-\$46,500 (HRA/COR Funded) part of 3 new squad setup; 3 new radars-\$11,600; Forceable Tools-\$6,600; Indoor Drone-\$2,500; Wellness Massage Chair-\$5,500 (DTF Funded) (6281)
- Policies 360 Program-manage & update police department policies through Eckberg Lammers - \$16,125 (6315)
- PSDS JLEC cost increase-\$50,470; AXON Body Worn Camers & Fleet 3 renewal-\$113,747 per year for 5 years (6415)
- Annual renewal current 6 flock license plate readers-\$18,000 (6489)
- Replace 2023 Dodge Charger #330 with Ford F-150 - \$50,000 (6550)
- Replace 2021 Ford Explorer #312 - \$50,000 (6550)
- Replace 2021 Ford Explorer #313 - \$50,000 (6550)

GOALS OF CURRENT YEAR BUDGET:

- Reduce criminal activity in the community
- Adequately staff public safety based on changing demographics and needs
- Leverage technology to create operational efficiencies
- Enhance traffic safety in the community

Performance Measurements:						
Police Department Activity	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Projected	2027 Projected
Dispatched Calls for Service	15609	15172	16,069	16487	16718	16995
Motor Vehicle Accidents	465	384	390	417	394	382
Citations and Warnings	1042	968	1649	1480	1809	2001
Criminal	869	798	709	751	685	643
Non-Criminal	9000	6914	7675	7037	7402	7577
State CPM Performance Measurement Results						
	2022	2023	2024	2025	2026	2027
Total Reported Crimes Rate (per 100,000 population)	17.78	16.81	15.13	16.49	17	17
Crime Clearance Rates (per 100,000 population)	19%	27%	28%	30%	35%	40%
Average police response time - highest priority calls	6:08	5:46	5:46	5:40	under 6 minutes	under 6 minutes

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0220	6102	F.T. REGULAR-WAGES & SALARIES	352,050	440,276	471,515	514,371	666,986	695,027
0220	6103	FULL TIME-REGULAR-OVERTIME	3,373					
0220	6104	PART TIME-WAGES & SALARIES	459,516	469,149	518,151	638,772	532,794	580,571
0220	6105	TEMPORARY-WAGES & SALARIES						
0220	6108	SEVERANCE PAY	6,400			58,847		
0220	6121	PERA CONTRIBUTIONS	62,760	76,554	81,484	98,726	117,153	122,084
0220	6122	FICA/MEDICARE CONTRIBUTIONS	25,178	24,861	26,254	34,121	34,311	38,389
0220	6131	GROUP INSURANCE	45,603	64,206	67,860	73,326	113,879	114,298
0220	6132	DISABILITY INSURANCE	1,313	1,313	1,313	1,313	1,313	1,313
0220	6133	WORKERS COMP INSURANCE PREMIUM	49,688	56,968	44,564	38,045	42,823	39,000
0220	6135	PAID FAMILY MEDICAL LEAVE					4,612	4,564
0220	6206	FILM, MICROFILM, TAPES, DISKS						
0220	6208	MISCELLANEOUS OFFICE SUPPLIES	316	289	673	466	700	700
0220	6223	GASOLINE	21,492	17,844	11,797	12,801	14,000	17,000
0220	6225	DIESEL FUEL	7,163	9,858	14,266	15,133	15,000	18,000
0220	6231	UNIFORMS & TURN-OUT GEAR	57,894	51,594	70,591	64,451	65,000	65,000
0220	6233	BATTERIES					3,000	
0220	6239	FIRST AID SUPPLIES	1,157	1,752	1,137	2,290	3,000	3,000
0220	6249	MISCELLANEOUS OPERATING SUPPLY	16,920	19,922	18,936	25,938	24,000	24,000
0220	6255	TIRES						
0220	6257	OTHER VEHICLE PARTS	5,016	21,361	18,834	39,000	20,000	24,000
0220	6259	BUILDING MAINT/REPAIR SUPPLIES	30,016	13,729	32,315	34,603	30,000	32,000
0220	6266	SCBA-PARTS	5,899	23,874	25,450	11,437	25,000	25,000
0220	6275	OTHER EQUIPMENT PARTS						
0220	6281	SMALL TOOLS & MINOR EQUIPMENT	26,684	32,303	32,012	36,362	40,000	40,000
0220	6302	AUDITING & ACCOUNTING SERVICES	4,416	4,958	5,551	8,051	8,000	9,000
0220	6315	MISCELLANEOUS PROFESSIONAL SER						
0220	6321	TELEPHONE	-					
0220	6322	POSTAGE	4	81	76	65	100	100
0220	6323	CELLULAR PHONES	-					
0220	6335	TRAINING	47,504	37,255	34,025	50,024	50,000	52,000
0220	6361	GENERAL LIABILITY/PROPERTY INS	14,421	21,296	20,208	19,474	23,000	24,000
0220	6371	ELECTRIC UTILITIES	17,091	14,515	16,702	16,602	17,000	19,000
0220	6372	WATER/IRRIGATION	2,117	2,791	2,166	4,320	3,000	4,000
0220	6373	GAS	11,838	9,987	10,517	13,263	12,000	15,000
0220	6374	REFUSE/RECYCLING	1,571	1,718	1,773	1,928	2,000	2,200
0220	6388	OTHER VEHICLE REPAIR	58,111	39,247	59,085	58,268	60,000	60,000
0220	6405	OFFICE & DATA PROCESSING EQUIP	18,183	18,920	22,820	26,209	27,000	34,000
0220	6451	MEMBERSHIP DUES	2,029	2,929	1,635	1,445	2,000	2,000
0220	6452	SUBSCRIPTIONS						
0220	6471	BOOKS & PAMPHLETS	1,052	1,282	1,609	1,471	2,000	2,000
0220	6489	OTHER CONTRACTED SERVICES	2,266	4,724	5,011	6,358	5,000	6,000
0220	6550	MOTOR VEHICLES		275,027	673,056	300,000	390,000	584,000
0220	6580	OTHER EQUIPMENT	68,475	25,405	23,532	-	70,000	
Total Expenditure			1,427,516	1,785,989	2,314,915	2,207,478	2,424,671	2,657,246

SUMMARY:

OPERATING EXPENSE:

1,359,041 1,485,557 1,618,326 1,907,478 1,964,671 2,073,246

CAPITAL OUTLAY:

68,475 300,432 696,588 300,000 460,000 584,000

TOTAL EXPENDITURES

\$ 1,427,516 \$ 1,785,989 \$ 2,314,915 \$ 2,207,478 \$ 2,424,671 \$ 2,657,246

PERSONNEL COMPLEMENT

Fire Chief	1.00	1.00	1.00	1.00	1.00	1.00
Fire Secretary	0.70	-	-	-	-	-
Fire Captain of Admin/Deputy Fire Chief of Operations & Logistics	1.00	1.00	1.00	1.00	1.00	1.00
Fire Inspector	1.00	1.00	-	1.00	1.00	1.00
Assistant Chief of Operations & Training	-	-	-	-	1.00	1.00
Assistant Fire Chief/Fire Marshall	1.00	1.00	2.00	2.00	1.00	1.00
Firefighter/Fire Technician					1.00	1.00
Firefighters	7.58	7.58	7.58	7.58	7.58	7.58
Fire Total	12.28	11.58	11.58	12.58	13.58	13.58

6550 Motor Vehicles

1/2 of funding Replace 2008 Fire Engine #565 (1.2M) \$600K 2027 less resale \$115K & paid in full discount \$35K			300,000	300,000	450,000
Replace 2017 Ford Explorer #569 (net \$5,000 sale proceeds)				45,000	
Replace 2013 Chev Tahoe #333 net \$5,000 sale proceeds)				45,000	
Replace 2019 Chev Tahoe #395 net \$10,000 sale proceeds)					45,000
Replace 2020 Chev Tahoe #573 net \$8,000 sale proceeds)					42,000
Replace 2020 Chev Tahoe #373 net \$8,000 sale proceeds)					47,000
Replace Tanker #III Veh #501		372,027			
Replace Rescue #21	275,027				
Rescue 2 replacement		301,029			
	-	275,027	673,056	300,000	390,000
					584,000

6580 Other Equipment

SCBA Compressor		24,405			
SCBA bottles				45,000	
Fire Training Room Table & Chairs	21,039				
Extrication Tools	47,436				
Thermal Imaging Camera				25,000	
radios			23,532		
	68,475	24,405	23,532	-	70,000
					-

BUDGET HIGHLIGHTS

- Personnel Costs - COLA & Steps
- On-Call - \$28K Average + 3% Cola = \$346,080 (\$220K is state aid)
- 3rd Installment for Fire Engine Replace #365 -\$600,000 less trade in of \$115,000 & \$35K discount on full pay chassis (6550)
- **Replace** 2019 Chev Tahoe (Asst Fire Chief of Operations #395) - \$45,000 (net of \$10,000 resale) (6550)
- **Replace** 2020 Chev Tahoe (Fire Prevention #373) - \$47,000 (net of \$8,000 resale) (6550)
- **Replace** 2020 Chev Tahoe (Fire Chief #573) - \$42,000 (net of \$8,000 resale) (6550)

GOALS OF CURRENT YEAR BUDGET:

- Establish and maintain outreach programs that enhance fire safety within community
- Ensure adequate staff numbers to meet increased demand of calls for service
- Research/plan for space needs and staffing over next 5 year period.

Performance Measurements:

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Projected	2027 Projected
Number of Calls for Service	1381	1735	2016	2284	2500	2750
Mutual Aid	66	75	80	99	105	115
Given	44	54	51	75	80	85
Received	22	21	29	22	25	30
Number of firefighters	47	49	57	60	60	60
Prevention:						
# of Public Education contacts	45	34	40	65	90	100
# of commercial property inspections	320	319	394	1126	1135	1150
# of permits issued	106	286	250	292	315	330
State CPM Performance Measurement Results	2022	2023	2024	2025	2026 Estimated	2027 Estimated
Insurance industry rating of fire services	4/7	4/7	4/7	4/7	4/7	4/7
Fire calls per 1,000 population	13	21	25	28	30	32
Average response times	6:15	6:58	6:30	5:24	5:24	5:24
EMS calls per 1,000 population	36	39	42	54	60	62

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0240	6102	F.T. REGULAR-WAGES & SALARIES	253,395	332,414	266,839	376,876	528,122	581,331
0240	6103	FULL TIME-REGULAR-OVERTIME		2,053	11,616			
0240	6104	PART TIME-WAGES & SALARIES	51,455	60,547	75,630	61,885	39,361	40,542
0240	6105	TEMPORARY-WAGES & SALARIES			4,543			
0240	6108	SEVERANCE PAY	961		19,351	1,789		
0240	6121	PERA CONTRIBUTIONS	22,626	29,547	26,304	32,826	42,561	46,640
0240	6122	FICA/MEDICARE CONTRIBUTIONS	22,794	27,975	26,627	30,470	43,412	47,573
0240	6131	GROUP INSURANCE	35,612	70,485	49,209	98,818	120,904	125,802
0240	6133	WORKERS COMP INSURANCE PREMIUM	1,911	2,684	2,479	2,223	3,816	2,300
0240	6135	PAID FAMILY MEDICAL LEAVE					2,837	2,953
0240	6204	STATIONERY, ENVELOPES & FORMS	552	609	292	284	1,000	1,000
0240	6208	MISCELLANEOUS OFFICE SUPPLIES	213	98	412	536	500	1,000
0240	6223	GASOLINE	2,349	1,930	1,131	1,421	4,000	4,000
0240	6231	UNIFORMS & TURN-OUT GEAR	1,836	987	2,965	1,919	1,200	2,400
0240	6249	MISCELLANEOUS OPERATING SUPPLY	630	1,020	2,158	981	2,000	2,000
0240	6315	MISCELLANEOUS PROFESSIONAL SER	138,470	126,775	363,711	268,182	110,000	125,000
0240	6322	POSTAGE	1,399	1,102	1,201	1,541	1,500	1,800
0240	6331	TRAVEL AND LODGING	2,710	1,797	764	1,573	5,200	5,200
0240	6334	MILEAGE REIMBURSEMENT	474	199	198	161	600	600
0240	6335	TRAINING	5,509	5,250	3,162	2,775	8,500	8,500
0240	6361	GENERAL LIABILITY/PROPERTY INS	4,809	5,161	4,916	5,194	5,400	5,800
0240	6405	OFFICE & DATA PROCESSING EQUIP	15,891	20,000	10,000	-	-	
0240	6451	MEMBERSHIP DUES	245	100	925	465	1,100	1,600
0240	6471	BOOKS & PAMPHLETS	997	435	1,658	-	3,000	3,000
0240	6550	MOTOR VEHICLES		27,066				36,000
Total Expenditure			564,838	718,231	876,090	889,919	925,013	1,045,041

SUMMARY:

OPERATING EXPENSE:

564,838	691,166	876,090	889,919	925,013	1,009,041
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CAPITAL OUTLAY:

-	27,066	-	-	-	36,000
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TOTAL EXPENDITURES

\$ 564,838	\$ 718,231	\$ 876,090	\$ 889,919	\$ 925,013	\$ 1,045,041
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PERSONNEL COMPLEMENT

Building Official	1.00	1.00	1.00	1.00	1.00	1.00
Building Inspector	2.00	2.00	2.00	2.00	3.00	3.00
Admin Assistant	0.70	0.70	0.70	1.00	1.00	1.00
Permit Technicians	1.10	1.10	1.50	1.50	1.50	1.50
Inspectors	0.25	-	-	-	-	-
Building Inspection Total	5.05	4.80	5.20	5.50	6.50	6.50

6550 Motor Vehicles

New Vehicle for building inspector

27,066	-	-	-	-
27,066	-	-	-	-

DESCRIPTION OF SERVICES:

The mission of the Community Development Department is to guide residential and commercial growth through comprehensive planning processes and administer the city's building and zoning codes in a equitable and professional manner to promote and sustain public safety, quality of life, and the health and well being of the whole community.

The purpose of the Building Division is to help ensure all your construction projects meet the requirements of both the Minnesota State Building Code and the City

BUDGET HIGHLIGHTS

- Personnel Costs - COLA & Steps (Full-Year Building inspector- 9 months budgeted in 2026)
- \$15,000 increase contracted Electrical & Plumbing Inspectors (6315)
- **New** 2027 Chevy Equinox for Building Official - \$36,000 (6550)

GOALS OF CURRENT YEAR BUDGET:

- Complete standard residential plan review within 10 business days.
- Complete standard commercial plan review within 30 business days.
- Allow for inspection availability within 48 hours.

Performance Measurements:

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Projected	2027 Projected
New Residential Units (single family, townhome, multi family)	125	190	244	229	190	190
Total Building Permits	2,932	3,700	3,358	3,344	3,700	3,700
Number of Inspections	7,356	6,593	7,459	9,737	9,000	9,000

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0250	6251	BATTERIES	-	-	275	-	1,000	1,000
0250	6275	OTHER EQUIPMENT PARTS	2,713	395	-	1,394	2,000	1,500
0250	6361	GENERAL LIABILITY/PROPERTY INS	75	1,664	1,808	1,707	2,000	2,000
0250	6371	ELECTRIC UTILITIES	1,020	1,071	935	1,102	1,000	1,200
0250	6382	MACHINERY & EQUIPMENT REPAIR	5,829	5,195	3,523	3,643	6,000	5,000
0250	6580	OTHER CAPITAL EQUIPMENT	-	59,000	32,000	33,665	35,000	35,000
Total Expenditure			9,637	67,325	38,541	41,509	47,000	45,700

SUMMARY:

OPERATING EXPENSE:	9,637	67,325	38,541	41,509	47,000	45,700
CAPITAL OUTLAY:	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 9,637	\$ 67,325	\$ 38,541	\$ 41,509	\$ 47,000	\$ 45,700

DESCRIPTION OF SERVICES:

The Civil Defence budget funds expenditures related to the city-wide emergency siren notification system.

BUDGET HIGHLIGHTS

- Replace 2 Emergency Sirens - \$35,000 (6580)

GOALS OF CURRENT YEAR BUDGET:

- Maintain infrastructure of siren warning system

Performance Measurements:

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Projected	2026 Projected
Number of Sirens	17	17	17	17	17	17

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0260	6102	F.T. REGULAR-WAGES & SALARIES	23,616	35,972	48,237	56,711	70,749	78,082
0260	6103	FULL TIME-REGULAR-OVERTIME	270			251		
0260	6105	TEMPORARY-WAGES & SALARIES	270	45	1,095	576		
0260	6121	PERA CONTRIBUTIONS	1,797	2,634	3,603	4,276	5,306	5,856
0260	6122	FICA/MEDICARE CONTRIBUTIONS	1,946	2,816	3,749	4,401	5,412	5,973
0260	6131	GROUP INSURANCE			666	710		
0260	6133	WORKERS COMP INSURANCE PREMIUM	2,020	2,832	4,978	1,712	3,014	1,500
0260	6135	PAID FAMILY MEDICAL LEAVE					312	308
0260	6249	MISCELLANEOUS OPERATING SUPPLY	19,641	15,756	25,346	27,988	32,000	33,600
0260	6271	SIGN REPAIR MATERIALS	1,148	1,464	3,103	1,611	6,000	6,000
0260	6361	GENERAL LIABILITY/PROPERTY INS	599	452	507	365	700	500
0260	6371	ELECTRIC UTILITIES	13,717	13,560	13,041	12,316	16,500	15,000
0260	6382	MACHINERY & EQUIPMENT REPAIR	8,677	8,743	7,991	11,033	16,000	16,000
0260	6489	CONTRACTED SERVICES	6,172	787	-	-	6,500	6,500
Total Expenditure			79,873	85,061	112,316	121,950	162,493	169,319

SUMMARY:

OPERATING EXPENSE:	79,873	85,061	112,316	121,950	162,493	169,319
CAPITAL OUTLAY:	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 79,873	\$ 85,061	\$ 112,316	\$ 121,950	\$ 162,493	\$ 169,319

DESCRIPTION OF SERVICES:

The Traffic Engineering budget funds the installation and maintenance of traffic signage on, above, and/or near city streets.

BUDGET HIGHLIGHTS

- No major changes. Staff time redistributed between streets, traffic engr, snow plowing & utilities.

GOALS OF CURRENT YEAR BUDGET:

- Continue to meet FHWA guidelines for traffic signage
- Replace damaged or defective signs within 48 hours
- Bring signage up to current standards on all reconstruct and overlay projects
- Continue to install street signs in new commercial and residential developments.
- Continue to support Engineering and Community Development departments with traffic issues

Performance Measurements:

	2022 Actual	2023 Actual	2024 Projected	2025 Projected	2026 Projected	2027 Projected
Total Hours			2080	2080	2080	2080
Number of Traffic Signs in System						
Number of Traffic Counts Performed						

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0270	6249	MISCELLANEOUS OPERATING SUPPLY	340	108	213	712	750	750
0270	6281	SMALL TOOLS & MINOR EQUIPMENT	945	903	1,509	848	1,000	1,000
0270	6489	OTHER CONTRACTED SERVICES	114	7,164	8,317	3,125	8,500	18,300
Total Expenditure			1,399	8,175	10,039	4,685	10,250	20,050

SUMMARY:

OPERATING EXPENSE:	1,399	8,175	10,039	4,685	10,250	20,050
CAPITAL OUTLAY:	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 1,399	\$ 8,175	\$ 10,039	\$ 4,685	\$ 10,250	\$ 20,050

DESCRIPTION OF SERVICES:

This fund covers expenditures related to animal control. Ramsey PD provides animal containment services and incurs expenses for boarding animals at Anoka PD.

BUDGET HIGHLIGHTS

MOU with City of Anoka Animal Containment - \$10,000 (6489)

GOALS OF CURRENT YEAR BUDGET:

- Provide animal containment services to residents

Performance Measurements:

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Projected	2027 Projected
Animal Complaints	270	377	667	473	650	650
Number of Animals Impounded	20	30	46	20	55	55
Number of Animals Released to Owners	15	24	26	16	50	50
Number of Euthanizations	0	1	0	0	2	2

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0280	6204	STATIONERY, ENVELOPES & FORMS	27	508	-	-	500	500
0280	6206	FILM, MICROFILM, TAPES, DISKS	-	-	-	-	300	100
0280	6241	COMMUNITY POLICING SUPPLIES	9,967	10,351	14,111	12,220	15,000	15,000
0280	6281	SMALL TOOLS & MINOR EQUIPMENT	-	832	247	408	200	400
0280	6291	CULVERTS, SIGNS, STREET SUPPLY	-	316	107	-	400	250
0280	6322	POSTAGE	-	216	99	-	100	100
0280	6331	TRAVEL & LODGING	646	182	203	60	1,500	1,500
0280	6335	TRAINING	180	1,170	1,320	1,910	2,000	2,100
0280	6361	GENERAL LIABILITY/PROPERTY INS	99	109	114	97	150	150
0280	6415	OTHER EQUIPMENT RENTAL	-	-	110	-	250	250
0280	6451	MEMBERSHIP DUES	1,520	745	836	520	1,500	1,500
0280	6471	BOOKS & PAMPHLETS	335	246	-	-	300	250
Total Expenditure			12,774	14,673	17,147	15,215	22,200	22,100

SUMMARY:

OPERATING EXPENSE:	12,774	14,673	17,147	15,215	22,200	22,100
CAPITAL OUTLAY:	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 12,774	\$ 14,673	\$ 17,147	\$ 15,215	\$ 22,200	\$ 22,100

DESCRIPTION OF SERVICES:

The Community Orientating Policing funds expenditures related to community programs such as: Kids Safety Camp, Car Seat Inspections, Night to Unite, Pet Clinics, Bike Helmet Fitting and Sale, Police Explorers, and Drug Take Back

BUDGET HIGHLIGHTS

No major changes

GOALS OF CURRENT YEAR BUDGET:

- Increase participation in community based programs

Performance Measurements:

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Projected	2027 Projected
# of participants attending Kids Safety Camp	121	107	140	150*	110	120
# of car seat inspections	12	12	15	3	10	10
Night to Unite - # of Parties	48	45	45	38	40	40
# of participants in Citizens Academy	8	12	16	11	12	12
# of participants in Home Alone Classes	n/a	n/a	n/a	72	72	72

* in 2025 we did a Safety Fair.

GENERAL FUND 101 - GENERAL GOVERNMENT

PUBLIC WORKS 301-312

EXPENDITURE BY OBJECT SUMMARY	-2022 Actual-	-2023 Actual-	-2024 Actual-	-2025 Adopted-	-2026 Adopted-	-2026 Adopted-
PERSONNEL SERVICES	1,232,690	1,334,945	1,629,459	1,811,991	2,073,300	2,072,610
SUPPLIES	383,218	325,477	354,996	358,075	471,275	503,304
OTHER SERVICES & CHARGES	410,981	1,406,511	738,509	631,661	888,325	952,000
CAPITAL OUTLAY	127,057	384,417	1,602,233	53,468	447,000	881,000
TOTAL EXPENDITURE BY OBJECT	2,153,946	3,451,351	4,325,197	2,855,195	3,879,900	4,408,914

LINE ITEM DETAIL BY COST CENTER OR SUB-FUNCTION

PUBLIC WORKS 301-312

EXPENDITURE BY OBJECT RECAP ALL SUB-FUNCTIONS	-2022 Actual-	-2023 Actual-	-2024 Actual-	-2025 Adopted-	-2026 Adopted-	-2026 Adopted-
PERSONNEL SERVICES						
WAGES AND SALARIES						
6102 F.T. REGULAR-WAGES & SALARIES	797,269	910,184	1,138,970	1,286,116	1,470,790	1,477,252
6103 FULL TIME-REGULAR-OVERTIME	42,299	48,290	51,473	57,937	42,000	51,864
6105 TEMPORARY-WAGES & SALARIES	30,256	20,426	13,574	15,801	34,874	34,265
6106 OVERTIME-TEMPORARY	636	-	-	-	-	-
TOTAL WAGES AND SALARIES	870,461	978,901	1,204,017	1,359,854	1,547,664	1,563,381
OTHER GROSS EARNINGS						
6108 SEVERANCE PAY	65,629	9,124	-	-	-	-
TOTAL OTHER GROSS EARNINGS	65,629	9,124	-	-	-	-
EMPLOYER CONTRIBUTIONS						
6121 PERA CONTRIBUTIONS	62,881	72,058	86,828	97,873	113,459	114,684
6122 FICA/MEDICARE CONTRIBUTIONS	64,665	73,407	87,825	100,359	119,829	120,830
6131 GROUP INSURANCE	124,889	155,962	201,033	227,506	248,240	237,900
6133 WORKERS COMP INSURANCE PREMIUM	44,165	45,494	49,757	26,399	36,172	28,700
6135 PAID FAMILY MEDICAL LEAVE	-	-	-	-	7,936	7,115
TOTAL EMPLOYER CONTRIBUTIONS	296,601	346,921	425,443	452,137	525,636	509,229
Total PERSONNEL SERVICES	1,232,690	1,334,945	1,629,459	1,811,991	2,073,300	2,072,610
SUPPLIES						
OFFICE SUPPLIES						
6205 DRAFTING SUPPLIES	-	-	-	-	-	-
6208 MISCELLANEOUS OFFICE SUPPLIES	2,006	2,922	1,717	2,008	2,575	2,000
TOTAL OFFICE SUPPLIES	2,006	2,922	1,717	2,008	2,575	2,000
OPERATING SUPPLIES						
6221 CLEANING SUPPLIES	-	-	-	-	-	-
6223 GASOLINE	21,314	24,531	19,753	22,918	40,500	33,500
6225 DIESEL FUEL	54,169	48,950	26,444	31,192	55,000	50,000
6227 LUBRICANTS & ADDITIVES	6,106	6,305	5,700	2,009	9,000	9,000
6229 SHOP MATERIALS	3,825	2,915	6,624	3,624	4,600	5,100
6231 UNIFORMS & TURN-OUT GEAR	7,231	9,036	10,754	12,833	18,000	19,000
6249 MISCELLANEOUS OPERATING SUPPLY	10,983	9,825	14,480	13,369	15,900	21,500
TOTAL OPERATING SUPPLIES	103,627	101,563	83,754	85,945	143,000	138,100
REPAIR AND MAINTENANCE SUPPLIES						
6257 OTHER VEHICLE PARTS	83,858	77,135	82,963	66,208	92,000	96,800
6259 BUILDING MAINT/REPAIR SUPPLIES	2,622	3,619	91	-	2,700	2,500
6261 SAND & GRAVEL	2,300	2,779	-	-	5,300	4,800
6263 SALT	129,704	68,426	117,442	147,311	135,000	171,404
6265 ASPHALT	32,311	31,135	26,560	28,770	35,000	36,000
6267 OTHER STREET MAINTENANCE SUPPL	10,675	14,920	17,050	14,245	17,500	17,500
6269 LANDSCAPE MATERIALS	952	1,076	942	2,931	4,500	4,500
6275 OTHER EQUIPMENT PARTS	-	-	-	-	-	-
TOTAL REPAIR AND MAINTENANCE SUPPLIES	262,422	199,090	245,048	259,465	292,000	333,504
SMALL TOOLS AND MINOR EQUIPMENT						
6281 SMALL TOOLS & MINOR EQUIPMENT	15,163	21,903	24,478	10,658	33,700	29,700
TOTAL SMALL TOOLS AND MINOR EQUIPMENT	15,163	21,903	24,478	10,658	33,700	29,700
Total SUPPLIES	383,218	325,477	354,996	358,075	471,275	503,304

OTHER SERVICES & CHARGES						
PROFESSIONAL SERVICES						
6315	MISCELLANEOUS PROFESSIONAL SER	29,897	31,744	39,496	35,252	55,500
TOTAL PROFESSIONAL SERVICES		29,897	31,744	39,496	35,252	55,500
COMMUNICATION						
6321	TELEPHONE	-	-	-	-	-
6322	POSTAGE	143	1,161	1,180	391	2,450
6323	CELLULAR PHONES	-	-	-	-	-
TOTAL COMMUNICATION		143	1,161	1,180	391	2,450
EMPLOYEE REIMBURSEMENTS						
6331	TRAVEL & LODGING	-	127	-	1,000	-
6335	TRAINING	6,952	12,983	18,863	5,527	33,300
TOTAL EMPLOYEE REIMBURSEMENTS		6,952	13,110	18,863	5,527	33,300
INSURANCE						
6361	GENERAL LIABILITY/PROPERTY INS	25,801	26,788	29,217	29,480	36,000
TOTAL INSURANCE		25,801	26,788	29,217	29,480	36,000
UTILITIES						
6371	ELECTRIC UTILITIES	8,319	8,411	9,991	9,071	13,000
6372	WATER/IRRIGATION	2,238	2,207	2,384	1,886	3,000
6373	GAS	6,924	6,150	4,400	5,412	6,000
6374	REFUSE/RECYCLING	2,180	975	1,101	1,430	2,500
TOTAL UTILITIES		19,662	17,743	17,876	17,798	24,500
REPAIRS AND MAINTENANCE - LABOR						
6381	BUILDING & STRUCTURE REPAIR	1,582	3,747	11,173	12,572	20,000
6382	MACHINERY & EQUIPMENT REPAIR	5,172	6,447	1,184	6,356	6,000
6387	TIRE MOUNTING & BALANCING	60	-	-	40	400
6388	OTHER VEHICLE REPAIR	9,487	16,320	6,353	1,079	27,000
TOTAL REPAIRS AND MAINTENANCE - LABOR		16,300	26,514	18,710	20,047	53,400
REPAIRS AND MAINTENANCE - CONTRACTS						
6404	MACHINERY & EQUIPMENT	3,458	-	2,880	3,159	4,000
6405	OFFICE & DATA PROCESSING EQUIP	3,745	-	-	-	800
TOTAL REPAIRS AND MAINTENANCE - CONTRACTS		7,203	-	2,880	3,159	4,800
RENTALS						
6415	OTHER EQUIPMENT RENTAL	2,205	2,838	8,444	966	6,000
6417	UNIFORM RENTAL	689	1,233	1,890	1,503	1,600
TOTAL RENTALS		2,894	4,071	10,334	2,469	7,600
DUES, SUBSCRIPTIONS, AND REGISTRATION FEES						
6451	MEMBERSHIP DUES	1,670	964	834	1,024	2,450
TOTAL DUES, SUBSCRIPTIONS, AND REGISTRATION FEES		1,670	964	834	1,024	2,450
BOOKS AND PAMPHLETS						
6471	BOOKS & PAMPHLETS	-	-	-	-	-
TOTAL BOOKS AND PAMPHLETS		-	-	-	-	-
CONTRACTED SERVICES						
6488	STREET MAINTENANCE CONTRACT	294,998	1,272,595	571,622	500,175	700,000
6489	OTHER CONTRACTED SERVICES	5,461	11,822	27,498	16,340	32,000
TOTAL CONTRACTED SERVICES		300,459	1,284,417	599,119	516,515	732,000
Total OTHER SERVICES & CHARGES		410,981	1,406,511	738,509	631,661	952,000
CAPITAL OUTLAY						
CAPITAL OUTLAY						
6540	HEAVY MACHINERY	103,199	266,007	1,250,996	-	727,000
6550	MOTOR VEHICLES	-	94,910	122,698	-	154,000
6580	OTHER EQUIPMENT	23,858	23,500	228,538	53,468	-
TOTAL CAPITAL OUTLAY		127,057	384,417	1,602,233	53,468	881,000
Total CAPITAL OUTLAY		127,057	384,417	1,602,233	53,468	881,000
TOTAL EXPENDITURES & OTHER FINANCING		2,153,946	3,451,351	4,325,197	2,855,195	4,408,914

SUMMARY:

OPERATING EXPENSE:	2,026,889	3,066,934	2,722,964	2,801,728	3,432,900	3,527,914
CAPITAL OUTLAY:	127,057	384,417	1,602,233	53,468	447,000	881,000
TOTAL EXPENDITURES	\$ 2,153,946	\$ 3,451,351	\$ 4,325,197	\$ 2,855,195	\$ 3,879,900	\$ 4,408,914

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0301	6102	F.T. REGULAR-WAGES & SALARIES	293,930	368,610	383,360	370,591	414,399	442,244
0301	6103	FULL TIME-REGULAR-OVERTIME	23,675	28,461	46,444	32,695	30,000	30,000
0301	6105	TEMPORARY-WAGES & SALARIES	14,752	-				
0301	6106	OVERTIME-TEMPORARY	636					
0301	6108	SEVERANCE PAY				21,797		
0301	6121	PERA CONTRIBUTIONS	23,597	29,340	31,457	28,409	33,330	35,418
0301	6122	FICA/MEDICARE CONTRIBUTIONS	23,812	28,270	30,591	28,059	33,997	36,127
0301	6131	GROUP INSURANCE	40,296	51,158	52,266	56,804	76,606	85,253
0301	6133	WORKERS COMP INSURANCE PREMIUM	2,078	2,581	2,035	1,648	3,360	1,800
0301	6135	PAID FAMILY MEDICAL LEAVE					2,327	2,202
0301	6208	MISCELLANEOUS OFFICE SUPPLIES	1,279	2,316	1,001	1,270	1,850	1,000
0301	6223	GASOLINE	5,650	6,823	8,079	6,842	10,500	11,500
0301	6231	UNIFORMS & TURN-OUT GEAR	1,331	2,774	2,276	2,340	3,000	3,000
0301	6249	MISCELLANEOUS OPERATING SUPPLY	854	408	403	714	900	1,500
0301	6257	OTHER VEHICLE PARTS	1,397	1,905	1,990	1,626	2,000	6,800
0301	6281	SMALL TOOLS & MINOR EQUIPMENT	-	1,143	1,994	495	1,700	1,700
0301	6315	MISCELLANEOUS PROFESSIONAL SER	1,288	1,000	2,173	2,321	15,000	16,500
0301	6322	POSTAGE	87	1,107	1,175	165	2,200	2,200
0301	6331	TRAVEL & LODGING	-	127			1,000	-
0301	6335	TRAINING	3,059	4,906	5,260	3,469	8,385	13,300
0301	6361	GENERAL LIABILITY/PROPERTY INS	3,990	4,172	4,303	4,372	4,700	4,700
0301	6405	OFFICE & DATA PROCESSING EQUIP	3,745	-			5,550	800
0301	6451	MEMBERSHIP DUES	1,393	864	734	804	1,760	2,450
0301	6580	OTHER EQUIPMENT	-	-	38,989			
0301	6550	MOTOR VEHICLES	-	30,844	60,104			55,000
Total Expenditure			446,849	566,809	674,634	564,420	652,564	753,494

SUMMARY:**OPERATING EXPENSE:**

446,849	535,965	575,540	564,420	652,564	698,494
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CAPITAL OUTLAY:

-	30,844	99,094	-	-	55,000
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TOTAL EXPENDITURES

\$ 446,849	\$ 566,809	\$ 674,634	\$ 564,420	\$ 652,564	\$ 753,494
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PERSONNEL COMPLEMENT

PW Director/City Engineer	-	1.00	1.00	1.00	0.50	-
City Engineer	1.00	-	-	-	0.50	1.00
Assistant City Engineer	0.50	1.00	1.00	1.00	1.00	1.00
Engineering Tech IV	1.00					
Engineering Tech II	1.00	1.00	2.00	2.00	2.00	2.00
Engineering Tech III	-	1.00	1.00	1.00	1.00	1.00
Senior Engineering Technician		1.00	1.00	1.00	1.00	1.00
Civil Engineer IV	1.00	1.00	1.00	1.00		
Water Resources Technician					1.00	1.00
Civil Engineer II	0.50	0.00				
Administrative Assistant	1.00	1.00	1.00	1.00	1.00	1.00
Interns (2)	1.00	1.00				
Engineering Total	7.00	8.00	8.00	8.00	8.00	8.00

DESCRIPTION OF SERVICES:

The Engineering budget covers engineering functions not charged to specific projects. The City Engineer oversees all engineering including working with the Minnesota Department of Transportation, Anoka County, other cities and regulating agencies, maintaining mapping and GIS data, managing stormwater runoff, responding to citizen and staff requests, and general engineering functions.

BUDGET HIGHLIGHTS

- **New** 2027 GMC 2500 and retain #411 as second staff vehicle - \$55,000 (6550)

GOALS OF CURRENT YEAR BUDGET:

- Ensure stable and sustainable funding exists for Pavement Management
- Support operations of Water Treatment Plant.
- Support improvements identified in Anoka County CSAH 5/Nowthen Blvd. transportation study.
- Conduct well siting study for new municipal wells #9 and #10.
- Develop and plan for key infrastructure improvements (AUAR, utilities, transportation).
- Investigate improved pavement condition rating systems.
- Continue pavement rejuvenation program to replace suspended sealcoat program.

Performance Measurements:

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Projected	2027 Projected
Active Engineering Projects	14	18	20	21	18	15
Completed Engineering Projects	11	14	17	19	20	18
Infrastructure Asset Management System Upgrades	0	0	0	0	0	0

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0311	6102	F.T. REGULAR-WAGES & SALARIES	393,338	423,207	652,737	784,633	899,486	856,560
0311	6103	FULL TIME-REGULAR-OVERTIME	1,220	3,624	1,361	2,166	2,000	11,864
0311	6105	TEMPORARY-WAGES & SALARIES	6,422	14,738	10,392	12,176	22,874	24,265
0311	6108	SEVERANCE PAY	65,629	9,124				
0311	6121	PERA CONTRIBUTIONS	30,106	31,119	48,510	59,011	67,611	65,132
0311	6122	FICA/MEDICARE CONTRIBUTIONS	30,807	32,704	49,993	61,216	72,146	69,522
0311	6131	GROUP INSURANCE	84,593	104,804	145,897	170,702	171,634	152,647
0311	6133	WORKERS COMP INSURANCE PREMIUM	30,800	32,158	37,828	20,577	26,286	23,000
0311	6135	PAID FAMILY MEDICAL LEAVE					4,822	4,129
0311	6208	MISCELLANEOUS OFFICE SUPPLIES	727	606	715	738	725	1,000
0311	6223	GASOLINE	15,664	5,227	10,241	10,918	18,000	15,000
0311	6225	DIESEL FUEL	31,077	11,394	11,396	7,272	20,000	20,000
0311	6227	LUBRICANTS & ADDITIVES	6,106	6,305	5,700	2,009	9,000	9,000
0311	6229	SHOP MATERIALS	3,825	2,671	6,054	3,446	4,000	4,500
0311	6231	UNIFORMS & TURN-OUT GEAR	5,900	6,262	8,478	10,492	15,000	16,000
0311	6249	MISCELLANEOUS OPERATING SUPPLY	10,129	9,417	14,077	12,655	15,000	20,000
0311	6257	OTHER VEHICLE PARTS	39,496	28,244	34,270	26,565	45,000	45,000
0311	6259	BUILDING MAINT/REPAIR SUPPLIES	2,622	3,619	91	-	2,700	2,500
0311	6261	SAND & GRAVEL	-	-	-	-	1,500	1,000
0311	6265	ASPHALT	32,311	31,135	26,560	28,770	35,000	36,000
0311	6267	OTHER STREET MAINTENANCE SUPPL	9,599	992	3,716	3,408	4,500	4,500
0311	6269	LANDSCAPE MATERIALS	952	1,076	942	2,931	4,500	4,500
0311	6281	SMALL TOOLS & MINOR EQUIPMENT	15,163	20,760	22,484	10,163	32,000	28,000
0311	6315	MISCELLANEOUS PROFESSIONAL SER	28,610	30,744	37,323	32,931	35,000	39,000
0311	6322	POSTAGE	56	54	5	226	100	250
0311	6335	TRAINING	3,893	8,077	13,603	2,058	16,000	20,000
0311	6361	GENERAL LIABILITY/PROPERTY INS	18,960	20,712	22,913	22,987	25,000	29,000
0311	6371	ELECTRIC UTILITIES	8,319	8,411	9,991	9,071	13,000	13,000
0311	6372	WATER/IRRIGATION	2,238	2,207	2,384	1,886	3,000	3,000
0311	6373	GAS	6,924	6,150	4,400	5,412	6,000	6,000
0311	6374	REFUSE/RECYCLING	2,180	975	1,101	1,430	2,500	2,500
0311	6381	BUILDING & STRUCTURE REPAIR	1,582	3,747	11,173	12,572	20,000	20,000
0311	6382	MACHINERY & EQUIPMENT REPAIR	5,172	6,447	1,184	6,356	6,000	6,000
0311	6387	TIRE MOUNTING & BALANCING	60	-	-	40	400	400
0311	6388	OTHER VEHICLE REPAIR	4,205	1,699	3,726	1,079	12,000	12,000
0311	6404	MACHINERY & EQUIPMENT	3,458		2,880	3,159	4,000	4,000
0311	6415	OTHER EQUIPMENT RENTAL	2,205	2,838	8,444	966	6,000	6,000
0311	6417	UNIFORM RENTAL	689	1,233	1,890	1,503	1,500	1,600
0311	6451	MEMBERSHIP DUES	278	100	100	220		
0311	6488	STREET MAINTENANCE CONTRACT	294,998	1,272,595	571,622	500,175	650,000	700,000
0311	6489	OTHER CONTRACTED SERVICES	5,461	11,822	27,498	16,340	32,000	32,000
0311	6540	HEAVY MACHINERY	103,199	266,007	1,250,996		-	727,000
0311	6550	MOTOR VEHICLES		64,066	62,594	-	447,000	99,000
0311	6580	OTHER EQUIPMENT	23,858	23,500	189,549	53,468		
Total Expenditure			1,332,827	2,510,567	3,314,818	1,901,725	2,753,284	3,134,869

SUMMARY:

OPERATING EXPENSE:

1,205,770	2,156,994	1,811,678	1,848,257	2,306,284	2,308,869
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CAPITAL OUTLAY:

127,057	353,573	1,503,139	53,468	447,000	826,000
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TOTAL EXPENDITURES

\$ 1,332,827	\$ 2,510,567	\$ 3,314,818	\$ 1,901,725	\$ 2,753,284	\$ 3,134,869
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PERSONNEL COMPLEMENT

Administrative Assistant	1.00	1.00	1.00	1.00	1.00	1.00
Lead Mechanic	-	-	1.00	1.00	1.00	1.00
Mechanic	2.00	2.00	2.00	2.00	2.00	2.00
Street Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Streets Lead Worker	1.00	1.00	1.00	1.00	1.00	1.00
PW Maintenance Worker	5.00	5.00	8.00	8.00	8.00	8.00
Temporary - Streets	0.50	0.50	0.50	0.50	1.00	1.00
Street Maintenance Total	10.50	10.50	14.50	14.50	15.00	15.00

6488/6489 Other Contracted Services

Pavement Management Program Funding (Transfer to Pavement Managen	-	-	-	-	-	-
Cracksealing/Rejuvenation/Pothole Patching	200,000	1,272,595	571,622	500,175	650,000	700,000
Curb Repair/Tree Removal	15,000		23,255	16,340	32,000	32,000
Misc			4,243			
	215,000	1,272,595	599,119	516,515	682,000	732,000

6540 - Heavy Machinery

F350 truck with plow (2021 & 2022 total cost)	103,199					
2-Single Axls Plow Trucks			917,389			
Tandem Axle Truck with Plow less trade in \$15,000		266,007				
Snow Blower attachment less trade in \$15,000 (Replace #647)						235,000
Kubota Tractor less trade in \$20,000 (replace #686)						112,000
Tandem Axle Truck with Plow (Retain #662?)						380,000
F550 4x4 Truck with 9' 2" V-plow (New) with lift gate			101,176			
721 G Front End Loader			232,432			
	103,199	266,007	1,250,996	-	-	727,000

6550-Motor Vehicle

1-ton truck						
One-Ton Dump with Dump & Plow less resale \$15,000 (replace #692)						99,000
2-3/4 ton trucks with plows (1 new & 1 replacement)	-	64,066	62,594			
Single Axle with dump & Plow less trade in \$15,000 (Replace #672)					343,000	
F550 Truck less resale \$10,000 (Replace #680)					104,000	
	-	64,066	62,594	-	447,000	99,000

6580 - Other Equipment

Sidewalk Machine						
Snow Pusher Box for Front End Loader		23,500				
Tire balancer (1/2 cost other 1/2 police)	9,453					
Asphalt floater	14,405					
ExMark Mower				17,814		
Pull behind PTO Mower includes \$4,500 trade in)				22,048		
Tire Changer (1/2 cost with PW)				13,606		
Trailer Mounted Boom Lift			57,250			
Bobcat T66 Skidsteer			79,248			
Scissor Lift JLG 2646			26,500			
10-Foot Slide in Removable Salt/Sander Spreader (Truck Mounted)			13,386			
Hydraulic hose Crimping Machine			13,165			
	23,858	23,500	189,549	53,468	-	-

DESCRIPTION OF SERVICES:

The Street Maintenance Department is responsible for maintaining city streets, sidewalks, traffic signs, boulevards, ROW mowing and the storm water collection

BUDGET HIGHLIGHTS

- Staff time redistributed between streets, traffic engr, snow plowing & utilities.
- Increase Cracksealing/Rejuvenation/Pothole Patching - \$50,000 (From \$650,000 to \$700,000) (6488)
- **Replace** 2004 Snogo Blower (#647) with Laue D40 Series Snow Blower - \$235,000 (net of \$15,000 trade in) (6540)
- **Replace** 2015 Kubota Tractor (#686) with Kubota M6-111 Tractor - \$112,000 (net of \$20,000 trade in)(6540)
- **Replace** 2016 Ford One-Ton with Dump & Plow (#692) with Ford Crew Cab F550 with Dump & Plow Kubota Tractor with Kubota M6-111 Tractor - \$99,000 (net of \$15,000 resale)(6550)
- **Replace** 2007 Sterling Tandem (#662) with 2027 Western Star Tandem Dump Plow Truck with Plow Equipment - \$380,000. (6540)

GOALS OF CURRENT YEAR BUDGET:

- Maintain and improve city's rating of 7.0 average of road condition
- Increase use of contracted services on pothole repair (velocity patching)
- Increase prevenative maintenace to prolong the life of our public streets
- Maintain our city vehicles and equipment to the highest level possible

Performance Measurements:

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Projected	2027 Projected
Crack filling (miles)	10.37	18.36	13.32	19.16	14.19	17
Asphalt patching (tons)	380	385	390	380	370	365

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0312	6102	F.T. REGULAR-WAGES & SALARIES	110,001	118,368	102,873	130,891	156,905	178,448
0312	6103	FULL TIME-REGULAR-OVERTIME	17,405	16,205	3,668	23,076	10,000	10,000
0312	6105	TEMPORARY-WAGES & SALARIES	9,082	5,689	3,182	3,625	12,000	10,000
0312	6121	PERA CONTRIBUTIONS	9,179	11,599	6,861	10,453	12,518	14,134
0312	6122	FICA/MEDICARE CONTRIBUTIONS	10,046	12,434	7,241	11,083	13,686	15,181
0312	6131	GROUP INSURANCE			2,870	710		
0312	6133	WORKERS COMP INSURANCE PREMIUM	11,287	10,755	9,893	4,175	6,526	3,900
0312	6135	PAID FAMILY MEDICAL LEAVE					787	784
0312	6223	GASOLINE		12,481	1,433	5,158	12,000	7,000
0312	6225	DIESEL FUEL	23,092	37,557	15,048	23,920	35,000	30,000
0312	6229	SHOP MATERIALS	-	244	570	179	600	600
0312	6257	OTHER VEHICLE PARTS	42,965	46,987	46,702	38,017	45,000	45,000
0312	6261	SAND & GRAVEL	2,300	2,779	-	-	3,800	3,800
0312	6263	SALT	129,704	68,426	117,442	147,311	135,000	171,404
0312	6267	OTHER STREET MAINTENANCE SUPPL	1,076	13,928	13,335	10,837	13,000	13,000
0312	6361	GENERAL LIABILITY/PROPERTY INS	2,851	1,903	2,001	2,122	2,230	2,300
0312	6388	OTHER VEHICLE REPAIR	5,282	14,621	2,627		15,000	15,000
Total Expenditure			374,270	373,975	335,746	411,557	474,052	520,551

SUMMARY:

OPERATING EXPENSE:	374,270	373,975	335,746	411,557	474,052	520,551
CAPITAL OUTLAY:	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 374,270	\$ 373,975	\$ 335,746	\$ 411,557	\$ 474,052	\$ 520,551

DESCRIPTION OF SERVICES:

The Snow and Ice Removal budget provides for snow removal and for ice control on city streets, parking lots, and pathways.

BUDGET HIGHLIGHTS

- Staff time redistributed between streets, traffic engr, snow plowing & utilities.
- Salt - \$36,404 increase (6263)

GOALS OF CURRENT YEAR BUDGET:

- Clearing of parking ramp utilizing PW Staff (full time, temp on call, & seasonal staff). See PUMA Budget.
- Continue to monitor and reduce salt usage
- Continue to complete citywide plowing in 8 hours or less
- Upgrade weather service to MDSS (Maintenance Decision Support Software).
- Equip cul-de-sac trucks and sidewalk plowing equipment with AVL to track snow removal operations

Performance Measurements:

	2022 Actual	2023 Actual	2024 Projected	2025 Projected	2026 Projected	2027 Projected
Miles of Streets Plowed	185	187	189	190	190	190
Cul-de-sacs	291	295	299	303	305	305
Salt/Sand Purchased (tons)	1600	2300	1,400	1,200	1,440	1,440
Snow Removal Hours	1750	2600	950	840	1,500	1,500
Full Scale Plowing Events	13	23	5	5	10	10

PARKS AND RECREATION

452-455

EXPENDITURE BY OBJECT SUMMARY	-2022 Actual-	-2023 Actual-	-2024 Actual-	-2025 Actual-	-2026 Adopted-	-2027 Requested-
PERSONNEL SERVICES	962,545	1,088,600	1,252,025	1,418,040	1,620,312	1,727,280
SUPPLIES	200,417	242,430	209,358	270,865	327,500	332,500
OTHER SERVICES & CHARGES	265,263	297,610	370,080	319,855	393,600	424,300
CAPITAL OUTLAY	16,852	-	466,961	119,185	263,500	41,700
TOTAL EXPENDITURE BY OBJECT	1,445,077	1,628,641	2,298,424	2,127,945	2,604,912	2,525,780

LINE ITEM DETAIL BY COST CENTER OR SUB-FUNCTION

PARKS AND RECREATION

452-455

EXPENDITURE BY OBJECT RECAP ALL SUB-FUNCTIONS	-2022 Actual-	-2023 Actual-	-2024 Actual-	-2025 Actual-	-2026 Adopted-	-2027 Requested-
PERSONNEL SERVICES						
WAGES AND SALARIES						
6102 F.T. REGULAR-WAGES & SALARIES	617,124	730,962	838,878	951,823	1,090,117	1,158,663
6103 FULL TIME-REGULAR-OVERTIME	1,469	818	1,985	8,520	1,000	10,864
6105 TEMPORARY-WAGES & SALARIES	87,275	65,361	68,874	79,808	103,328	126,193
TOTAL WAGES AND SALARIES	705,868	797,141	909,736	1,040,151	1,194,445	1,295,720
OTHER GROSS EARNINGS						
6108 SEVERANCE PAY	-	-	1,444	-	-	-
TOTAL OTHER GROSS EARNINGS	-	-	1,444	-	-	-
EMPLOYER CONTRIBUTIONS						
6121 PERA CONTRIBUTIONS	48,867	54,097	62,522	73,471	81,834	89,710
6122 FICA/MEDICARE CONTRIBUTIONS	53,502	59,784	67,809	77,143	91,375	99,123
6131 GROUP INSURANCE	116,186	132,986	166,248	193,541	206,988	199,820
6133 WORKERS COMP INSURANCE PREMIUM	38,121	44,593	44,265	33,734	39,512	37,000
6135 PAID FAMILY MEDICAL LEAVE	-	-	-	-	6,158	5,907
TOTAL EMPLOYER CONTRIBUTIONS	256,677	291,459	340,845	377,889	425,867	431,560
Total PERSONNEL SERVICES	962,545	1,088,600	1,252,025	1,418,040	1,620,312	1,727,280
SUPPLIES						
OFFICE SUPPLIES						
6208 MISCELLANEOUS OFFICE SUPPLIES	1,185	921	616	834	1,000	1,000
TOTAL OFFICE SUPPLIES	1,185	921	616	834	1,000	1,000
OPERATING SUPPLIES						
6223 GASOLINE	22,510	12,425	21,427	21,629	24,000	26,000
6225 DIESEL FUEL	9,893	6,311	7,072	9,532	11,500	10,500
6229 SHOP MATERIALS	3,467	1,198	1,937	1,717	2,500	2,300
6231 UNIFORMS & TURN-OUT GEAR	6,130	6,106	8,077	7,884	6,500	6,500
6249 MISCELLANEOUS OPERATING SUPPLY	31,531	29,962	34,520	26,207	34,000	34,000
TOTAL OPERATING SUPPLIES	73,531	56,002	73,033	66,969	78,500	79,300
REPAIR AND MAINTENANCE SUPPLIES						
6257 OTHER VEHICLE PARTS	16,974	25,587	23,949	22,393	19,000	22,000
6265 ASPHALT	71,915	111,045	90,512	119,891	150,000	150,000
6269 LANDSCAPE MATERIALS	16,843	23,522	8,547	44,866	15,000	60,000
6268 IRRIGATION SUPPLIES	16,118	20,540	10,881	10,498	60,000	15,000
TOTAL REPAIR AND MAINTENANCE SUPPLIES	121,851	180,694	133,889	197,648	244,000	247,000
SMALL TOOLS AND MINOR EQUIPMENT						
6281 SMALL TOOLS & MINOR EQUIPMENT	3,851	4,813	1,820	5,415	4,000	5,200
TOTAL SMALL TOOLS AND MINOR EQUIPMENT	3,851	4,813	1,820	5,415	4,000	5,200
Total SUPPLIES	200,417	242,430	209,358	270,865	327,500	332,500

OTHER SERVICES & CHARGES						
PROFESSIONAL SERVICES						
6315 MISCELLANEOUS PROFESSIONAL SER	28,405	927	25,751	1,889	20,000	20,000
TOTAL PROFESSIONAL SERVICES	28,405	927	25,751	1,889	20,000	20,000
COMMUNICATION						
6321 TELEPHONE	-	-	-	-	-	-
6322 POSTAGE	211	23	29	129	100	100
6323 CELLULAR PHONES	-	-	-	-	-	-
TOTAL COMMUNICATION	211	23	29	129	100	100
EMPLOYEE REIMBURSEMENTS						
6331 TRAVEL & LODGING	-	-	-	-	-	-
6334 MILEAGE REIMBURSEMENT	-	-	-	-	-	-
6335 TRAINING	1,169	2,794	8,899	5,033	10,000	8,000
TOTAL EMPLOYEE REIMBURSEMENTS	1,169	2,794	8,899	5,033	10,000	8,000
ADVERTISING AND PUBLISHING						
6352 GENERAL NOTICE & PUBLIC INFOR	-	-	-	-	-	-
TOTAL ADVERTISING AND PUBLISHING	-	-	-	-	-	-
INSURANCE						
6361 GENERAL LIABILITY/PROPERTY INS	12,875	41,790	46,020	45,607	50,000	60,000
TOTAL INSURANCE	12,875	41,790	46,020	45,607	50,000	60,000
UTILITIES						
6371 ELECTRIC UTILITIES	32,719	31,956	30,027	33,287	36,000	46,000
6372 WATER/IRRIGATION	10,771	16,324	12,180	13,531	56,000	56,000
6373 GAS	12,404	11,759	9,894	10,778	15,000	19,000
6374 REFUSE/RECYCLING	7,533	7,083	9,131	12,496	12,000	15,000
TOTAL UTILITIES	63,427	67,122	61,233	70,092	119,000	136,000
REPAIRS AND MAINTENANCE - LABOR						
6381 BUILDING & STRUCTURE REPAIR	22,387	4,726	37,888	22,853	37,000	35,000
6382 MACHINERY & EQUIPMENT REPAIR	8,964	16,104	6,451	1,593	7,000	5,500
6388 OTHER VEHICLE REPAIR	-	2,988	2,981	617	3,000	2,800
TOTAL REPAIRS AND MAINTENANCE - LABOR	31,350	23,818	47,321	25,063	47,000	43,300
RENTALS						
6415 OTHER EQUIPMENT RENTAL	985	878	1,197	1,113	1,000	1,100
6416 MACHINERY RENTAL	-	-	-	-	350	-
6417 UNIFORM RENTAL	224	-	514	-	350	-
TOTAL RENTALS	1,209	878	1,711	1,113	1,700	1,100
DUES, SUBSCRIPTIONS, AND REGISTRATION FEES						
6451 MEMBERSHIP DUES	300	534	782	620	800	800
TOTAL DUES, SUBSCRIPTIONS, AND REGISTRATION FEES	300	534	782	620	800	800
CONTRACTED SERVICES						
6489 OTHER CONTRACTED SERVICES	126,317	159,725	178,335	170,309	145,000	155,000
TOTAL CONTRACTED SERVICES	126,317	159,725	178,335	170,309	145,000	155,000
Total OTHER SERVICES & CHARGES	265,263	297,610	370,080	319,855	393,600	424,300
CAPITAL OUTLAY						
CAPITAL OUTLAY						
6540 HEAVY MACHINERY	-	-	278,893	-	-	-
6550 VEHICLES	-	-	62,594	-	263,500	-
6580 OTHER EQUIPMENT	16,852	-	125,474	119,185	-	41,700
TOTAL CAPITAL OUTLAY	16,852	-	466,961	119,185	263,500	41,700
Total CAPITAL OUTLAY	16,852	-	466,961	119,185	263,500	41,700
TOTAL EXPENDITURES & OTHER FINANCING	1,445,077	1,628,641	2,298,424	2,127,945	2,604,912	2,525,780
SUMMARY:						
OPERATING EXPENSE:	1,428,225	1,628,641	1,831,463	2,008,760	2,341,412	2,484,080
CAPITAL OUTLAY:	16,852	-	466,961	119,185	263,500	41,700
TOTAL EXPENDITURES	\$ 1,445,077	\$ 1,628,641	\$ 2,298,424	\$ 2,127,945	\$ 2,604,912	\$ 2,525,780

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0452	6102	F.T. REGULAR-WAGES & SALARIES	617,124	730,962	838,878	951,823	1,090,117	1,158,663
0452	6103	FULL TIME-REGULAR-OVERTIME	1,469	818	1,985	8,520	1,000	10,864
0452	6104	PART TIME-WAGES & SALARIES	36,452					
0452	6105	TEMPORARY-WAGES & SALARIES	50,823	65,361	68,874	79,808	103,328	126,193
0452	6108	SEVERANCE PAY			1,444			
0452	6121	PERA CONTRIBUTIONS	48,867	54,097	62,522	73,471	81,834	89,710
0452	6122	FICA/MEDICARE CONTRIBUTIONS	53,502	59,784	67,809	77,143	91,375	99,123
0452	6131	GROUP INSURANCE	116,186	132,986	166,248	193,541	206,988	199,820
0452	6133	WORKERS COMP INSURANCE PREMIUM	38,121	44,593	44,265	33,734	39,512	37,000
0452	6135	PAID FAMILY MEDICAL LEAVE					6,158	5,907
0452	6208	MISCELLANEOUS OFFICE SUPPLIES	1,185	921	616	834	1,000	1,000
0452	6223	GASOLINE	22,510	12,425	21,427	21,629	24,000	26,000
0452	6225	DIESEL FUEL	9,893	6,311	7,072	9,532	11,500	10,500
0452	6229	SHOP MATERIALS	3,467	1,198	1,937	1,717	2,500	2,300
0452	6231	UNIFORMS & TURN-OUT GEAR	6,130	6,106	8,077	7,884	6,500	6,500
0452	6249	MISCELLANEOUS OPERATING SUPPLY	31,531	29,962	34,520	26,207	34,000	34,000
0452	6257	OTHER VEHICLE PARTS	16,974	25,587	23,949	22,393	19,000	22,000
0452	6265	ASPHALT	71,915	111,045	90,512	119,891	150,000	150,000
0452	6268	IRRIGATION SUPPLIES	16,118	20,540	10,881	10,498	15,000	15,000
0452	6269	LANDSCAPE MATERIALS	16,843	23,522	8,547	44,866	60,000	60,000
0452	6281	SMALL TOOLS & MINOR EQUIPMENT	3,851	4,813	1,820	5,415	4,000	5,200
0452	6315	MISCELLANEOUS PROFESSIONAL SER	28,405	927	25,751	1,889	20,000	20,000
0452	6322	POSTAGE	211	23	29	129	100	100
0452	6335	TRAINING	1,169	2,794	8,899	5,033	10,000	8,000
0452	6361	GENERAL LIABILITY/PROPERTY INS	12,875	41,790	46,020	45,607	50,000	60,000
0452	6371	ELECTRIC UTILITIES	32,719	31,956	30,027	33,287	36,000	46,000
0452	6372	WATER/IRRIGATION	10,771	16,324	12,180	13,531	56,000	56,000
0452	6373	GAS	12,404	11,759	9,894	10,778	15,000	19,000
0452	6374	REFUSE/RECYCLING	7,533	7,083	9,131	12,496	12,000	15,000
0452	6381	BUILDING & STRUCTURE REPAIR	22,387	4,726	37,888	22,853	37,000	35,000
0452	6382	MACHINERY & EQUIPMENT REPAIR	8,964	16,104	6,451	1,593	7,000	5,500
0452	6388	OTHER VEHICLE REPAIR	-	2,988	2,981	617	3,000	2,800
0452	6415	OTHER EQUIPMENT RENTAL	985	878	1,197	1,113	1,000	1,100
0452	6416	MACHINERY RENTAL	-	-	-	-	350	-
0452	6417	UNIFORM RENTAL	224	-	514	-	350	-
0452	6451	MEMBERSHIP DUES	300	534	782	620	800	800
0452	6489	OTHER CONTRACTED SERVICES	126,317	159,725	178,335	170,309	145,000	155,000
0452	6540	HEAVY MACHINERY			278,893			
0452	6550	MOTOR VEHICLES		-	62,594		263,500	-
0452	6580	OTHER EQUIPMENT	16,852		125,474	119,185		41,700
Total Expenditure			1,445,077	1,628,641	2,298,424	2,127,945	2,604,912	2,525,780

SUMMARY:

OPERATING EXPENSE:	1,428,225	1,628,641	1,831,463	2,008,760	2,341,412	2,484,080
CAPITAL OUTLAY:	16,852	-	466,961	119,185	263,500	41,700
TOTAL EXPENDITURES	\$ 1,445,077	\$ 1,628,641	\$ 2,298,424	\$ 2,127,945	\$ 2,604,912	\$ 2,525,780

PERSONNEL COMPLEMENT

Park Maintenance Worker	6.00	6.00	7.00	7.00	8.00	8.00
Utilities Maintenance Worker (Enterprise Funded)	3.00	3.00	4.00	4.00	5.00	5.00
Utilities Supervisor (Enterprise Funded)	1.00	1.00	1.00	1.00	1.00	1.00
Parks/Assistant PW Director	1.00	1.00	1.00	1.00	1.00	1.00
Park Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Parks Lead Worker	1.00	1.00	1.00	1.00	1.00	1.00
Recreation and Special Event Coord.			1.00	1.00	1.00	1.00
Recreation Specialist	0.50	1.00	-	-	-	-
Temporary - Parks	3.62	3.62	3.62	3.62	3.62	3.62
Admin Assistant	-	-	1.00	1.00	1.00	1.00
	17.12	17.62	20.62	20.62	22.62	22.62

6489 Other Contracted Services

Portable Toilets Rental	5,907	5,117	6,157	8,000	8,000
Photo Contest Winners	-	-	460	600	600
Recreation Programming (Art, Hiking, YOGA, 55+ Trips/Classes)	7,879	8,480	29,438	30,000	40,000
Fertilizing	19,466	13,379	27,217	29,000	29,000
Irrigation (Anderson Irrigation/Great Northern Landscape)	10,769	40,045	29,077	-	-
Mowing of The Draw/Fire Station, Weeding (SpeedCutters/Best Outdoor S	26,962	28,715	28,315	35,000	35,000
Vegetation Management (Prairie Restorations)	20,761	25,419	27,000	35,000	35,000
Clean Park Buildings (Christian Pte-Green Tech)	4,075	14,800	21,600	-	-
Park Improvements - Wood Fiber/Turf/Fence/Striping	27,314	3,872	7,265	7,400	7,400
Holiday Lights	-	11,588	-	-	-
EAB Tree Removal	-	5,000	-	-	-
Misc	3,183	3,310	1,804	-	-
	126,317	159,725	178,335	170,309	145,000
				155,000	

6540/6550 Heavy Machinery

3/4 ton 4/4 Truck					
Mow truck			68,093		
F550 4/4 truck with plow			100,692		
F350			62,594		
Bobcat loader			110,108		
F250 With topper & Plow less resale \$5,000 (Replace #665)				80,000	
Water Truck (1/4 cost) \$82,500 less trade in \$3,000 (Replace #669)				79,500	
One Ton with Dump & plow less resale \$6,000 (Replace #678)				104,000	
	-	-	341,487	-	263,500

6580 Other Equipment

Kubota UTV 4X4 Field Maintenance/Snow Removal (includes \$7,000 trade in)				34,752	
Line Striper	19,000				
3-Zero-Turn Mowers			71,604		
Chipper (new)			-	84,433	
Turbine debris blower			31,346		
Snowquip snowblower			22,524		
Exmark mower with bagger less \$3,200 trade in (#683)					17,700
8 Pan-tilt zoom security camers for city parks					24,000
	19,000	-	125,474	119,185	-
					41,700

DESCRIPTION OF SERVICES:

The Park and Recreation Department is responsible for the outdoor maintenance of all municipal grounds, including the Municipal Center, fire stations, parks, trails and streetscapes. Parks facilities include bulidings, playgrounds, shelters, ballfields.

BUDGET HIGHLIGHTS

- Staff time redistributed between streets, traffic engr, snow plowing & utilities.
- Electric Use - Increase inflation & Splash Pad - \$10,000 (6371)
- Water Use - Splash Pad Not budgeted (6372) 11.5M Gallons Est
- Replace 2014 Ex-Mark Mower with bagger - \$17,700 (net of \$3,200 trade in) (6580)
- New 8 Pan-tilted zoom fixed mounted security cameras in City parks - \$24,000 (6580)

GOALS OF CURRENT YEAR BUDGET:

- Address bituminous trails, pursuant to the Trail Maintenance Policy adopted in 2024.
- Continue to expand the diversity and opportunities of recreation
- Continue to work year-round with the athletic associations (and PACT) in the provision of youth athletic fields.
- Strive to adequately address formal landscape maintenance and reduce m
- Attempt to adequately address boulevard tree replacements (Emerald Ash Borer and car kills)

Performance Measurements:

	2022 Actual	2023 Actual	2024 Projected	2025 Projected	2026 Projected	2027 Projected
Number of City Parks	26	26	27	28		
Number of Athletic Fields Maintained	42	42	42	42		
Number of Playgrounds Maintained	17	17	17	18		
Miles of Trails Maintained	70	70	70	75		
Total Acreage Mowed	150.11	150.11	150.11	150.11		

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
0892	6108	SEVERANCE PAY					50,000	50,000
0892	6102-6135	2027 Personnel Requests-See detailed sheet						602,980
0892	6133	WORKERS COMP INSURANCE PREMIUM					9,027	
0892	6304	LEGAL FEES					24,000	
0892	6315	MISCELLANEOUS PROFESSIONAL SER	-			-	25,000	25,000
0192	6405	OFFICE & DATA PROCESSING EQUIP						
0892	6603	OTHER L.T. OBLIGATION PRINCIPA	61,853	61,853	61,853	61,853		
0892	6820	OPERATING TRANSFERS TO OTHER F	272,688	92,756	1,319,847	1,437,421	106,373	106,373
Total Expenditure			334,541	154,609	1,381,700	1,499,274	214,400	784,353

SUMMARY:

OPERATING EXPENSE:	334,541	154,609	1,381,700	1,499,274	214,400	784,353
CAPITAL OUTLAY:	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 334,541	\$ 154,609	\$ 1,381,700	\$ 1,499,274	\$ 214,400	\$ 784,353

2027 Personnel Requests:

Reclass Building Inspector to Building Inspector II	6,151
Reclass Engineering Tech III To Civil Engineer I (Net \$2,595 utility funded)	6,053
New Position: FT GIS Technician II (Apr 5, 2027). Includes \$16,700 for licensing, cubicle, prof membership	121,869
New Position: Building Maintenance Seasonal (May 10 - Sept 17, 2027)	14,316
New Position: Parks Happy Days Intern (May 17-Sept 20, 2027)	15,779
Total Personnel Requests	164,168

2027 Salary Adjustments in Addition to 3% COLA

Total Afsome (League Mkt)	115,328
Total Captains (4% Mkt)	19,596
Total Patrol (4% Mkt & Longevity 9% Step 16)	137,072
Total Sergeants (4% Mkt)	34,312
Total Non-Union (League Mkt)	127,712
Total Crime Data (4% Mkt)	4,792
Grand Total	438,812

Severance (6108)

Based on 4 possible retirements	50,000
---------------------------------	--------

6603/6820 Principal & Transfers

Bury Carlson Internal Loan (PIR Fund)*	44,520	44,520	44,520	44,520	44,520	44,520
Municipal Center debt transfer interfund	61,853	61,853	61,853	61,853	61,853	61,853
	106,373	106,373	106,373	106,373	106,373	106,373

*Coded directly against property tax when collected

6820 Transfers to Other Funds

Excess Revenue Transfer	272,688	92,756	1,319,847	1,437,421	-	-
	-	-	-	-	-	-
	272,688	92,756	1,319,847	1,437,421	-	-

DESCRIPTION OF SERVICES:

The Contingency budget is to be used for unforeseen expenditures or for

BUDGET HIGHLIGHTS

- Severance Pay no longer in year end fund balance policy - \$50,000
- Booking all Personnel Requests here-not individual departments until budget finalized
- Booking all Potential Market Rate Adjustments here until union negotiations & salary survey #'s finalized

GOALS OF CURRENT YEAR BUDGET:

Minimize unbudgeted/unallocated expenses

BUDGET SUMMARY:

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
9230	4011	CURRENT-AD VALOREM TAXES	66,843	72,192	78,150	76,791	86,367	86,367
9230	4012	DELINQUENT-AD VALOREM TAXES	348	(989)	(593)	(358)		
9230	4014	FISCAL DISPARITIES	9,838	9,407	8,998	8,077		
9230	4273	OTHER STATE GRANTS & AIDS						
9230	4609	OTHER MISCELLANEOUS REVENUES	198,638	275	30,000	82,776		
9230	4701	INTEREST ON INVESTMENTS	(11,202)	64,554	69,212	67,885	4,800	4,800
9230	4901	TRANSFER IN FROM OTHER FUNDS						
Total Revenue			264,465	145,440	185,766	235,171	91,167	91,167

Business Unit	Object Account	Description	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Adopted Budget	2027 Requested Budget
9230	6102	F.T. REGULAR-WAGES & SALARIES						
9230	6105	TEMPORARY-WAGES & SALARIES	660	435	350	225	1,000	1,000
9230	6121	PERA CONTRIBUTIONS						
9230	6122	FICA/MEDICARE CONTRIBUTIONS	50	33	27	17	80	80
9230	6131	GROUP INSURANCE						
9230	6133	WORKERS COMP INSURANCE PREMIUM	4	2	5	2		
9230	6135	PAID FAMILY MEDICAL LEAVE						
9230	6246	MARKETING	24,154	6,626	10,698	17,587	23,000	23,000
9230	6249	MISCELLANEOUS OPERATING SUPPLY	8,769	12,007	11,770	11,072	21,000	21,000
9230	6304	LEGAL FEES						
9230	6315	MISCELLANEOUS PROFESSIONAL SER	43,193	1,010	44,130	4,667	36,000	36,000
9230	6322	POSTAGE						
9230	6323	CELLULAR PHONES						
9230	6331	TRAVEL & LODGING	449	483	157	707	2,500	2,500
9230	6335	TRAINING	660	1,125	385	2,235	5,100	5,100
9230	6361	GENERAL LIABILITY/PROPERTY INS	624	313	268	221	287	287
9230	6371	ELECTRIC UTILITIES						
9230	6433	REFUNDS/REIMBURSEMENTS						
9230	6530	IMPROVEMENTS OTHER THAN BUILDINGS						
9230	6451	MEMBERSHIP DUES	1,798	1,593	2,366	3,504	2,200	2,200
9230	6452	SUBSCRIPTIONS	17	-				
9230	6530	IMPROVEMENTS OTHER THAN BUILDINGS	20,143	-				
9230	6580	OTHER EQUIPMENT			23,634			
Total Expenditure			100,521	23,627	93,789	40,237	91,167	91,167

DESCRIPTION OF SERVICES:

The primary objective of the Economic Development Authority is to aid, assist and promote the growth and expansion of commercial, retail and industrial development in the City of Ramsey.

GOALS OF CURRENT YEAR BUDGET:

- Enhance Business Retention and Expansion Program and EDA events
- Increase number of jobs
- Increase retail tax base
- Reduce the amount of land owned by City for development
- Facilitate development/redevelopment along Hwy 10 corridor

CC Work Session**Meeting Date:** 07/28/2026**Primary Strategic Plan Initiative:**

Information**Title:**

Wage Theft & Project Labor Requirements

Purpose/Background:

This discussion is a continuation of the May 26, 2026 and July 14, 2026 City Council Work Sessions that was originally requested by Councilmembers Buscher & Peters. Councilmember Buscher provided the attached information.

Recommendation:

Staff is seeking consensus direction from council on whether a draft policy or ordinance shall be created.

Outcome/Action:

Provide consensus direction of next steps.

Attachments

Impact of Responsible Bidder Laws on Union Contractors in Illinois and Indiana
 Model Ordinance from Indiana
 Belvidere Example
 Rockford, IL Example
 Harrisburg Example
 St. Paul Example
 Brooklyn Park Example
 Bloomington Example
 MN Prevailing Wage List
 Wage Theft Facts
 MC, PF, WT Primer DRAFT
 The Public Cost of Low Wage Jobs in the US Construction Industry
 2023 Subsidizing Abuse FINAL
 Subsidizing Abuse One Page Final

Form Review**Inbox**

Brian Hagen

Reviewed By

Brian Hagen

Date

07/23/2026 03:10 PM

Form Started By: Brian Hagen

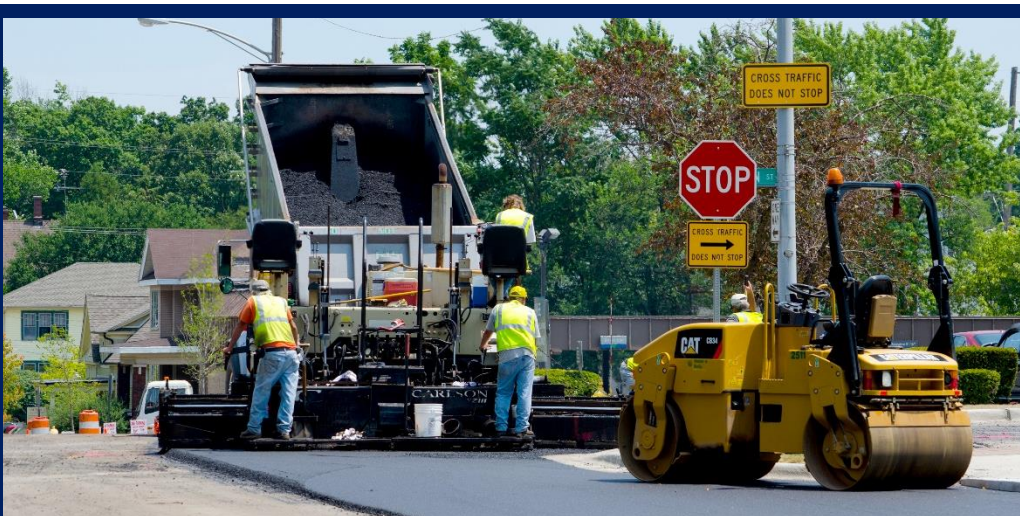
Started On: 07/23/2026 12:43 PM

Final Approval Date: 07/23/2026

January 5, 2022

The Impact of Responsible Bidder Ordinances on Union Contractors in Illinois and Indiana

*Evidence from a Natural Experiment of
New Ordinances and a Local Case Study*



ILEPI
ILLINOIS ECONOMIC POLICY INSTITUTE

A Higher Road for a Better Tomorrow
**MIDWEST ECONOMIC
POLICY INSTITUTE**

Andrew Wilson, MHRLR

Policy Analyst
Illinois Economic Policy Institute
Midwest Economic Policy Institute

Frank Manzo IV, MPP

Executive Director
Illinois Economic Policy Institute
Midwest Economic Policy Institute

Executive Summary

A responsible bidder ordinance (RBO) is a local construction market policy that ensures public expenditures reflect area standards of quality and craftsmanship. By ensuring that contractors meet objective criteria and verifiable standards, RBOs guarantee that public construction projects are not awarded to unscrupulous contractors who cut corners or have poor track records. As a result, RBOs provide a qualifications-based approach that works within the low-bid system to ensure quality by using professional, competent contractors who complete projects safely, on time, and on budget.

Research shows that RBOs stabilize public construction costs and deliver value for taxpayers.

- A study of more than 300 school construction projects in Ohio found that RBOs have “no discernible statistical impact on construction bid costs.”
- A study of more than 1,300 bids on public projects in two Kansas counties found that school construction costs were \$67 cheaper per square foot when local RBOs were in effect.
- A study of more than 1,200 public projects in Illinois and Indiana found that projects covered by RBOs are no more costly than those that are not covered by RBOs.

Across Illinois and Indiana, RBOs tend to have common characteristics. Nearly all RBOs require:

- Evidence of participation in approved registered apprenticeship training programs (92 percent).
- Proof of certificates of insurance, such as workers’ comp and liability insurance (90 percent).
- Accountability and transparency through certified payroll records (95 percent) and by allowing bid submissions to be obtained through Freedom of Information Act (FOIA) requests (96 percent).

Since 2019, 11 local government jurisdictions in Illinois and Indiana enacted RBOs *and* awarded projects both before and after passage.

- 5 jurisdictions passed new RBOs in Illinois: DuPage County, the DuPage County Forest Preserve District, the City of Moline, the City of Waukegan, and the Village of Forest Park.
- 6 jurisdictions passed new RBOs in Indiana: the City of LaPorte, the City of Rensselaer, the Town of Kouts, the Kankakee Valley School Corporation, the Knox Community School Corporation, and the South Bend Community School Corporation.
- An analysis of 145 public projects finds that the market share of union contractors increased by 9.3 percent, or \$5.2 million, in just these 11 jurisdictions alone due to the passage of new RBOs.

Additionally, municipal projects awarded in the four Quad Cities from January 2018 through June 2021 provide a local case study on the impacts of RBOs within an integrated economic region.

- The Quad Cities include Rock Island and Moline in Illinois and Davenport and Bettendorf in Iowa.
- An analysis of 248 city-owned projects finds that the market share of union contractors is 13.1 percent higher on projects covered by RBOs in the Quad Cities area.
- The case study reveals that the effect of RBOs may be larger when paired with other high-road construction policies, such as a state prevailing wage law.

The data conclusively shows that union contractors are more likely than nonunion contractors to be responsible businesses that are good stewards of taxpayer dollars. That’s why responsible bidder ordinances increase the market share of union contractors by between 9 percent and 13 percent. Responsible bidder ordinances deliver accountability and transparency for taxpayers, promote apprenticeship programs that produce skilled craftworkers for local businesses, and increase work for contractors who pay family-supporting wages and benefits.

Table of Contents

Executive Summary	i
Table of Contents	ii
About the Author	ii
Introduction	1
Economic Research on Responsible Bidder Ordinances	1
Characteristics of RBOs in Illinois and Indiana	3
The Impact of 11 New RBOs on Market Share Outcomes	4
A Case Study: Municipal Projects Covered by RBOs in the Quad Cities	6
Conclusion	7
Sources	8
Cover Photo Credits	8
Appendix	9

About the Authors

Andrew Wilson, M.H.R.L.R. is a Policy Analyst at the Illinois Economic Policy Institute. He earned a Master's in Sociology from George Mason University and a Master's in Human Resources and Labor Relations at Michigan State University. He can be contacted via email at awilson@illinoisepi.org.

Frank Manzo IV, M.P.P. is the Executive Director at the Illinois Economic Policy Institute. He earned a Master of Public Policy from the University of Chicago Harris School of Public Policy and a Bachelor of Arts in Economics and Political Science from the University of Illinois at Urbana-Champaign. He can be contacted at fmanzo@illinoisepi.org.

Introduction

Responsible bidder ordinances (RBOs) are policy tools that establish objective criteria and verifiable standards for contractors bidding on public construction projects. They are designed to promote local standards of quality and craftsmanship. A responsible bidder ordinance acknowledges value as well as costs when it comes to projects. An RBO protects taxpayers by setting minimum standards, guaranteeing that public projects are not awarded to contractors who cut corners or have poor track records.

Responsible bidder ordinances, sometimes referred to as responsible contractor policies, provide a qualifications-based approach that works within the low-bid system to ensure quality by using professional, competent contractors who complete projects safely, on time, and on budget. RBOs may become particularly important as states and local government invest in public infrastructure with federal dollars from the Infrastructure Investment and Jobs Act of 2021 ([Biden White House, 2021](#)).

RBOs have become increasingly common across the United States. Many communities in states that have repealed prevailing wage laws—or do not have prevailing wage laws—have adopted RBOs to maintain local construction standards and minimize the negative consequences associated with a lack of standards on taxpayer-funded construction projects. For example, there are now more than 50 local RBOs in Indiana ([Ill FFC, 2021](#)). The southern cities of New Orleans, LA and St. Petersburg, FL have also passed RBOs since 2020 ([Stein, 2021](#); [Municode, 2021](#)). RBOs have been passed in counties, townships, cities, towns, and special districts.

Even in states with prevailing wage laws and other high-road construction standards, there are legal reasons to enact RBOs at the local-level. To be considered a “responsible bidder” in Illinois, for example, the Illinois Procurement Code requires bidders to submit satisfactory evidence of compliance with the Illinois Prevailing Wage Act and equal employment opportunity requirements, valid business registrations and certificates of insurance, and participation in apprenticeship training programs approved by and registered with the U.S. Department of Labor. However, the Illinois Procurement Code *only* applies to state government contracts. The Illinois Municipal Code and the Illinois Counties Code, which apply to local government contracts, do not have these provisions. RBOs have thus become a way to address this lack of standards on public projects funded by local units of government.

This Illinois Economic Policy Institute (ILEPI) report evaluates the effect of 11 new responsible bidder ordinances that have been passed in Illinois and Indiana since 2019 on union contractors. It also explores a case study of the impact of RBOs in the Quad Cities area along the border between Illinois and Iowa. The report concludes by recapping key findings.

Economic Research on Responsible Bidder Ordinances

The most authoritative research on RBOs comes from school districts in Ohio. A peer-reviewed, academic study investigated the bid costs of over 300 elementary schools from 1997 to 2008 and found that responsible contracting policies have “no discernible statistical impact on construction bid costs” after controlling for geographic location. There was no evidence that RBO provisions raise construction costs. The study concluded that adopting RBOs “may be an effective way to improve employment conditions

and living standards of construction workers without significantly raising costs for taxpayers” ([Waddoups & May, 2014](#)).

In April 2013, Kansas Governor Sam Brownback signed a bill into law that prohibited cities and counties from requiring contractors to pay locally prevailing wages “or offer an employee benefit other than those required by state or federal law,” which included apprenticeship training contributions ([HB 2069, 2013](#)). This state pre-emption law invalidated local construction policies in Sedgwick County and Wyandotte County. A 2016 report investigated more than 1,300 bids on school construction and non-residential projects in those counties between 2005 and 2016. While the author concluded that there was no statistical difference in the total cost of non-residential construction projects due to the repeal of the local construction policies, the data did reveal that school construction costs were \$67 cheaper per square foot during the years when the policies were in place ([Kelsay, 2016](#)).

The most recent research on RBOs reviewed more than 1,200 public projects in Illinois and Indiana ([Manzo, 2020](#)). The analysis found that RBOs encourage 8 percent more bid competition on taxpayer-funded projects and increase the market share of union contractors by between 9 percent and 12 percent—suggesting that nonunion contractors are less likely to contribute to apprenticeship training programs and less likely to comply with state, local, and federal laws. RBOs are also associated with more work for contractors who pay family-supporting wages, which helps attract and retain qualified workers. Because RBOs promote apprenticeship programs and produce skilled tradespeople, they have no statistical impact on total construction costs. Notably, when focusing on the nonunion segment of the construction industry, RBO-covered projects awarded to nonunion contractors were no more costly than nonunion projects that were not covered by RBOs ([Manzo, 2020](#)).

In addition to keeping construction costs stable, RBOs promote better labor market outcomes. A 2018 case study of county-level RBOs in Indiana found that all the countywide RBOs in Indiana required both contractors and subcontractors bidding on public projects to participate in U.S. Department of Labor-approved apprenticeship training programs. As a result, worker turnover in the heavy and civil engineering construction sector—which includes the construction of roads, bridges, bike lanes, utility lines, and public parks—was 2 percent lower in the counties with RBOs. Construction workers also earned 8 percent more in the counties with RBOs. Because they incentivize apprenticeship training, RBOs are associated with stable employment and middle-class careers for skilled construction workers ([Manzo & Manzo, 2018](#)).

RBOs ensure that reputable contractors with proven track records complete jobs efficiently. Contractors with workplace law violations are more than five times as likely to have a low performance rating as contractors with a clean record of workplace law compliance ([Adler, 2003](#)). By weeding out cut-rate contractors, RBOs ensure that public bodies get the quality they pay for and encourage successful projects that are on time and on budget. In fact, case studies from across the country have found that RBOs promote higher quality and more reliable services, increased competition among responsible contractors, and reduced back-end reconstruction and litigation costs ([Sonn & Gebreselassie, 2010](#)). Additionally, evidence suggests that 98 percent of construction owners using qualifications-based procurement models—like those in RBOs—report being satisfied with project quality ([Kashiwagi et al., 2005](#)).

Characteristics of RBOs in Illinois and Indiana

The vast majority of RBOs that have been enacted throughout Illinois and Indiana have seven consistent provisions based on objective criteria and verifiable standards (Figure 1). Nearly all RBOs in Illinois and Indiana establish prequalification programs (98 percent), require contractors to submit certified payroll records (95 percent), and allow contractor bid submissions to be obtained by the public through Freedom of Information Act (FOIA) requests or their equivalent (96 percent). Almost all RBOs explicitly state that the provisions apply to the prime bidder (97 percent), and about one-third of RBOs extend these expectations to all subcontractors hired by the prime bidder (30 percent).

Nearly all RBOs in Illinois and Indiana also ensure that contractors winning local government projects invest in training the next generation of skilled construction workers (Figure 1). More than nine out of every ten RBOs (92 percent) require “evidence of participation in apprenticeship and training programs, applicable to the work to be performed on the project, which are approved by and registered with the United States Department of Labor’s Office of Apprenticeship.” Nine out of every ten RBOs ensure that contractors provide proof of certificates of insurance through U.S. Department of Treasury-approved companies (90 percent) and another eight-in-ten ask contractors to provide proof that their workers are covered by health insurance plans and will earn retirement benefits (77 percent).

In addition to these seven common characteristics which ensure accountability and transparency while promoting skilled workers, RBOs also sometimes include provisions to promote community safety (Figure 1). For example, 24 percent of RBOs in Illinois and Indiana require a written plan for employee drug testing and another 18 percent guarantee that contractors are certified by the Occupational Safety and Health Administration (OSHA). Furthermore, 12 percent of RBOs in Illinois and Indiana require contractors to submit a statement of commitment to proper classification of workers, helping to weed out criminal contractors who engage in misclassification and wage theft. These criteria decrease the chances that local taxpayer dollars will be used by contractors who cut corners at the worksite while increasing the likelihood that the workers who build taxpayer-funded infrastructure projects are safe, reliable, and paid a wage commensurate with their craftsmanship and experience.

FIGURE 1: COMMON CHARACTERISTICS OF THE 163 RBOs THAT HAVE BEEN ENACTED IN ILLINOIS AND INDIANA

Ten Common Criteria of Local RBOs Enacted in Illinois and Indiana		Share of RBOs with Criteria
1	RBO establishes prequalification program	98%
2	Requirements apply to prime bidder • <i>Requirements also apply to all subcontractors</i>	97% • 30%
3	Contractor submissions subject to FOIA requests	96%
4	Certified payroll required	95%
5	Proof of participation in USDOL-approved registered apprenticeship programs	92%
6	Proof of insurance (e.g., workers comp, liability)	90%
7	Proof that workers will receive health and retirement benefits	77%
8	Proof of drug prevention program	24%
9	Proof of OSHA certification	18%
10	Statement of commitment to proper worker classification	12%

Source: Authors’ analysis of responsible bidder ordinances as compiled by Indiana, Illinois, Iowa Foundation for Fair Contracting (III FFC, 2021). N = 163 RBOs passed in Illinois and Indiana, including 109 in Illinois and 54 in Indiana. For additional characteristics, see Table A in the Appendix.

The Impact of 11 New RBOs on Market Share Outcomes

The data utilized in this research was collected by the Indiana, Illinois, Iowa Foundation for Fair Contracting, a nonprofit labor-management organization ([III FFC, 2021](#)). The III FFC collects project data for 14 northern Indiana counties and 25 northern Illinois counties using bid software programs such as ConstructConnect and Dodge Data & Analytics as well as through public bid lettings and public documents. All projects in their proprietary reports include the date of the bid letting, the county of the project, the awarding agency, bid information, the union (or signatory) status of each bidder, and whether the project was covered by a local responsible bidder ordinance (RBO).

This study includes project bid data from January 2018 through June 2021. The 42 months represent the period of analysis. Since 2019, there have been 16 RBOs passed in Illinois and Indiana. One city—the City of Kewanee, IL—had a different RBO in effect starting in 2007. Four others, including two in Indiana and two in Illinois, did not have a project built either before or after passage of the RBO during the period of analysis. These four jurisdictions include a school district, library district, village, and forest preserve. It is not possible to ascertain the effect of adopting an RBO in these four jurisdictions because there is not a clear before-and-after picture. This leaves 11 jurisdictions with project bid data both before their RBOs were passed and after their RBOs went into effect—five in Illinois and six in Indiana. The full dataset includes 145 public projects involving the operating engineers craft, including 94 prior to passage of the local RBOs and 51 after passage.

Figure 2 presents summary statistics for all the projects awarded by these 11 local government jurisdictions in Illinois and Indiana between the beginning of January 2018 and the end of June 2021. On the projects that were awarded prior to passage of the local RBOs, union contractors won 76.6 percent of the projects and the union market share was 87.1 percent. By contrast, after RBOs were enacted and applied on projects funded by these same jurisdictions, union contractors were awarded 90.2 percent of the projects and the union market share totaled 97.9 percent. Accordingly, the union win rate was 13.6 percent higher and the union market share was 10.8 percent higher on the post-RBO projects than on the pre-RBO projects. This reveals that local businesses employing union construction workers are more significantly likely to be responsible contractors with proven track records of success than nonunion firms in the region. Bid competition was essentially unchanged, with about three and half contractors submitting bids on public projects regardless of whether or not they were covered by RBOs.

FIGURE 2: CHANGE IN UNION WIN SHARE AND UNION MARKET SHARE IN 11 ILLINOIS AND INDIANA JURISDICTIONS THAT HAVE PASSED RBOs SINCE 2019, WITH BEFORE-AND-AFTER DATA FROM JAN. 2018 THROUGH JUNE 2021

Column	11 Jurisdictions with Data Before-and-After	Math	Before RBOs	After RBOs	RBO Difference
A	Number of Projects		94	51	
B	Number of Bids		342	174	
C	Bids Per Project	$B \div A$	3.6	3.4	-0.2
D	Value of All Projects		\$66,749,035.72	\$56,246,096.58	
E	Projects Awarded to Unions		72	46	
F	Union Win Share	$E \div A$	76.6%	90.2%	+13.6%
G	Value of Projects Awarded to Unions		\$58,154,683.02	\$55,087,053.28	
H	Union Market Share	$G \div D$	87.1%	97.9%	+10.8%

Source: Authors' analysis of project bid data from the Indiana, Illinois, Iowa Foundation for Fair Contracting ([III FFC, 2021](#)). For more, see Table B, Table C, and Table D in the Appendix.

However, it is important to note that the market share of union contractors in the 14 northern Indiana counties and 25 northern Illinois counties also increased during the period of analysis. Figure 3 investigates the entire region *except for* the 11 jurisdictions that passed new RBOs and had before-and-after data. This provides a “control group” of public projects to compare with the “treatment group” of local projects that experienced the RBO policy change. In 2018, before these 11 RBOs were passed, union contractors were awarded 96.9 percent of the entire market. In the years that have followed, union contractors won 98.4 percent of the market share.

FIGURE 3: OVERALL CHANGE IN UNION MARKET SHARE IN 25 NORTHERN ILLINOIS COUNTIES AND 14 NORTHERN INDIANA COUNTIES, EXCLUDING THE 11 JURISDICTIONS THAT PASSED RBOs, DATA FROM JAN. 2018 THROUGH JUNE 2021

Illinois and Indiana Market (Excluding 11 Areas that Passed RBOs)	Total Value	Union Value	Nonunion Value	Union Market Share
Pre-RBO (Jan. 2018-Dec. 2018)	\$4,771,472,168	\$4,622,849,093	\$146,841,457	96.9%
Post-RBO (Jan. 2019-June 2021)	\$15,171,633,497	\$14,931,653,208	\$220,619,613	98.4%
Difference				+1.5%

Source: Authors’ analysis of project bid data from the Indiana, Illinois, Iowa Foundation for Fair Contracting ([III FFC, 2021](#)).

The region has thus experienced a 1.5 percent increase in union market share in areas that did not otherwise change during this time (Figure 3). There are two implications of this finding. The first is that union contractors have become more competitive compared with their nonunion counterparts in the region since 2018. The second is that the market share of union contractors would have been expected to increase by an average of 1.5 percent in the 11 jurisdictions that passed RBOs even if they had not enacted the new ordinances. In other words, there is no reason to think that these 11 jurisdictions would deviate significantly from the rest of the regional construction market.

Figure 4 calculates how much RBOs increased the market share of union contractors above-and-beyond the general trend in the market. The net effect of RBOs on the union market share can be determined by subtracting the 1.5 percent overall gain in union market share across the region from the 10.8 percent gain in union market share on post-RBO projects relative to pre-RBO projects in the jurisdictions that passed the ordinances. Consequently, the 11 new responsible bidder ordinances in Illinois and Indiana since 2019 have boosted the market share of union contractors by an estimated 9.3 percent (Figure 4).

FIGURE 4: NET CHANGE IN UNION WIN SHARE AND UNION MARKET SHARE BASED ON THE DIFFERENCE-IN-DIFFERENCES IN THE 11 JURISDICTIONS THAT PASSED RBOs, WITH BEFORE-AND-AFTER DATA FROM JAN. 2018 THROUGH JUNE 2021

Net Impact of New RBOs in Illinois and Indiana	Pre-RBO Period	Post-RBO Period	RBO Difference
11 Jurisdictions with New RBOs	87.1%	97.9%	+10.8%
Illinois and Indiana (Excluding 11 Jurisdictions)	96.9%	98.4%	+1.5%
Difference	-9.8%	-0.5%	+9.3%

Source: Authors’ analysis of project bid data from the Indiana, Illinois, Iowa Foundation for Fair Contracting ([III FFC, 2021](#)).

This increase in the union market share mirrors the results of a 2020 study using similar data for northern Indiana and northern Illinois but excluding projects from the Chicago metropolitan area. That study compared projects that were covered by RBOs versus projects that were not and found that the RBOs increase union contractor win rates by between 9.2 percent and 11.9 percent, after accounting for the size of the project, location of the project, and other factors ([Manzo, 2020](#)). The current analysis builds upon that 2020 study by using the before-and-after “natural experiment” to directly assess the impact of enacting a responsible bidder ordinance.

Another way to interpret the data is that the passage of RBOs has lifted the union market share so that it is generally in line with the rest of the region (Figure 4). Before they enacted the policies, the 11 jurisdictions had a union market share below 90 percent. After passage, union contractors were awarded nearly 98 percent of the total project value. In the rest of the regional construction market, the union market share was also just over 98 percent.

The swing in market share due to the passage of responsible bidder ordinances has real-world effects on union contractors (Figure 5). In the 11 jurisdictions that enacted RBOs, a total of \$56.2 million in value was awarded on post-RBO projects. Applying the 9.3 percent net change since RBOs have passed results in an estimated \$5.2 million in value awarded to union contractors due to the passage of just these 11 RBOs. This also means that nonunion firms likely lost out on \$5.2 million worth of construction projects because they did not participate in registered apprenticeship programs, did not have proof of insurance, or were otherwise not responsible. RBOs increase union market share.

FIGURE 5: ESTIMATED CHANGE IN VALUE AWARDED TO UNION CONTRACTORS IN JUST THE 11 JURISDICTIONS THAT HAVE PASSED RBOs SINCE 2019, BASED ON POST-RBO DATA FROM JAN. 2018 THROUGH JUNE 2021

Column	Estimating the Dollar Impact of the 11 Jurisdictions Passing RBOs	Math	Value
A	Total Value of Projects Awarded Since RBOs Passed		\$56,246,096.58
B	RBO Impact on Union Market Share		+9.3%
C	Estimated Value of Projects to Union Contractors Due to RBOs	$B \div A$	+\$5,230,886.98

Source: Authors' analysis of project bid data from the Indiana, Illinois, Iowa Foundation for Fair Contracting (III FFC, 2021).

A Case Study: Municipal Projects Covered by RBOs in the Quad Cities

In addition to the before-and-after analysis of 11 jurisdictions that passed RBOs in Illinois and Indiana, the dataset includes information on municipal projects awarded by the four Quad Cities: Rock Island and Moline in Illinois and Davenport and Bettendorf in Iowa. The Quad Cities region offers a unique opportunity for a local case study on the impacts of RBOs since these four cities are geographically close and within the same integrated economic area. The City of Rock Island, IL has had an RBO in effect since November 21, 2016 and the City of Moline, IL recently implemented an RBO on January 19, 2021. By contrast, Iowa has a state pre-emption law prohibiting local governments from passing RBOs or similar policies.

Figure 6 presents the data. The full dataset for the Quad Cities case study—which also uses 42 months of project bid data from January 2018 through June 2021—contains 248 projects on city-owned projects, including 51 projects that were covered by RBOs and 197 projects that were not covered by RBOs. All projects involve the operating engineers craft. In the Quad Cities, municipal projects with operating engineers that are covered by RBOs have a union win rate of 86.3 percent and union contractors represent 67.1 percent of the total market. City-funded projects that are not covered by RBOs have a union win rate of just 46.7 percent and union contractors have a market share of only 54.0 percent. The difference is a 13.1 percent increase in union market share on projects covered by RBOs in this local metropolitan area.

The projects covered by RBOs are all on the Illinois side of the border. Illinois has a state prevailing wage law, supports workers' collective bargaining rights, and 97 percent of all construction apprentices are enrolled in joint labor-management programs that are cooperatively administered by labor unions and their signatory contractors (Manzo & Bruno, 2020). Iowa, on the other hand, has never had a state

prevailing wage law, has a so-called “right-to-work” law that weakens collective bargaining, and only 55 percent of its construction apprentices are registered in joint labor-management programs (Manzo & Gigstad, 2021). The Quad Cities case study consequently reveals that the effect of RBOs *may* be larger when paired with high-road labor standards in construction.

FIGURE 6: THE DIFFERENCE IN UNION WIN SHARE AND UNION MARKET SHARE FOR PROJECTS THAT ARE AND ARE NOT COVERED BY RBOs IN THE QUAD CITIES OF ILLINOIS AND IOWA, DATA FROM JAN. 2018 THROUGH JUNE 2021

Quad Cities Projects	Total Projects	Total Value	Union Wins	Union Win Share	Union Value	Union Market Share
Covered by RBOs	51	\$55,479,609.91	44	86.3%	\$37,234,073.43	67.1%
Not Covered by RBOs	197	\$85,403,882.83	92	46.7%	\$46,121,313.97	54.0%
RBO Difference				+39.6%		+13.1%

Source: Authors’ analysis of project bid data from the Indiana, Illinois, Iowa Foundation for Fair Contracting (III FFC, 2021).

Conclusion

Responsible bidder ordinances (RBOs) are policy tools that establish objective criteria and verifiable standards for contractors bidding on public construction projects funded by local taxpayers. These policies are designed to promote quality infrastructure built by professional contractors and skilled workers while stabilizing construction costs. This guarantees that public projects are awarded to responsible local businesses that make efficient use of taxpayer dollars.

This report finds that responsible bidder ordinances increase the market share of union contractors by millions of dollars every year in Illinois and Indiana. In 11 local government jurisdictions that have passed RBOs in Illinois and Indiana since 2019, the union market share increased by 9 percent following the ordinance’s implementation date. This corresponds to a gain of more than \$5 million in work for union contractors in just these 11 jurisdictions alone over this time. Additionally, a local case study of the Quad Cities located along the Mississippi River on the Illinois-Iowa border reveals that RBOs may boost the market share of union contractors by as much as 13 percent when other high-road construction labor policies are present, such as a prevailing wage law.

The data conclusively shows that union contractors are more likely than nonunion contractors to be responsible businesses that are good stewards of taxpayer dollars. By ensuring that local governments hire only professional, competent contractors, responsible bidder ordinances deliver accountability and transparency for taxpayers, promote apprenticeship programs that produce skilled craftworkers for local businesses, and increase work for contractors who pay family-supporting wages and benefits.

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Appendix

TABLE A: SUMMARY OF CHARACTERISTICS OF THE 163 RBOs THAT HAVE BEEN ENACTED IN ILLINOIS AND INDIANA, AS OF DECEMBER 2021

Provisions or Criteria in Responsible Bidder Ordinances in Indiana and Illinois	Share with Provisions
Includes preamble for economic rationale	96%
Includes definition of public works construction	38%
Certified payroll required	95%
Requirements apply to prime bidder	97%
Requirements apply to all subcontractors	30%
RBO triggered by a project threshold	62%
RBO establishes its own prequalification program	98%
RBO requires bidder and / or subs to hold prequalification from a state agency or third party	12%
Contractor submissions subject to FOIA	96%
RBO contains bid credits or preference for local bidders	13%
RBO contains racial or gender diversity participation goals	7%
Provide proof of business registration / license to do business in the state	21%
Provide proof of insurance (workers comp, liability)	90%
Disclose past tax liens or delinquencies	19%
Disclose past violations of local / state / federal laws	13%
Provide past performance info / list of projects of similar size and scope / key resumes	33%
Bidder must disclose all subcontractors	21%
Provide proof of drug prevention program	24%
Provide statement of commitment to PW / DB compliance	91%
Provide statement of commitment to proper worker classification	12%
Provide proof of any professional or trade licenses required by law or ordinance	13%
Provide proof of contractor participation in applicable USDOL registered apprenticeship programs	92%
Provide proof that workers will receive health and retirement benefits	77%
Provide proof of OSHA certification	18%

Source: Authors' analysis of responsible bidder ordinances as compiled by Indiana, Illinois, Iowa Foundation for Fair Contracting ([IIFFC, 2021](#)). N = 163 RBOs passed in Illinois and Indiana, including 109 in Illinois and 54 in Indiana.

THE IMPACT OF RESPONSIBLE BIDDER ORDINANCES ON UNION CONTRACTORS IN ILLINOIS AND INDIANA

TABLE B: FULL DATA ON THE LOCATION AND DATE OF PASSAGE OF RBOs, WITH INFORMATION ON THE NUMBER OF PROJECTS AWARDED, THE TOTAL VALUE OF PROJECTS AWARDED, AND THE UNION WIN SHARE AND UNION MARKET SHARE IN THE PERIODS BEFORE PASSAGE OF RBOs, DATA FROM JAN. 2018 THROUGH JUNE 2021

<u>Area and Date of RBO Enactment</u>			<u>Pre-RBO Period</u>					
Jurisdiction	State	RBO Date	Projects	Total Value	Union Wins	Union Win Share	Union Value	Union Market Share
DuPage County	IL	3/12/19	7	\$7,631,077.40	6	85.71%	\$7,612,977.40	99.76%
DuPage County Forest Preserve District	IL	2/2/21	23	\$12,617,212.45	17	73.91%	\$11,840,323.05	93.84%
City of Moline	IL	1/19/21	38	\$19,509,376.87	26	68.42%	\$13,432,395.57	68.85%
City of Waukegan	IL	1/22/19	3	\$8,052,758.00	3	100.00%	\$8,052,758.00	100.00%
Village of Forest Park	IL	1/15/19	2	\$1,317,672.00	2	100.00%	\$1,317,672.00	100.00%
Town of Kouts	IN	3/18/19	4	\$635,226.00	2	50.00%	\$545,676.00	85.90%
Kankakee Valley School Corporation	IN	8/13/19	3	\$4,283,519.00	3	100.00%	\$4,283,519.00	100.00%
City of Rensselaer	IN	1/27/20	1	\$1,136,103.00	1	100.00%	\$1,136,103.00	100.00%
City of LaPorte	IN	2/3/20	4	\$5,362,189.00	3	75.00%	\$3,729,357.00	69.55%
Knox Community School Corporation	IN	2/17/20	2	\$3,538,264.00	2	100.00%	\$3,538,264.00	100.00%
South Bend Community School Corporation	IN	6/1/20	7	\$2,665,638.00	7	100.00%	\$2,665,638.00	100.00%
TOTALS	IL & IN		94	\$66,749,035.72	72	76.60%	\$58,154,683.02	87.12%
<u>No Pre-RBO Data</u>								
Gary Community School Corporation	IN	9/21/20						
LaPorte County Library	IN	5/1/19						
Village of Pecatonica	IL	11/17/20						
Rock Island County Forest Preserve Dis.	IL	1/15/19						

Source: Authors' analysis of project bid data from the Indiana, Illinois, Iowa Foundation for Fair Contracting ([IIFFC, 2021](#)). The City of Kewanee, IL passed a new RBO during the period of analysis but had a different RBO in effect prior to 2019 that was passed in 2007. As a result, the City of Kewanee, IL is not included in the before-and-after analysis.

THE IMPACT OF RESPONSIBLE BIDDER ORDINANCES ON UNION CONTRACTORS IN ILLINOIS AND INDIANA

TABLE C: FULL DATA ON THE LOCATION AND DATE OF PASSAGE OF RBOs, WITH INFORMATION ON THE NUMBER OF PROJECTS AWARDED, THE TOTAL VALUE OF PROJECTS AWARDED, AND THE UNION WIN SHARE AND UNION MARKET SHARE IN THE PERIODS AFTER PASSAGE OF RBOs, DATA FROM JAN. 2018 THROUGH JUNE 2021

Area and Date of RBO Enactment			Post-RBO Period					
Jurisdiction	State	RBO Date	Projects	Total Value	Union Wins	Union Win Share	Union Value	Union Market Share
DuPage County	IL	3/12/19	11	\$19,212,607.93	11	100.00%	\$19,212,607.93	100.00%
DuPage County Forest Preserve District	IL	2/2/21	2	\$216,550.00	2	100.00%	\$216,550.00	100.00%
City of Moline	IL	1/19/21	8	\$2,941,858.30	6	75.00%	\$2,133,251.00	72.51%
City of Waukegan	IL	1/22/19	10	\$16,016,946.35	9	90.00%	\$15,936,946.35	99.50%
Village of Forest Park	IL	1/15/19	9	\$10,644,722.00	9	100.00%	\$10,644,722.00	100.00%
Town of Kouts	IN	3/18/19	4	\$1,448,119.00	3	75.00%	\$1,351,369.00	93.32%
Kankakee Valley School Corporation	IN	8/13/19	1	\$1,998,000.00	1	100.00%	\$1,998,000.00	100.00%
City of Rensselaer	IN	1/27/20	2	\$989,212.00	1	50.00%	\$815,526.00	82.44%
City of LaPorte	IN	2/3/20	1	\$396,095.00	1	100.00%	\$396,095.00	100.00%
Knox Community School Corporation	IN	2/17/20	2	\$1,900,000.00	2	100.00%	\$1,900,000.00	100.00%
South Bend Community School Corporation	IN	6/1/20	1	\$481,986.00	1	100.00%	\$481,986.00	100.00%
TOTALS	IL & IN		51	\$56,246,096.58	46	90.20%	\$55,087,053.28	97.94%
<i>No Pre-RBO Data</i>								
Gary Community School Corporation	IN	9/21/20						
LaPorte County Library	IN	5/1/19						
Village of Pecatonica	IL	11/17/20						
Rock Island County Forest Preserve Dis.	IL	1/15/19						

Source: Authors' analysis of project bid data from the Indiana, Illinois, Iowa Foundation for Fair Contracting ([IIFFC, 2021](#)). The City of Kewanee, IL passed a new RBO during the period of analysis but had a different RBO in effect prior to 2019 that was passed in 2007. As a result, the City of Kewanee, IL is not included in the before-and-after analysis.

THE IMPACT OF RESPONSIBLE BIDDER ORDINANCES ON UNION CONTRACTORS IN ILLINOIS AND INDIANA

TABLE D: FULL DATA ON THE LOCATION AND DATE OF PASSAGE OF RBOs AND THE CHANGE IN THE UNION WIN SHARE AND UNION MARKET SHARE BEFORE-AND-AFTER PASSAGE OF THE RBOs, DATA FROM JAN. 2018 THROUGH JUNE 2021

Area and Date of RBO Enactment			RBO Difference	
Jurisdiction	State	RBO Date	Union Win Share	Union Market Share
DuPage County	IL	3/12/19	+14.29%	+0.24%
DuPage County Forest Preserve District	IL	2/2/21	+26.09%	+6.16%
City of Moline	IL	1/19/21	+6.58%	+3.66%
City of Waukegan	IL	1/22/19	-10.00%	-0.50%
Village of Forest Park	IL	1/15/19	+0.00%	+0.00%
Town of Kouts	IN	3/18/19	+25.00%	+7.42%
Kankakee Valley School Corporation	IN	8/13/19	+0.00%	+0.00%
City of Rensselaer	IN	1/27/20	-50.00%	-17.56%
City of LaPorte	IN	2/3/20	+25.00%	+30.45%
Knox Community School Corporation	IN	2/17/20	+0.00%	+0.00%
South Bend Community School Corporation	IN	6/1/20	+0.00%	+0.00%
TOTALS	IL & IN		+13.60%	+10.81%
<u>No Pre-RBO Data</u>				
Gary Community School Corporation	IN	9/21/20		
LaPorte County Library	IN	5/1/19		
Village of Pecatonica	IL	11/17/20		
Rock Island County Forest Preserve Dis.	IL	1/15/19		

Source: Authors' analysis of project bid data from the Indiana, Illinois, Iowa Foundation for Fair Contracting ([IIFFC, 2021](#)). The City of Kewanee, IL passed a new RBO during the period of analysis but had a different RBO in effect prior to 2019 that was passed in 2007. As a result, the City of Kewanee, IL is not included in the before-and-after analysis.

ORDINANCE NO. _____

**An Ordinance to Establish Responsible Bidding Practices and
Submission Requirements on Public Works Projects**

WHEREAS, _____ is required by law to award capital improvement contracts to the "lowest responsive and responsible" bidder;

WHEREAS, _____, based upon its experience, has determined that quality workmanship, efficient operation, safety, and timely completion of projects requires all bidders meet certain minimum requirements in order to be a "responsive and responsible" bidder;

WHEREAS, applicable state law also requires that bidders meet certain minimum requirements in order to be a "responsive and responsible" bidder;

WHEREAS, _____ seeks to enhance its ability to identify "responsive and responsible" bidders on all _____ public works construction projects by institution of more comprehensive submission requirements which are in compliance with Indiana State law;

WHEREAS, the "Responsible Bidding Practices and Submission Requirements" Ordinance will preserve administrative resources by insuring that only qualified contractors and subcontractors are awarded contracts on public works construction projects;

WHEREAS, the "Responsible Bidding Practices and Submission Requirements" Ordinance will assure efficient use of taxpayer dollars, will promote public safety and is in the public interest; and,

WHEREAS, the "Responsible Bidding Practices and Submission Requirements" Ordinance will help ensure that no contractor awarded work under this Ordinance or any subcontractor at any tier working on a project awarded pursuant to this ordinance engages in payroll fraud, including the misclassification of employees as independent contractors to avoid paying state, federal or local payroll taxes, workers compensation insurance, unemployment insurance premiums and failing to pay overtime and wages as required by law.

NOW, THEREFORE, BE IT ORDAINED BY THE
COMMON COUNCIL OF _____, INDIANA:

SECTION 1. This Ordinance No. _____, which is entitled "Responsible Bidding Practices and Submission Requirements for Submitting Bids to Perform Construction Work on Public Works Projects," is hereby enacted and shall read as follows:

I. Bid Submission Requirements

Contractors proposing to submit bids on any _____ ("____") project estimated to be at least one-hundred fifty thousand dollars (\$150,000.00) or amount specified under the Indiana bidding statute, in order to be considered a responsible bidder, prior to the opening of bids, submit a statement made under oath and subject to perjury laws, on a form designated by the _____ and must include:

- (A) A copy of a print-out of the Indiana Secretary of State's on-line records for the bidder dated within sixty (60) days of the submission of said document showing that the bidder is in existence, current with the Indiana Secretary of State's Business Entity Reports, and eligible for a certificate of good standing. If the bidder is an individual, sole proprietor or partnership, this subsection shall not apply;
- (B) A list identifying all former business names;
- (C) Any determinations by a court or governmental agency for violations of federal, state, or local laws including, but not limited to violations of contracting or antitrust laws, tax or licensing laws, environmental laws, the Occupational Safety and Health Act (OSHA), or federal Davis-Bacon and related Acts;
- (D) A statement on staffing capabilities, including labor sources;
- (E) Evidence of participation in apprenticeship training programs applicable to the work to be performed on the project, which are approved by and registered with the United States Department of Labor's Office of Apprenticeship, or its successor organization; and evidence that any applicable apprenticeship program has graduated at least five (5) apprentices in each of the past five (5) years for each of the construction crafts the bidder will perform on the project. Evidence of graduation rates are not required for apprenticeable crafts dedicated exclusively to the transportation of material and equipment to and from the public works project.

The required evidence includes but is not limited to a copy of all applicable apprenticeship standards and Apprenticeship Agreement(s) for any apprentice(s) who will perform work on the public works project; and documentation from each applicable apprenticeship program certifying that it has graduated at least five (5) apprentices in each of the past five (5) years for each construction craft the bidder will perform on the project. Additional evidence of participation and graduation requirements may be requested by the _____ at its discretion.

- (F) A copy of a written plan for employee drug testing that: (i) covers all employees of the bidder who will perform work on the public works project; and (ii) meets, or exceeds, the requirements set forth in IC 4-13-18-5 or IC 4-13-18-6;
- (G) The name and description of the management experience of each of the bidder's project managers and superintendents that bidder intends to assign to work on the project;
- (H) Proof of any professional or trade license required by law for any trade or specialty area in which bidder is seeking a contract award; and disclosure of any suspension or revocation within the previous five years of any professional or trade license held by the company, or of any director, officer or manager employed by the bidder;
- (I) Evidence that the bidder is utilizing a surety company on the United States Department of Treasury's Listing of Approved Sureties;
- (J) A written statement of any federal, state or local tax liens or tax delinquencies owed to any federal, state or local taxing body in the last five years;

- (K) A statement that individuals who will perform work on the public works project on behalf of the bidder will be properly classified as either (i) an employee or (ii) an independent contractor, under all applicable state and federal laws and local ordinances;
- (L) A list of projects of similar size and scope of work that the bidder has performed in the State of Indiana within three (3) years prior to the date on which the bid is due; and
- (M) For contracts estimated to cost at least three hundred thousand dollars (\$300,000), certification that the bidder and all subcontractors are qualified under IC 4-13.6-4 or IC 8-23-10.
- (N) A written list that discloses the name, address, and type of work for each subcontractor the bidder intends to employ on any part of the public works project, including individuals performing work as independent contractors.

The _____ reserves the right to demand supplemental information from the bidder, additional verification any of the information provided by the bidder, and may conduct random inquiries of the bidder's current and prior customers.

II. Post-Bid Submissions from Subcontractors

Each subcontractor of any tier shall be required to adhere to the requirements of Section I of this Ordinance, but subcontractors shall submit the required information to the successful bidder, who shall then submit said information to the _____ prior to the subcontractor's first day of work on the public works project.

Failure of a subcontractor to submit the required information shall not disqualify the successful bidder from performing work on the project and shall not constitute a contractual default or breach by the successful bidder. However, payment shall be withheld from any subcontractor who fails to timely submit said information until such information is submitted and approved by the _____. Additionally, the _____ may require the successful bidder and/or relevant subcontractor to remove a subcontractor from the project and replace it with a responsive and responsible subcontractor.

The disclosure of a subcontractor by a bidder or a subcontractor shall not create any rights in the disclosed subcontractor. Thus, a bidder and/or a subcontractor may substitute another subcontractor for a disclosed subcontractor by giving the _____ written notice of the name, address, and type of work the substitute subcontractor will perform. The substitute subcontractor is subject to all of the obligations of a subcontractor under this Ordinance.

III. Validity of Pre-Qualification Classification

Upon designation by the _____ that a bidder's or subcontractor's submission is complete and timely, and upon any further consideration deemed necessary by the _____, the bidder or subcontractor may be pre-qualified for future _____ public works projects. Pre-qualification shall exempt the bidder or subcontractor from the comprehensive submission requirements contained herein for a period of twelve (12) months. Thereafter, bidders or subcontractors who are pre-qualified must submit a complete application for continuation of pre-qualified standing, on a form provided by the _____, (i.e. a "short form") by

December 31st for the upcoming calendar year. Failure by any pre-qualified bidder or subcontractor to timely submit its complete application for continuation of pre-qualified standing shall result in automatic removal of the designation effective January 1 of the upcoming year. However, the removed bidder or subcontractor shall still be permitted to bid on or perform work on _____ public works projects.

Any material changes to a contractor's status, at any time, must be reported in writing within ten (10) days of its occurrence to the _____. The pre-qualification designation is solely within the discretion of the _____ and the _____ specifically reserves the right to change or revoke the designation for a stated written reason(s).

Denial of pre-qualification shall be in writing and shall be forwarded to the contractor within seven (7) working days of such decision. Any contractor denied or losing pre-qualification status may request reconsideration of the decision by submitting such request in writing to the _____ within five (5) business days of receipt of notice of denial.

IV. Incomplete Submissions by Bidders

It is the sole responsibility of the bidder to comply with all submission requirements herein no later than the public bid opening. Submissions deemed inadequate, incomplete, or untimely by the _____ shall result in the automatic disqualification of the bid.

V. Responsive and Responsible Bidder Determination

After its review of complete and timely submissions, taking into account all information in the submission requirements, the _____ shall in its sole discretion, determine whether a bidder or subcontractor is responsive and responsible. The _____ reserves the right to utilize all information provided in the bidder or subcontractor's submission or any information obtained by the _____ through its own independent verification of the information provided.

VI. Certified Payroll

For projects in which the cost is at least one-hundred fifty thousand dollars (\$150,000), the successful bidder and all subcontractors working on a public works project shall submit a certified payroll report utilizing federal form WH-347 or its successor form, which must be prepared on a weekly basis and submitted to the _____ within ten (10) calendar days after the end of each week in which the successful bidder or subcontractor performed on the public works project. Certified payroll reports shall identify the job title and craft of each employee on the project, e.g. journeyman electrician or apprentice electrician. In the event any successful bidder or subcontractor uses independent contractors to perform work on the project, such individual must be identified on the federal form WH-347 or successor form with the same information as is required for employees.

The _____ may withhold payment due for work performed by a successful bidder or subcontractor for failure to timely submit their respective certified payroll reports until such time as the reports are submitted. The _____ shall not withhold payment to a successful bidder or subcontractor for failure of the successful bidder or one or more other subcontractors to timely submit their certified payroll reports.

VII. Public Records

All information submitted by a bidder or a subcontractor pursuant to this Ordinance, including certified payrolls, are public records subject to review pursuant to the Indiana Access to Public Records law (IC 5-14-3).

VIII. Penalties for False, Deceptive, or Fraudulent Statements/Information

Any bidder or subcontractor that willfully makes, or willfully causes to be made, a false, deceptive or fraudulent statement, or willfully submits false, deceptive or fraudulent information in connection with any submission made to the _____ shall be disqualified from bidding or working on all _____ projects for a period of three (3) years.

IX. Conflicting Ordinances

Any ordinance or provision of any ordinance in conflict with the provisions of this Ordinance is hereby repealed.

X. Severability

If any provision of this Ordinance is found to be invalid, the remaining provisions of this Ordinance shall not be affected by such a determination; such provisions shall remain in full force and effect.

SECTION 2. It is hereby found and determined that all formal actions of the Board relating to the passage of this Ordinance were adopted in open meeting(s) of the Board and that all deliberations of the Board and its committees that resulted in such formal actions, were meetings open to the public, in compliance with all legal requirements and that the reading and adoption of this Ordinance complies with the _____ Code, as amended.

SECTION 3. This Ordinance shall be in full force and effect from and after the date of adoption by the _____ Council of the _____ of _____, Indiana.

PASSED AND ADOPTED by the Common Council for the _____ of _____, _____ County, Indiana on the ____ day of _____, 2023.

Mayor

ATTEST:

Clerk-Treasurer

Presented to me by the Mayor of _____, Indiana, this ____ day of _____, 2023.

Clerk-Treasurer

Approved by me, the Mayor of _____, Indiana, this _____ day of _____, 2023.

Mayor

The City of Belvidere

Sec. 2-700. Purchasing guidelines and bidding procedures.

- (a) *Formal contract procedure.* Any work or other public improvements and all purchases, orders or contracts for supplies, commodities, equipment or services, except as otherwise provided herein, when the estimated cost thereof shall exceed \$20,000.00 shall be purchased from the lowest responsive and responsible bidder or proposer after due notice inviting bids, unless the city waives the competitive bidding process by a vote of two-thirds of the corporate authorities then holding office. Contracts for professional services within the meaning of the Local Government Professional Services Selection Act (50 ILCS 510/0.01 et seq.) as well as legal services, accounting services, auditing services and other similar professional services shall not be subject to this section.
- (b) This section shall not apply in the event of an emergency declared by the corporate authorities pursuant to Section 8-10-5 of the Illinois Municipal Code (65 ILCS 5/8-10-5).
- (c) *Public notice.* Public notice of a bid request shall be published at least ten days in advance of the date announced for the receiving of bids, in a newspaper of general circulation throughout the city. Additional announcements may also be placed in recognized trade journals and other publications, and/or sent directly to known providers. The public notice shall describe the character of the proposed contract or agreement in sufficient detail to enable the bidders thereon to know what their obligations will be, either in the advertisement itself, or by reference to detailed bid/for proposal packages on file at the time of the public notice. Such advertisement shall also state the date, time and place assigned for the opening of bids, and no bids shall be received at any time subsequent to the time indicated in the announcement. The city shall inform all parties that have received bid/proposal packages of any specification changes or bid opening extensions by written addendum thereof via mail or fax transmission as appropriate. The notice of bid, and contract documents, shall also provide that all contractors and subcontractors shall pay not less than the prevailing rate of wages, shall comply with the Illinois Prevailing Wage Act and shall comply will all other relevant statutes, regulations and ordinances.
- (d) *Bid security.* Unless otherwise required by law, a cashier's check, a certified check or a bid bond issued by a surety company, which is listed and approved by the U.S. Department of the Treasury, in an amount of ten percent of the contract may be required of each bidder by the city. The bid security shall be returned to the unsuccessful bidders within such time as specified in the bid package. A successful bidder shall forfeit its bid security upon failure on its part to enter into a contract within 15 days after the award. The city shall retain the right to hold such successful bidder liable for any excess damage or costs incurred by reason of the failure to execute contracts over and above the bid security retained by the city.
- (e) *Bid opening.* Competitive sealed bids shall be opened in the presence of one or more witnesses at the time and place designated in the public notice. The amount of each bid and name of each bidder shall be publicly read for competitive sealed bids. All information contained within the bids/proposals is the property of the city, and as such is not subject to public inspection until such time as the city council awards a contract, rejects all bids or abandons the project.
- (f) *Award of contract.* Contracts shall be awarded to the lowest responsive and responsible bidder on the basis of the bid that is in the best interest of the city to accept. As a part of the evaluation process, and in addition to price, the city shall evaluate the responsiveness and responsibility of each bidder. To be judged responsible, a bidder must have the following capabilities in all respects to fully perform the contract requirements and will be judged against the following standards, at a minimum:
 - (1) Ability, capacity and skill to fulfill the contract as specified;

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- (2) Ability to supply the commodities, provide the services or complete the construction promptly, or within the time specified, without delay or interference;
 - (3) Character, integrity, reputation, judgment, experience and efficient;
 - (4) Quality of performance on previous contracts;
 - (5) Previous and existing compliance with laws and ordinance relating to the contract;
 - (6) Sufficiency of financial resources;
 - (7) Quality, availability and adaptability of the commodities, services or construction, the relation to the city's requirements;
 - (8) Ability to provide future maintenance and service under the contract;
 - (9) Number and scope of conditions attached to the bid/proposal;
 - (10) Record of payments for taxes, licenses or other monies due the city.
- (g) For procurement of services, equipment and supplies, requests for proposals may be utilized in lieu of the procedures set forth in subsections (c), (d), and (e) above. In such event, the city shall request proposals from not less than three vendors. The city may award a contract under this subsection even if less than three of the vendors submit a proposal.
- (h) *Award of construction contracts over \$25,000.00.* In addition to the criteria set forth in subsection (e) above, to be judged responsible on a construction contract estimated to cost in excess of \$25,000.00, a bidder must comply with the following requirements and submit evidence of such compliance, verified under oath on a form designated by the city:
- (1) Documents evidencing compliance with all applicable laws pre-requisite to doing business in the state.
 - (2) A valid federal employer tax identification number or, if an individual, a valid Social Security number.
 - (3) A statement of compliance with the Illinois Prevailing Wage Act (820 ILCS 130/1 et seq.), and all rules and regulations therein for the past five years.

A contractor who has been found by the Illinois Department of Labor to be in violation of the Prevailing Wage Act twice within a three-year period may be deemed not to be a responsible bidder/proposer for two years from the date of the latest finding.
 - (4) Evidence of participation in apprenticeship and training programs applicable to the work to be performed on the project which are approved by and registered with the United States Department of Labor's Office of Apprenticeship, or its successor organization.
 - (5) Evidence of compliance with the Substance Abuse Prevention on Public Works Projects Act (820 ILCS 265/1 et seq.).
 - (6) A statement listing individuals who will perform work on the project on behalf of the contractor and evidence that:
 - a. Individuals are properly classified as an employee or independent contractor under applicable state and federal laws; and
 - b. Employees are covered under a workers' compensation insurance policy and properly classified under such policy.
 - (7) A list of sub-contractors from whom the contractor has accepted a bid and/or intends to hire on the project, if applicable.

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- (8) A statement as to past performance of the last three public works projects completed by the contractor. Such statements shall include the name of the public body and the project, original contract price, final contract price, the name of all sub-contractors used, if applicable, and a statement as to compliance with completion deadlines.

All contractors, including sub-contractors, must comply with the above requirements. The primary contractor shall submit: (1) all evidence of its compliance at the time it submits its bid to the county; and (2) evidence of all sub-contractors' compliance no later than the date and time of the contract award.

- (i) *Lowest bidder not chosen.* When the award is not awarded to the lowest bidder, the city council shall state specific reasons for awarding the bid to other than the lowest bidder.
- (j) *Multiple low bids.* When two or more responsible bidders submit the same low bid, the contract award shall be determined at the discretion of the city.
- (k) *Insurance and indemnification.* All contractors performing construction shall be required to indemnify, defend and hold harmless the city and to carry such insurance as reasonably required by the city attorney.
- (l) *Contract bond.* Contractors performing construction activities shall provide the city with a performance and payment bond. Certain other non-construction contractors, in cases where the city might be put at risk, may also be required to submit a contract bond to the city, as determined by the city. Contract bonds shall be issued by a surety company which is listed and approved by the U.S. Department of Treasury, and which shall guarantee the performance of the work by the contractor, the payment at the prevailing rate of hourly wages and the payment for all labor, materials, apparatus, fixtures and machinery necessary to complete the project. The city may allow bidders to provide a non-diminishing irrevocable bank letter of credit, in lieu of the bond, provided that any such bank letter of credit shall contain all the provisions required for bonds.

(Ord. No. 988G, § 1, 10-20-08; Ord. No. 42H, § 1, 12-21-09; Ord. No. 249H, § 1(Exh. A), 4-20-15; Ord. No. 318H, § 1, 12-5-16)

CITY OF ROCKFORD, ILLINOIS

CODE OF ORDINANCES,

Chapter 2 ADMINISTRATION,

Art. X. Department of Finance, Div. 6. Purchasing

Sec. 2-284. Rules governing purchasing, (b) Purchasing procedures

- (16) ***Responsible bidder*** for purposes of construction contracts over fifty thousand dollars (\$50,000.00) to require submission of proof of compliance with the following criteria:
- a. All applicable laws prerequisite to doing business in Illinois.
 - b. Evidence of compliance with
 - 1. Federal Employer Tax Identification Number or Social Security Number (for individuals).
 - 2. Provision of Section 2000(e) of Chapter 21, Title 42 of the United States Code and Federal Executive Order No. 11246 as amended by Executive Order No. 11375 (known as the Equal Opportunity Employer provisions).
 - c. Certificates of insurance indicating the following coverages: general liability, workers' compensation, completed operations, automobile, hazardous occupation, product liability, and professional liability.
 - d. Compliance with all provisions of the Illinois Prevailing Wage Act, including wages, medical and hospitalization insurance and retirement for those trades as covered in the Act.
 - d. Participation in apprenticeship and training programs approved and registered with the United States Department of Labor's Bureau of Apprenticeship and Training for all trades that will be in the contractor's (or his subcontractor's) employment, with each worker receiving the required apprenticeship/training appropriate to his trade.

BILL NO. ____ - 2021

Moved by: _____

An Ordinance of the City of Harrisburg establishing a new Part 2-1100 of the Codified Ordinances of Harrisburg entitled "Responsible Contracting"; providing for the adoption of certain procedures related to the solicitation and award of public contracts within the City; establishing a monetary threshold for applicable contracts; providing for certification requirements for public contractors; providing for certification requirements for subcontractors on applicable public contracts; and providing for review procedures.

WHEREAS, the City of Harrisburg is duly empowered to enact laws to protect its proprietary and financial interests relating to major capital investments made in public works contracts, and to protect the public health, safety and welfare of its residents; and

WHEREAS, the City recognizes the significant challenges arising in the planning and execution of public works construction and maintenance projects, especially those relating to the ability to ensure the use of qualified contractors and subcontractors and adequate numbers of skilled craft personnel who have industry-recognized training in the respective trades needed for public works projects; and

WHEREAS, in order to better meet those operational challenges and to ensure the continued responsible stewardship of public funds the City desires to establish rules for awarding public works contracts of financial significance; and

WHEREAS, the Council for the City of Harrisburg finds that the enactment of standards for responsible contracting should serve these purposes; and

WHEREAS, the Council further recognizes that the City remains in the midst of a process to secure a disparity study to better provide legislative parameters for disadvantaged business enterprises in the City and better promote ongoing local economic opportunities to our residents,

the completion of which will require additional legislative action, including updates to this new Chapter to allow for a coordinated application of these important dual contracting objectives.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF HARRISBURG, AND IT IS HEREBY ENACTED BY AUTHORITY OF THE SAME, AS FOLLOWS:

Ch. 1-201.1.C PROVIDES "AMENDMENTS TO EXISTING LEGISLATION ARE TO BE UNDERLINED; DELETIONS ARE TO BE INDICATED BY [BRACKETING]. ADDITIONS TO PROPOSED LEGISLATION WHICH AMENDS EXISTING LEGISLATION SHALL BE CAPITALIZED; DELETIONS SHALL BE INDICATED BY STRIKING (—)."

SECTION 1. AMENDMENT TO THE ADMINISTRATIVE CODE.

Part 11 of Title 2 of the Codified Ordinances for the City of Harrisburg is hereby established as follows:

"TITLE 2, ADMINISTRATIVE CODE"

PART 11 (2-1100)

CHAPTER 2-1101

RESPONSIBLE CONTRACTING

§2-1101.1. Purpose

The City of Harrisburg ("the City") recognizes that there is a need to ensure that all work on public construction and maintenance contracts is performed by responsible, qualified firms that maintain the capacity, expertise, personnel and other qualifications and resources necessary to successfully perform such contracts in a timely, reliable and cost-effective manner.

To effectuate the purpose of selecting responsible contractors for these public contracts and to protect the City's investments in such contracts, prospective contractors and sub-contractors

should be required to meet pre-established, clearly defined, minimum qualification standards regarding past project performance in terms of competency, safety and law compliance, technical abilities, experience, and adequacy of resources.

Further, due to the critical impact that skilled craft labor has on the execution of public works projects, and the increasingly limited availability of such labor, it is necessary to require contractors and subcontractors to participate in proven apprenticeship training programs as a condition of bidding to promote successful project delivery and help ensure future workforce development.

Therefore, the City shall require compliance with the provisions of this ordinance by business entities seeking to provide services as specified herein. The requirements of this ordinance are intended to supplement, not replace, existing contractor qualification standards or other criteria currently required by the City.

§ 2-1101.2. Responsible Contractor Requirements

(a) This ordinance shall apply to public works projects undertaken by the City for construction, demolition, alteration, renovation, modernization, service or maintenance of buildings, structures or facilities valued at two hundred thousand dollars (\$200,000.00) or more; excepting contracts necessary to immediately mitigate emergency conditions or otherwise protect public safety. All contractors and subcontractors of any tier that perform work on such projects, regardless of value of individual contract or subcontract packages shall meet the requirements of this ordinance.

(b) All firms engaged in public works contracts subject to this ordinance, including general contractors, construction managers, other lead or prime contractors, and subcontractors at any level, shall be qualified, responsible contracting firms that have sufficient capabilities in all respects to successfully perform contracts on which they are engaged, including the necessary experience, equipment, technical skills and qualifications, organizational resources, financial stability, and personnel resources. Firms bidding or otherwise participating in public works contracts shall also be required to have a satisfactory past

performance record and a satisfactory record of law compliance, integrity and business ethics.

(c) The firm will pay all craft employees on the project, at a minimum, the applicable wage and fringe benefit rates, as established for the classification in which the worker is employed, in accordance with the Pennsylvania Prevailing Wage Act. 43 PA. CONS. STAT. § 165-1 *et seq.*, as amended or recodified. These wages shall also be paid to employees performing any custom fabrication work for the project. For purposes of this subsection, custom fabrication shall mean the fabrication, assembly modification or other production of non-standard goods, or materials, including components, fixtures, or parts thereof, that are fabricated assembled or modified offsite, but produced specifically for a project covered by this ordinance. This requirement shall include, but not be limited to custom fabrication for electrical, plumbing, mechanical, refrigeration, heating, cooling, ventilation, sheet metal or other duct systems, mechanical insulation, ornamental iron work or boiler systems. Fabrication shall also include the fabrication, assembly or other production of components or structures prefabricated to specifications for a particular project covered by this ordinance.

§ 2-1101.3. Contractor Responsibility Certifications

(a) As a condition of performing work on a public works contract subject to this ordinance, a general contractor, construction manager or other lead or prime contractor seeking award of a contract shall submit a Contractor Responsibility Certification as specified herein.

(b) The Contractor Responsibility Certification shall be completed on a form provided by the City and reference the project for which a bid is being submitted by name and contract or project number.

(c) In the Contractor Responsibility Certification, the construction manager, general contractor or other lead or prime contractor shall confirm the following facts regarding its past performance and work history and its current qualifications and performance capabilities:

AMENDED

- (1) The firm and its employees have all licenses, registrations, certificates or other credentials required by federal and state law and the laws of the City with respect to the contract work it seeks to self-perform.
- (2) The firm meets the bonding requirements for the contract required by law or contract specifications, as well as applicable insurance requirements for the contract, including general liability, workers compensation and unemployment insurance.
- (3) The firm has not been debarred or suspended by any federal, state or local government agency or authority in the past three years.
- (4) The firm has not defaulted on any project in the past three years.
- (5) The firm has not had any type of business, contracting or trade license, registration or certification revoked or suspended in the past three years.
- (6) The firm and its principals/owners have not been convicted of any crime relating to its contracting business in the past ten years.
- (7) Within the past three years, the firm has not been found in violation of any law applicable to its contracting business, including, but not limited, to licensing laws, tax laws, wage and hour laws, prevailing wage laws, environmental laws or others, where the result of such violation was the payment of a fine, back pay damages or any other type of penalty in the amount of five thousand dollars (\$5,000.00) or more.
- (8) The firm will employ a sufficient number of craft labor personnel required to successfully perform any project work it self-performs or shall use qualified subcontractors to meet this requirement.
- (9) The firm shall ensure that all craft labor it employs on the project will have completed, prior to working on the project, the OSHA 10-Hour training course for safety

established by the U.S. Department of Labor, or other substantially similar course approved by the City. Nothing herein is intended, however, to voluntarily enlarge the jurisdiction or authority of OSHA or the U.S. Department of Labor for public projects not otherwise subject to OSHA regulation.

~~(10) The construction manager, general contractor or other lead or prime contractor responsible for the project shall ensure that at least 70 percent of the craft labor workforce employed on the project workforce shall be comprised of either journey person, workers who have successfully completed an apprenticeship training program registered with and approved by the U.S. Department of Labor or a state apprenticeship agency or registered apprentices currently enrolled in such programs.~~

~~A. These craft labor requirements that the great majority of the craft labor personnel employed on the project have the requisite skills and qualifications to perform the project work as they will be participants in or graduates of bona fide apprenticeship training programs in each trade or craft in which their services are utilized.~~

~~B. For purposes of this subsection, apprenticeship training programs may include those which are subject to the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq. ("ERISA"), or non-ERISA programs.~~

~~C. To demonstrate compliance with this section, the firm shall provide, with this certification, a list of all trades or classifications of craft employees it will employ on the project and the names and addresses of all applicable apprenticeship programs relating to craft personnel utilized on the project.~~

(10) THE FIRM, AND ALL SUBCONTRACTORS TO THE FIRM, PARTICIPATES IN A CLASS A APPRENTICESHIP TRAINING PROGRAM, AS DEFINED BELOW, FOR EACH SEPARATE TRADE OR CLASSIFICATION IN WHICH IT EMPLOYS CRAFT EMPLOYEES.

THIS APPRENTICESHIP REQUIREMENT ASSURES THAT WORKERS IN EACH TRADE OR CRAFT EMPLOYED ARE PARTICIPANTS IN OR

GRADUATES OF BONA FIDE APPRENTICESHIP TRAINING PROGRAMS IN EACH TRADE OR CRAFT IN WHICH THEIR SERVICES ARE UTILIZED, AS EVIDENCED BY THE FACT THAT THE PROGRAM IS REGISTERED WITH FEDERAL OR STATE GOVERNMENT AND HAS BEEN IN CONTINUOUS EXISTENCE FOR NO FEWER THAN FIVE (5) YEARS PRIOR TO THE PROJECT RELATING TO THE CERTIFICATION.

A. FOR PURPOSES OF THIS SECTION, A CLASS A APPRENTICESHIP PROGRAM IS AN APPRENTICESHIP PROGRAM REGISTERED WITH AND APPROVED BY THE U.S. DEPARTMENT OF LABOR OR A STATE APPRENTICESHIP AGENCY AND HAS GRADUATED APPRENTICES TO JOURNEY PERSON STATUS FOR AT LEAST THREE OF THE PAST FIVE YEARS. THIS MAY AN APPRENTICESHIP PROGRAM SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, 29 U.S.C. § 1001 ET SEQ. ("ERISA"), OR A NON-ERISA PROGRAM.

B. TO DEMONSTRATE COMPLIANCE WITH THIS SECTION, THE FIRM SHALL PROVIDE, WITH THIS CERTIFICATION, A LIST OF ALL TRADES OR CLASSIFICATIONS OF CRAFT EMPLOYEES IT WILL EMPLOY ON THE PROJECT AND DOCUMENTATION VERIFYING IT PARTICIPATES IN A CLASS A APPRENTICESHIP PROGRAM FOR EACH TRADE OR CLASSIFICATION LISTED.

(11) The firm shall assign workers to perform only work in their respective craft or trade for which they have sufficient skills and training, or shall use qualified subcontractors to meet this requirement.

(12) The firm shall comply with the wage requirements set forth in Section 2-1101.2(c) of this Ordinance. The minimum wage for custom fabrication work shall be the same as the wage paid for project work in accordance with each applicable trade or classification.

(13) The firm has all other technical qualifications and resources, including equipment, personnel and financial resources, to successfully perform the referenced contract and shall maintain such capabilities throughout the duration of the project, or will obtain same through the use of qualified, responsible subcontractors or vendors

(14) The firm shall notify the City of Harrisburg within seven (7) days of any material changes in its operation that relate to any matter attested to in this certification.

(d) Execution of the Contractor Responsibility Certification required by this ordinance shall not establish a presumption of contractor responsibility, and the City may require any additional information it deems necessary to evaluate a firm's status as a responsible contractor, including information regarding the firm's technical qualifications, financial capacity or other resources and performance capabilities. The City may require that such information be included in a separate Statement of Qualifications and Experience or as an attachment to the Contractor Responsibility Certification.

(e) The submitting firm shall stipulate in the Contractor Responsibility Certification that, if it receives a Notice of Intent to Award Contract, it will provide a Subcontractor List and required subcontractor information as specified in Section 2-1101.5.

(f) If the submitting firm has ever operated under another name or is controlled by another company or business entity or in the past five years controlled or was controlled by another company or business entity, whether as a parent company, subsidiary or in any other business relation, it shall attach an appendix to its Contractor Responsibility Certification that explains in detail the nature of any such relationship. Additional information may be required from such an entity if the relationship in question could potentially impact contract performance.

(g) If a firm fails to provide a Contractor Responsibility Certification required by this section, it shall be disqualified from bidding. No action of any nature shall lie against the City because of its refusal to accept a bid for this reason.

§ 2-1101.4. Notice of Intent to Award Contract

(a) After it has received bids for a project, the City shall issue a Notice of Intent to Award Contract to the firm that has submitted the lowest responsive bid.

(b) Such Notice shall be issued immediately or as soon as practicable after bids are opened and shall stipulate that the contract award is conditioned on the issuance of a written Contractor Responsibility Determination for the firm as required by Section 2-1101.6, compliance with Subcontractor Certifications required by Section 2-1101.5, and any other qualification standards required by the City, or by requirements of other laws.

§ 2-1101.5. Subcontractor Responsibility Requirements

(a) Within fourteen (14) days of receiving a Notice of Intent to Award Contract, the prospective awardee shall submit a Subcontractor List, which provides the name and address of the subcontractors it will use on the project, the scope of work assigned to each subcontractor, and Subcontractor Responsibility Certifications as required by this section.

(b) The prospective awardee shall not be permitted to use a subcontractor on any work performed for the City unless it has identified the subcontractor on its Subcontractor List and provided a Subcontractor Responsibility Certification in accordance with the requirements of Section 2-1101.5.

(c) At the time a prospective awardee submits the Subcontractor List it shall also submit Subcontractor Responsibility Certifications and applicable supporting information for all listed subcontractors to the City.

(d) A prospective awardee shall determine whether any firm on its Subcontractor List is organized as a sole proprietorship owned and operated by a single person. This shall apply to subcontractors at any tier. For any such entity, the prospective awardee shall ensure that the sole proprietorship subcontractor is a legitimate business entity and not a misclassified employee by requiring the subcontractor to supplement its Subcontractor Certification with its Employer Identification Number and copies of any license, certificate or registration it is required to maintain in to do business in the state in which it is located.

(e) Subcontractor Responsibility Certifications shall be executed by the respective subcontractors on forms prepared by the City and contain the same information, representations and supporting information required in Contractor Responsibility Certifications, including verification of apprenticeship qualifications required by Section 2-1101.3(c)(11) for each trade or classification of craft workers it will employ on the project.

(f) Subcontractor Responsibility Certifications shall be executed by a person having sufficient knowledge to address all matters in the certification and shall include an attestation stating, under the penalty of perjury, that all information submitted is true, complete and accurate.

(g) A subcontractor listed on a firm's Subcontractor List shall not be substituted unless written authorization is obtained from the City and a Subcontractor Responsibility Certification is provided for the substitute subcontractor.

(h) In the event that the City determines that a subcontractor fails to meet the requirements of this ordinance or is otherwise determined to be non-responsible, it may, after informing the prospective awardee, exercise one of the following options:

(1) Permit the awardee to substitute a qualified, responsible subcontractor in accordance with the requirements of this section, upon submission of a completed Subcontractor Certification for the substitute and approval of the substitute by the City.

(2) Require the awardee to self-perform the work in question if the firm has the required experience, licenses and other qualifications to perform the work in question; or

(3) Disqualify the prospective awardee.

(i) In the event a subcontractor is disqualified under this ordinance, and the general contractor, construction manager or other lead or prime contractor is unable to cure the defect either

by providing a qualified subcontractor or demonstrate that it can perform the work itself in a time deemed reasonable by the City, the entire bid shall be deemed non-responsive and the City shall issue a Notice of Intent to Award to the next lowest responsive bidder.

- (j) Nothing in this section shall be deemed to waive any immunity, governmental or otherwise, to which the City is entitled.

§ 2-1101.6. Contractor Responsibility Review and Determination

- (a) After the City has issued a Notice of Intent to Award Contract to the lowest responsive bidder, it shall undertake a contractor responsibility review process to determine whether the firm is a qualified, responsible firm in accordance with the requirements of this ordinance and other applicable laws and regulations. The time frame for conducting this review process shall be as determined by the City.

- (b) As part of the review process, the City shall ensure that the Contractor Responsibility Certification and Subcontractor Responsibility Certifications and applicable supporting information comply with the requirements of this ordinance.

- (c) The City may conduct any additional inquiries to verify that the prospective awardee and its subcontractors have the technical qualifications and performance capabilities necessary to successfully perform the contract and that the firms have a sufficient record of law compliance and business integrity to justify the award of a public contract. In conducting such inquiries, the City may seek relevant information from the firm, its prior clients or customers, its subcontractors or any other relevant source.

- (d) After the City determines that all responsibility certifications have been properly executed and has verified that all other relevant information requested for reviews indicates that the prospective awardee and its subcontractors are qualified, responsible firms, it shall issue a written Contractor Responsibility Determination for the prospective awardee.

(e) In the event a firm is determined to be non-responsible, the City shall notify the firm and proceed to conduct a responsibility review of the next lowest, responsive bidder or, if necessary, rebid the project. A Responsibility Determination may be revoked at any time if the City obtains relevant information warranting any such revocations.

(f) The City may engage or designate an internal or external construction or project manager to ensure compliance with necessary the reviews under this Chapter.

§ 2-1101.7. Execution of Final Contract

(a) A contract subject to this ordinance shall not be executed until all requirements of this ordinance have been fulfilled and until a Contractor Responsibility Determination has been issued by the City pursuant to Section 2-1101.6.

(b) Prior to the execution of a final contract under this section, the City shall publicly post the Notice of Intent to Award, Contractor and Subcontractor Responsibility Certifications, Subcontractor Lists, related supporting documentation and the Contractor Responsibility Determination on a publicly available website for public inspection for a period of ten (10) calendar days after the issuance of the Contractor Responsibility Determination.

§ 2-1101.8. False, Incomplete or Misleading Responsibility Certifications

If the City determines that a Contractor Certification, Subcontractor List or Subcontractor Responsibility Certification contains false or misleading information that was provided knowingly or with reckless disregard for the truth or omits material information knowingly or with reckless disregard of the truth, the firm for which the certification was submitted shall be disqualified from the project and shall be prohibited from performing work for the City for a period of three years. The City may withhold payment of any monies due to the firm as damages and impose other applicable penalties and sanctions, including contract termination, as permitted by law or contract.

§ 2-1101.9. Statutory Authority

This Chapter is enacted under the authority of Chapter 119 of the Third Class City Code governing contracts, authorizing the enactment provisions for and regulation of the procedures for the award of contracts, as provided by 11 Pa.C.S. §11901 (a).

§ 2-1101.10. Related Provisions

(a) Nothing in this legislation is intended to alter, diminish or impede any grant of legislative or executive authority provided in the Optional Third Class City Charter Law.

(b) In the event that any part of this Chapter is deemed to conflict with applicable provisions of any federal or state law or regulation, the federal or state provision shall control.

§ 2-1101.11. Implementation

The provisions of this Chapter shall be implemented by the appropriate City departments, as determined by the Mayor, within one (1) year from the effective date of this Chapter.

SECTION 2. DELEGATION. Appropriate City officials are authorized to take such actions as are necessary to effectuate this ordinance, including but not limited to, the implementation of rules and regulations to carry out the purpose of this ordinance.

SECTION 3. SEVERABILITY. If any provision, sentence, clause, section or part of this ordinance or the application thereof to any person or circumstance is for any reason found to be unconstitutional, illegal or invalid by a court of competent jurisdiction, such unconstitutionality, illegality or invalidity shall not affect or impair any of the remaining provisions, sentences, clauses, sections or parts of this ordinance. It is hereby declared as the intent of the Council of the City of Harrisburg that this ordinance would have been adopted had such unconstitutional, illegal or invalid provision, sentence, clause, section or part not been included herein.

SECTION 4. REPEALER. All ordinances or provisions of ordinances in conflict with the provisions of this ordinance are hereby repealed in so far as they are inconsistent herewith.

SECTION 5. EFFECTIVE DATE. This ordinance shall take effect in accordance with the law.

AMENDED

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403 Seconded by: _____

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405 Passed by Council: _____

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407 Signed by the Mayor: _____

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Sec. 82.07. Minimum wages on public contracts.

- (a) *Policy.* It is the policy of the City of Saint Paul that all work for development, buildings, roads, and other works paid for with public funds be constructed and maintained by the best means and highest quality labor that is reasonably available and that persons working on public works be compensated according to the real value of the services they perform. Accordingly, it is the policy of the City of Saint Paul that the wages of workers on publicly-owned and publicly-funded projects be comparable to wages paid for similar work in the local community.
- (b) *Definitions.*
- (1) *Apprenticeship Program* means a bona fide apprenticeship program registered with the U.S. Department of Labor or with a state apprenticeship agency.
 - (2) *Certified Payroll Records* means payroll records furnished under oath signed by an owner or officer of an employer to the contracting authority and the project owner every week, including a certified payroll report with respect to the wages and benefits paid each employee during the preceding week specifying for each employee: name; identifying number; prevailing wage master job classification; hours worked each day; total hours; rate of pay; gross amount earned; each deduction for taxes; total deductions; net pay for week; dollars contributed per hour for each benefit, including name and address of administrator; benefit account number; and telephone number for health and welfare, vacation or holiday, apprenticeship training, pension, and other benefit programs.
 - (3) *Department* means the Saint Paul Department of Human Rights and Equal Economic Opportunity.
 - (4) *Prevailing hours of labor* means not more than eight (8) hours per day or more than forty (40) hours per week.
 - (5) *Prevailing wage rate* means the rate of wages and benefits certified and published as prevailing by the Minnesota Department of Labor and Industry.
 - (6) *Project* means any new construction work, demolition work, or repair work on any roads, bridges, sewers, streets, alleys, parks, parkways, buildings, removal of public nuisances or any other improvement of public or private property.
 - (7) *Restitution* means an amount at least equal to the amount of underpayment of prevailing wages.
 - (8) *Relending or Regranting Program* means a program whereby public funds are either loaned or granted by the city or HRA to an intermediary such as a community development corporation, which serves as a pass-through agency for the award of public assistance.
 - (9) *End borrower or grantee* means the end borrower or grantee who receives public funds from an intermediary under a relending or regranting program and uses such funds to pay for project costs.
- (c) *Application.* This section applies to all city or St. Paul Housing and Redevelopment Authority projects in the amount of twenty-five thousand dollars (\$25,000.00) or more.

This section also applies to all projects in the amount of twenty-five thousand dollars (\$25,000.00) or more involving the erection, construction, demolition, remodeling or repairing of a privately owned building, other facility or property where the city or the Saint Paul Housing and Redevelopment Authority provides financial assistance for the work to be performed in the form of a grant, loan, loan guarantee, tax increment financing, tax abatement, tax credit or revenue from bonds. With respect to a relending or regranting program, the threshold level of twenty-five thousand dollars (\$25,000.00) of project costs is determined on an individual basis by the cost of the project of each end borrower or grantee.

This section does not apply to apprentices working on projects pursuant to a bona fide registered apprenticeship program for work performed in his or her trade. A trainee and a helper are not exempt under this provision; the contractor must assign the trainee or helper a job classification that is the "same or most similar" to the work being performed and compensate the trainee or helper for the actual work performed regardless of the trainee's or helper's skill.

For housing developments, this section incorporates and follows the same exemptions found in federal Davis Bacon statutes and their regulatory implementation.

- (d) *Prevailing wage required.* All contractors and subcontractors must pay workers, at a minimum, the prevailing wage rate.
- (e) *Prevailing hours of labor.* Workers employed directly on a project by a contractor or subcontractor, agent, or other person doing or contracting to do all or part of the work of the project, may not work more hours than the prevailing hours of labor, unless paid for all hours in excess of the prevailing hours at a rate of at least one and one-half (1½) times the prevailing hourly basic rate of pay.
- (f) *Notice.* All contractors and subcontractors must post on the project the applicable prevailing wage rates in at least one (1) conspicuous place for the duration of the project. The posted information must include a breakdown of the hourly basic rates of pay as well as contributions for health and welfare benefits, vacation benefits, pension benefits, and any other economic benefit.
- (g) *Compliance monitoring and enforcement.*
 - (1) The designated city compliance officer will monitor compliance and investigate complaints of violations of this section.
 - (2) All contractors must furnish copies of certified payroll records for all work on the project for which payment of prevailing wages is required under this section. Certified payrolls shall be submitted weekly to the city's designated compliance officer. Such certified payroll records must contain all of the information listed in section (b) of this section.
 - (3) The city's designated compliance officer may request additional records reasonably required to monitor compliance with this section.
- (h) *Self-employed independent contractors, owners, supervisors and foremen.*
 - (1) Self-employed or independent contractors performing labor must be paid prevailing wages for the classification of work performed. Any vendor who plans to accomplish all or a portion of the work using self-employed, independent contractors, subcontractors, or partnership contractors must provide the city, as part of their contract bid, with bona fide demonstration of status of such entities. If there is a substitution of a self-employed independent contractor or subcontractor during the execution of the contract, the proof of status must be submitted to the city's designated compliance officer. All such self-employed, independent contractors, subcontractors, or partnership contractors must have executed a written contract or subcontract agreement for their work performance. The city will accept any four (4) of the following as a bona fide demonstration of status. If status cannot be determined clearly enough by submission of the below information or documentation, the subcontractor status will be disallowed and the individual(s) will be included on the engaging company's payroll as employees and will be entitled to receipt of the prevailing wage for all work performed.
 - a. Identification of a registered trade name and location of a telephone listing under that name;
 - b. A contractor's license;
 - c. A subcontractor's bond;
 - d. Proof of workers' compensation insurance coverage;

-
- e. If the subcontractor is a partnership, a copy of the executed partnership agreement and Federal Tax Identification Numbers applicable to that partnership agreement;
 - f. A copy of the previous year's tax filing;
 - g. Any other determination regarding status as defined by the state or federal department of revenue.
- (2) Owners, supervisors, and foremen performing labor under the contract must be paid prevailing wages for the classification of work performed.
- (i) *Trucking.*
- (1) For the purposes of this section, payment of prevailing wage and/or truck rental rates is required for work considered to be under the contract using the standards set forth in Minnesota Statutes section 177.41-177.44 and Minnesota Rules 5200.1000 to 5200.1120.
 - (2) A contractor acquiring trucking services from an independent truck owner, multiple truck owner, or truck broker to perform or provide covered hauling activities shall comply with the payment of the certified State of Minnesota truck rental rates.
 - (3) The prime contractor shall submit on its behalf and on behalf of all subcontractors a month-end trucking report and statement of compliance form along with each independent truck owner, multiple truck owner, and truck broker report to the city. The contractor must use month-end trucking report and statement of compliance forms and report forms approved by the city.
 - (4) A contractor with employee truck drivers shall adhere to the requirements established in sections (d), (e) (f) and (g) of this section.
 - (5) If the prime contractor fails to submit its month-end trucking reports and certification forms and those of any subcontractor, independent truck owner, multiple truck owner, or truck broker, the department may take such actions as prescribed in section (k).
- (j) *Bid specifications and contract terms.* The obligations of this section are expressly incorporated into the bid specifications and requests for bids or proposals for all projects and are material and binding terms and conditions of all contracts and subcontracts for projects.
- (k) *Prevailing wage violations.* Failure to pay the prevailing wage rate or to follow the prevailing hours of labor, as determined by the city, may result in an order for restitution to be paid, contract payment withholding sufficient to satisfy back wages or restitution assessed, contract payment delay, cancellation of the contract, debarment under chapter 95 of the Saint Paul Administrative Code, and/or withholding or payment of a fee equal to five (5) percent of the entire contract price to the city as liquidated damages. None of the foregoing remedies are intended to be exclusive of any other remedy, but each is in addition to every other remedy listed above or otherwise available.
- (l) *Enforcement.* Orders for restitution issued pursuant to this section may be enforced in Ramsey County District Court.
- (m) *Severability.* If any provision or application of this chapter is declared illegal, invalid, or inoperative, in whole or in part, by any court of competent jurisdiction, the remaining provisions and portions thereof and applications not declared illegal, invalid, or inoperative shall remain in force or effect.

(C.F. No. 92-1478, § 1, 11-5-92; C.F. No. 92-610, § 1, 11-24-92; Ord 12-75, § 1, 11-14-12)

City of Brooklyn Park

Request for Council Action

Agenda Item:	7.1	Meeting Date:	May 13, 2024
Agenda Section:	General Action Items	Originating Department:	Administration
Resolution:	N/A	Prepared By:	Zach Kramka, Asst to the City Manager
Ordinance:	SECOND READING		
Attachments:	1	Presented By:	Zach Kramka
Item:	Second Reading of the Prevailing Wage Ordinance		

City Manager's Proposed Action:

MOTION _____, SECOND _____, TO WAIVE THE READING AND ADOPT ON SECOND READING ORDINANCE #2024____ ADDING CHAPTER 43 TO THE BROOKLYN PARK CITY CODE, TITLE III: ADMINISTRATION, PERTAINING TO PREVAILING WAGE.

MOTION _____, SECOND _____, TO APPROVE THE SUMMARY OF ORDINANCE #2024-_____ DETERMINING THAT IT CLEARLY INFORMS THE PUBLIC OF THE INTENT AND EFFECT OF THE ORDINANCE.

Overview:

During its June 5, 2023, work session, the City Council heard from several representatives from local organized labor organizations who underscored the importance of labor protections as a deterrent to wage theft and exploitation of workers. In response to the presentation, Council directed staff to develop a draft prevailing wage ordinance for consideration.

On September 5, 2023, staff had a discussion with the City Council regarding a proposed prevailing wage ordinance. After receiving feedback, it was decided to move the ordinance forward to a first reading. On October 23, 2023, the proposed ordinance was passed unanimously on a first reading.

The federal government, State of Minnesota, and several local governments across the region have instituted prevailing wage requirements. Prevailing wage levels are defined at the county level by job class. Prevailing wage regulations establish a price floor for wages in addition to fringe benefits that must be paid by contractors and sub-contractors to their employees who are performing work on behalf of the government entity funding the work.

The proposed ordinance would require prevailing wage on capital projects financed, in whole or in part, by City and Economic Development Authority (EDA) funds of \$50,000 or greater.

This ordinance would institute both criminal and civil penalties on covered persons found to be in violation. Any covered persons in violation of the ordinance could be criminally charged with a misdemeanor offense. Civil penalties for violating this ordinance include an order for restitution to be paid, contract payment withholding to satisfy back wages, contract payment delay, withholding a fee equal to five percent of the entire contract price to the City or the EDA as liquidated damages, or the termination of the contract with the violating party.

Recommended changes being proposed to the ordinance between the first and second reading are identified below:

- Align the City and EDA spending threshold for triggering prevailing wage to \$50,000.

- Exempt projects utilizing conduit revenue bonds from prevailing wage requirements.
- Exempt projects that received final approval by May 31, 2024 from prevailing wage requirements.
- Include protections for workers from retaliation for filing a complaint.
- Enable the payment of restitution to workers.
- Include additional language regarding how to manage projects with mixed funding sources (federal government, state government, City or EDA funds, private financing, etc.).

Primary Issues/Alternatives to Consider:

1. Approve the ordinance as presented.
2. Approve the ordinance with modifications.
3. Deny the ordinance keeping the existing regulations in place.

Budgetary/Fiscal Issues:

In between the first and second reading of this proposed ordinance, staff have had the chance to further evaluate potential implementation costs. While market forces may assist in keeping costs down in some cases, the development community and colleagues in other municipalities have suggested project costs could increase as much as ten to twenty percent due to increased labor expenses associated with prevailing wage. There are also expenses and staffing requirements associated with maintaining certified payroll for compliance/reporting that may not be possible for small companies. This cost dynamic may impact future subsidy requests from developers. In addition, future projections in the City's Capital Improvement Plan document may be adjusted, and changes in scope for future capital projects may be required.

As with any ordinance, City staff must be fully equipped to implement associated regulations, and as a result, there will be costs to support the implementation of this ordinance. Staff are in the process of finalizing interim and long-term solutions to assist with both the planning of prevailing wage projects as well as any connected investigative or enforcement activities. These solutions will likely come in the form of contractual agreements with outside parties that can provide the necessary expertise to ensure staff, contractors, and workers are all aligned in their understanding of expectations.

Attachments:

7.1A ORDINANCE

ORDINANCE 2024-

AN ORDINANCE ADDING CHAPTER 43 TO THE BROOKLYN PARK CITY CODE, TITLE III:
ADMINISTRATION, PERTAINING TO PREVAILING WAGE

~~Text with strikeout is proposed for deletion~~

Underlined text is proposed for insertion

The City of Brooklyn Park does ordain:

Section 1. The Brooklyn Park City Code, Title III, Administration, is amended to add Chapter 42, entitled “Prevailing Wage Required” to read:

§43.01 PURPOSE.

It is in the public interest that Projects as defined herein, be constructed, maintained and provided by the highest quality of labor that is reasonably available and that persons working on such Projects be compensated according to the real and equitable value of the work they perform and that the wages for such work are comparable to wages paid for similar work in the community as a whole.

§43.02 DEFINITIONS.

For the purposes of this Chapter, the following words and phrases have the meanings ascribed to them in this section:

Apprenticeship Program. A bona fide apprenticeship program registered with the U.S. Department of Labor or recognized by a governmental agency of the State of Minnesota.

Basic Hourly Rate. The hourly wage paid to any employee.

Certified Payroll Records. Payroll records furnished under oath signed by an owner or officer of an employer and provided to the Department named in the contract no more than five (5) working days after the submission of a written request by the Compliance Officer for such records. A certified payroll report includes information related to the wages and benefits paid to each employee during the requested time frame specifying for each employee: name; prevailing wage master job classification; number of hours worked each day; total hours worked in the week; rate of pay; gross amount earned; each deduction for taxes; total deductions; net pay for week; dollars contributed per hour for each benefit, including name and address of administrator; benefit account number; and telephone number for health and welfare, vacation or holiday, apprenticeship training, pension, and other benefit programs.

City. The City of Brooklyn Park.

City Funds. Payment, financing, or financial assistance provided by the City in the form of contract payments, grants, loans, loan guarantees, tax increment financing, tax abatement, proceeds of bonds other than conduit revenue bonds, land write-downs, lease payments, loan payments, or contract for deed payments. With respect to a relending or regranteeing program, the

threshold level of fifty-thousand dollars (\$50,000) of project costs is determined on an individual basis by the cost of the project of each end borrower or grantee.

Compliance Officer. Those persons designated by the City Manager to monitor compliance and investigate complaints pertaining to this Ordinance on behalf of the City or EDA.

Covered Persons. Contractors, subcontractors, developers, holders of interests in real property, agents, or other persons regardless of the form of business entity used by the Covered Person, including but not limited to individuals, sole proprietorships, and independent contractors, performing all or part of work on Projects.

Department. The department or office of the City or EDA designated to undertake a Project.

EDA. The Brooklyn Park Economic Development Authority.

EDA Funds. Payment, financing, or financial assistance provided by the EDA in the form of contract payments, grants, loans, loan guarantees, tax increment financing, tax abatement, proceeds of bonds other than conduit revenue bonds, land write-downs, lease payments, loan payments, or contract for deed payments. With respect to a relending or regranteeing program, the threshold level of fifty-thousand dollars (\$50,000) of project costs is determined on an individual basis by the cost of the project of each end borrower or grantee.

Laborers, Mechanics, and Workers. All persons utilized, employed, or working on a Project who are doing work usually done by Laborers, Mechanics, and Workers.

Prevailing Wage Rate. The meaning contained in Minnesota Statute, Section 177.42, Subd. 6, as determined from time to time by the Minnesota Department of Labor and Industry for the area where the Project is located. The Minnesota Department of Labor and Industry shall determine the prevailing wage rate in accordance with Minnesota Statutes, Sections 177.41-177.44, as amended from time to time, and applicable rules promulgated thereto, including but not limited to Minnesota Rules 5200.1000-5200.1120 as amended from time to time. In those instances where the Minnesota Department of Labor and Industry has not certified and published a prevailing rate of wages and benefits for a particular work classification, the minimum wage and benefit rate per hour to be paid for such work classification means the union wage and benefit rate in the locality of the Project as the case may be for such classification over which the union has jurisdiction.

Prevailing Hours of Labor. The hours of labor per day and per week worked within the area by a larger number of workers of the same class than are employed within the area for any other number of hours per day and per week.

Project. Any construction work, demolition work, maintenance work, remodeling work, or repair work on any roads, bridges, sewers, streets, alleys, parks, parkways, buildings, water infrastructure, removal of public nuisances or any other improvement of public or private property involving \$50,000 or more in City Funds, or EDA Funds.

A project consists of all construction necessary to complete the work regardless of the number of contracts involved, so long as all the contracts awarded are closely related in purpose, time, and place, and includes, but is not limited to, multiple phases of work.

Restitution. Restitution may include, but is not limited to, an amount at least equal to the amount of underpayment of prevailing wages.

§43.03 PREVAILING WAGE RATE AND PREVAILING HOURS OF LABOR REQUIRED.

- (A) *Prevailing Wage Required.* Except as otherwise provided below in 43.09, all Covered Persons shall pay Laborers, Mechanics, and Workers directly performing work on a Project, at a minimum, the Prevailing Wage Rate.
- (B) *Prevailing Hours of Labor.* Laborers, Mechanics, and Workers employed directly on a Project by a Covered Person may not work more hours than the Prevailing Hours of Labor, unless paid for all hours in excess of the Prevailing Hours of Labor at a rate of at least one and one-half (1 ½) times the Basic Hourly Rate of pay.
- (C) *Notice.* All Covered Persons must post a notice describing the applicable Prevailing Wage Rate in at least one conspicuous place located on the Project site for the duration of the Project.
- (D) *Subcontractors and Independent Contractors.* Any contractor or subcontractor who plans to accomplish all or a portion of the work under a contract within the scope this Section using subcontractors or self-employed independent contractors may be required to provide the City with bona fide proof of the status of such entities before contract award. All such subcontractors and independent contractors must have executed a written contract/subcontract agreement for their work performance. The City will accept the following as a bona fide demonstration of subcontractor status:
- 1) Current business filing with the Minnesota Secretary of State along with the address and telephone number for that entity;
 - 2) Proof of workers' compensation insurance coverage;
 - 3) Proof of unemployment insurance.
- If the status of subcontractors or self-employed independent contractors cannot be determined by submission of the above information or documentation, subcontractor or independent contractor status will be disallowed and the individual(s) performing the work will be included on the engaging company's payroll as employees and will be entitled to receipt of the prevailing wage from the engaging company for all work performed.
- (E) *Combined Funding.* For projects funded in whole or in part with State funds, contractors and subcontractors may be subject to applicable State Prevailing Wage rates and rules for projects meeting state requirements. For projects funded in whole or in part with federal funds, contractors and subcontractors may be subject to federal rates, and regulations. for projects meeting federal requirements. For projects with multiple sources of funding (federal, state, and city), contractors and subcontractors may be subject to all applicable rules and regulations.

§43.04 CONTRACT REQUIREMENTS.

The requirements and obligations contained in this Ordinance are deemed to be incorporated into the bid specifications and requests for bids or proposals for all Projects are material and binding in terms and conditions of all contracts and all subcontracts for Projects. The Prevailing Wage Rates, Prevailing Hours of Labor, and Hourly Basic Rates of pay must be set forth specifically in the contract. All contracts for Projects must include applicable schedules of Prevailing Wage Rates.

§43.05 MONITORING, COMPLIANCE AND ENFORCEMENT.

- (A) *Collection of Certified Payroll Records.* Pursuant to this Chapter and Minn. Stat. Sec. 177.41-.44 and applicable rules as may be amended from time to time, all contractors and subcontractors on a Project must collect and/or furnish a statement on the wages paid to each employee during the prior week.
- (B) *Submission of Certified Payroll Records.* Upon request of the City, the EDA, or a City or EDA designee, all Covered Persons shall, within five (5) working days, supply the City or EDA a copy of Certified Payroll Records for all work performed on the Project by Laborers, Mechanics, and Workers.
- (C) *Compliance Officer.* A Compliance Officer, as designated by the City, will investigate all complaints, and monitor compliance upon receipt of a complaint regarding violations of this Ordinance. The Compliance Officer may request additional records reasonably required to monitor compliance or investigate complaints regarding this Ordinance. Upon request made by the Compliance Officer, all Covered Persons shall promptly provide additional records reasonably required to monitor compliance with this Ordinance. All Covered Persons shall permit the Compliance Officer physical access to the Project site at any time for the purpose of monitoring compliance with this Ordinance.
- (D) *Project Completion.* Upon completion of the project, the City or the EDA shall have the right to require an appropriate audit of contractor's books and records to determine compliance or noncompliance with the provisions of this chapter. Each contractor and subcontractor shall retain the relevant bi-weekly payrolls for a period of not less than three (3) years after the completion of the work.

§43.06 VIOLATIONS AND PENALTIES.

- (A) *Civil Enforcement.* In addition to pursuit of criminal sanctions as provided in Paragraph B of this Section, a violation of this Ordinance may result in the City or the EDA undertaking the following actions: seeking injunctive relief to compel specific performance of the requirements contained in this Ordinance; an order for restitution to be paid; contract payment withholding sufficient to satisfy back wages or restitution assessed; contract payment delay; the withholding of a fee equal to five (5) percent of the entire contract price to the City or the EDA as liquidated damages; or the termination of the contract with the violating party. None of the foregoing remedies are intended to be exclusive of any other remedy, but each is in addition to every other remedy listed above or otherwise available.
- (B) *Criminal Enforcement.* Any Covered Person who violates the provisions of this Ordinance shall be guilty of a misdemeanor with each day of violation constituting a separate offense.

§43.07 RETALIATION.

- (A) It shall be a violation of this chapter for an employer or any other person to interfere with, restrain, or deny the exercise of, or the attempted exercise of, any right protected under this chapter.
 - (1) Such rights include but are not limited to: the right to make inquiries about the requirements of this chapter; the right to inform others about their rights; the right to inform the person's employer, union, or similar organization, and/or the person's legal counsel or any other person about an alleged violation; the right to file an oral or written

complaint with the appropriate authority; the right to cooperate with the City in its investigations; the right to testify in a proceeding under or related to a violation; the right to refuse to participate in an activity that would result in a violation of city, state, or federal law; and the right to oppose any policy, practice, or act that is prohibited under this chapter.

- (2) No employer or any other person shall communicate to a person exercising rights protected under this chapter, directly or indirectly, the willingness to inform a government employee that the person is not lawfully in the United States, or to report, or to make an implied or express assertion of a willingness to report, suspected citizenship or immigration status of an employee or a family member of the employee to a federal, state, or local agency because the employee has exercised a right under this chapter.
- (3) An employer shall not take any adverse employment action or in any other manner discriminate against an employee because the employee has exercised in good faith the rights protected under this section.
- (4) A person injured by a violation of this section may avail themselves of any civil remedies available to them under the laws of the United States and the State of Minnesota.
- (5) It shall be a rebuttable presumption of retaliation if an employer or any other person takes an adverse action against a person within ninety (90) days of the person's exercise of rights protected in this section. The employer may rebut the presumption with clear and convincing evidence that the adverse action was taken for a permissible purpose.
- (6) Standard of proof. Proof of retaliation shall be sufficient upon a showing that an employer or any other person has taken an adverse action against a person and the person's exercise of rights protected was a motivating factor in the adverse action, unless the employer can prove that the action would have been taken in the absence of such protected activity.
- (7) The protections afforded shall apply to any person who mistakenly but in good faith alleges violations.
- (8) A complaint or other communication by any person triggers the protections of this section regardless of whether the complaint or communication is in writing or makes explicit reference to this chapter.

§43.08 EXCEPTIONS.

- (A) This Chapter does not apply to apprentices working on Projects pursuant to a bona fide registered Apprenticeship Program for work performed in their trade. A trainee and a helper are not exempt under this provision; the Covered Person must assign the trainee or helper a job classification that is the "same or most similar" to the work being performed and compensate the trainee or helper for the actual work performed regardless of the trainee's or helper's skill.
- (B) This Chapter does not apply to any Project that received final project approval from the City on or before May 31, 2024.

§43.09 NO CONFLICT WITH RELATED FEDERAL, STATE, COUNTY, OR MUNICIPAL LAWS, ORDINANCES, AND POLICIES.

Except as otherwise stated herein, no provision of this Ordinance is intended nor shall be construed as being in conflict with any federal, State of Minnesota, county or municipal laws, ordinances, rules, regulations, or policies related to the matters to be regulated herein. Further, the obligations and requirements contained in this Ordinance shall be deemed to be in addition to the obligations and requirements contained in any such federal, state county or municipal laws, ordinances, rules, or regulations.

§43.10 SEVERABILITY.

If any of the parts or provisions of this article or the application thereof to any person or circumstance is held invalid or unconstitutional by a decision of a court of competent jurisdiction, the remainder of this article, including the application of such part or provisions to persons or circumstances other than those to which it is held invalid, shall not be affected thereby and shall continue in full force and effect. To this end, the provisions of this article are severable.

Section 2. Effective Date

This ordinance becomes effective thirty (30) days from and after its adoption and publication.

ORDINANCE NO. 2024-

**AN ORDINANCE AMENDING CHAPTER 23 OF THE CITY CODE
TO ESTABLISH PREVAILING WAGE**

The City Council of the City of Bloomington, Minnesota ordains:

Section 1. That Chapter 23 of the City Code is hereby amended by deleting those words that are contained in brackets and ~~[stricken through]~~ and adding those words that are underlined, to read as follows:

CHAPTER 23: ~~[EARNED SICK AND SAFE TIME]~~ LABOR

ARTICLE II: PREVAILING WAGE

§ 23.30 FINDINGS AND PURPOSE.

The City Council finds that: It is in the public interest that Projects, as defined herein, be constructed, maintained and provided by the highest quality of labor that is reasonably available and that persons working on such Projects be compensated according to the real and equitable value of the work they perform and that the wages for such work are comparable to wages paid for similar work in the community as a whole.

§ 23.31 DEFINITIONS.

(a) TERMS. For the purposes of this article, the following words and phrases have the meanings ascribed to them in this section:

APPRENTICESHIP PROGRAM means a bona fide apprenticeship program registered with the U.S. Department of Labor or recognized by a governmental agency of the State of Minnesota.

BASIC HOURLY RATE means the hourly wage paid to any employee.

CERTIFIED PAYROLL RECORDS means payroll records furnished under oath signed by an owner or officer of an employer and provided to the City department, division, or office named in the contract no more than fourteen (14) days after the end of each pay period including a certified payroll report with respect to the wages and benefits paid each employee during the preceding week specifying for each employee: name; prevailing wage master job classification; number of hours worked each day; total hours worked in the week; rate of pay; gross amount earned; each deduction for taxes; total deductions; net pay for week; dollars contributed per hour for each benefit, including name and address of administrator; benefit account number; and telephone number for health and welfare, vacation or holiday, apprenticeship training, pension, and other benefit programs.

CITY means the City of Bloomington, the Housing and Redevelopment Authority in and for the City of Bloomington, and the Port Authority of the City of Bloomington.

CITY FUNDS means contract payments, grants, loans, loan guarantees, tax increment financing, tax abatements, tax credits, lease payments, loan payments, contract for deed payments, revenue from bonds, or any other financial assistance.

COMPLIANCE OFFICER means those positions designated by the City Manager to investigate complaints pertaining to this article on behalf of the City.

COVERED PERSONS means contractors, subcontractors, holders of interests in real property, agents, or other persons regardless of the form of business entity used by the Covered Person, including but not limited to individuals, sole proprietorships and independent contractors, performing all or part of the work on Projects.

DEPARTMENT means the department, division, or office of the City designated to undertake a Project.

PREVAILING WAGE RATE shall have the meaning contained in Minnesota Statutes, Section 177.42, Subd. 6, as determined from time to time by the Minnesota Department of Labor and Industry for the area where the Project is located. The Minnesota Department of Labor and Industry shall determine the prevailing wage rate in accordance with Minnesota Statutes, Sections 177.41-177.44, and applicable rules promulgated thereto, including but not limited to Minnesota Rules Parts 5200.1000-5200.1120.

PREVAILING HOURS OF LABOR means the hours of labor per day and per week worked within the area by a larger number of workers of the same class than are employed within the area for any other number of hours per day and per week. The prevailing hours of labor may not be more than eight hours per day or more than 40 hours per week.

PROJECT(S) means any construction work, demolition work, or repair work on any roads, bridges, sewers, streets, alleys, parks, parkways, buildings, removal of public nuisances or any other improvement of public or private property where (a) the Project is financed in whole or in part with City Funds and (b) the estimated cost of the Project exceeds \$175,000.

§ 23.32 PREVAILING WAGE RATE AND PREVAILING HOURS OF LABOR REQUIRED.

(a) Prevailing Wage Required. Except as otherwise provided below in Section 23.36 [exceptions], all Covered Persons shall pay Laborers, Mechanics, and Workers directly performing work on a Project, at a minimum, the Prevailing Wage Rate.

(b) Prevailing Hours of Labor. Laborers, Mechanics and Workers employed directly on a Project by a Covered Person may not work more hours than the Prevailing Hours of Labor, unless paid for all hours in excess of the Prevailing Hours of Labor at a rate of at least one and one-half (1 ½) times the Basic Hourly Rate of pay.

(c) **Notice.** Each Covered Person must post a notice describing the applicable Prevailing Wage Rate in at least one conspicuous place located on the Project site for the duration of the Project.

§ 23.33 CONTRACT REQUIREMENTS.

The requirements and obligations contained in this article are deemed to be incorporated into the bid specifications and requests for bids or proposals for all Projects and are material and binding terms and conditions of all contracts and subcontracts for Projects. The Prevailing Wage Rates, Prevailing Hours of Labor and Hourly Basic Rates of pay must be set forth specifically in the contract. All contracts for Projects must include applicable schedules of Prevailing Wage Rates.

§ 23.34 MONITORING AND COMPLIANCE.

(a) **Submission of Certified Payroll Records.** Each Covered Person must furnish copies of Certified Payroll Records for all work performed on the Project no later than fourteen (14) calendar days after each pay period to the Department.

(b) **Compliance Officer.** The Compliance Officer will investigate all complaints and monitor compliance upon receipt of a complaint regarding violations of this article. The Compliance Officer may request additional records reasonably required to monitor compliance or investigate complaints regarding this article. Upon request made by the Compliance Officer, each Covered Person shall promptly provide additional records reasonably required to monitor compliance with this article. Each Covered Person shall permit the Compliance Officer physical access to the site where the Project is located at any time for the purpose of monitoring compliance with this article.

§ 23.35 VIOLATIONS AND PENALTIES.

(a) **Civil Enforcement.** In addition to pursuit of criminal sanctions as provided in clause (b), of this section, a violation of this article may result in the City undertaking the following actions: seeking injunctive relief to compel specific performance of the requirements contained in this article; withholding funds owed by the City to the violating party pursuant to an agreement in amounts sufficient to fully remedy and satisfy the violation together with the withholding of a fee equal to five (5) percent of the entire contract price to the City as liquidated damages; or the termination of the contract with the violating party. None of the foregoing remedies are intended to be exclusive of any other remedy, but each is in addition to every other remedy listed above or otherwise available.

(b) **Criminal Enforcement.** Any Covered Person who violates the provisions of this article shall be guilty of a misdemeanor with each day of violation constituting a separate offense.

(c) **Administrative enforcement.** As set forth in City Code Appendix A, the City Attorney may order any appropriate relief for a determination including, but not limited to back pay and fines.

§ 23.36 EXCEPTIONS.

This article does not apply to apprentices working on Projects pursuant to a bona fide registered Apprenticeship Program for work performed in their trade. A trainee and a helper are not exempt under this provision; the Covered Person must assign the trainee or helper a job classification that is the “same or most similar” to the work being performed and compensate the trainee or helper for the actual work performed regardless of the trainee’s or helper’s skill.

§ 23.37 NO CONFLICTS OR PREEMPTIONS INTENDED.

Except as otherwise stated herein, no provision of this article is intended nor shall be construed as being in conflict with any Federal, State of Minnesota, County or municipal laws, ordinances, rules, regulations or policies related to the matters to be regulated herein. Further, the obligations and requirements contained in this article shall be deemed to be in addition to the obligations and requirements contained in any such federal, state, county or municipal laws, ordinances, rules or regulations. Nothing in this article shall be interpreted or applied so as to create any power or duty in conflict with federal or state law.

§ 23.38 SEVERABILITY.

If any part, term, or provision of this article is held by a court of competent jurisdiction to be invalid or unconstitutional, such portion shall be deemed severable and such unconstitutionality or invalidity shall not affect the validity of the remaining portions of this article, which remaining portions shall continue in full force and effect.

Section 2. Effective Date. This Ordinance is **effective** [upon publication].

Passed and adopted this _____ day of _____, 2024.

Mayor

ATTEST:

Secretary to the Council

APPROVED:

City Attorney

NOTE: Also need to amend Chapter 1 and Appendix A

Jurisdiction	Jurisdiction Type	Policy Type	Rates	Threshold	TIF Included
Andover	City	Ordinance	State		\$150,000 No
Bloomington	City	Ordinance	State		\$175,000 Yes
Brooklyn Park	City	Ordinance	State		\$50,000 Yes
Coon Rapids	City	Ordinance	State		\$100,000 No
Duluth	City	Ordinance	State		\$2,000 Maybe
Fridley	City	Ordinance	State		\$25,000 Maybe
Gem Lake	City	Ordinance	State		\$15,000 No
Grand Rapids	City	Ordinance	State		\$25,000 Maybe
Hastings	City	Ordinance	State		\$175,000 No
Maplewood	City	Ordinance	State	None	No
Minneapolis	City	Ordinance	Federal	None	Yes
Minneapolis (Inclusionary Zoning and TIF Policy)	City	Ordinance	Federal	Subject to Inclusionary Zoning	Ordinance Yes
Oakdale	City	Policy	State		\$50,000 No
Richfield	City	Ordinance	State		\$300,000 Mostly no
Rochester	City	Ordinance	State		\$175,000 Mostly yes
St. Cloud	City	Ordinance	Federal		\$200,000 Unclear
St. Paul	City	Ordinance	State		\$25,000 Yes
West St. Paul	City	Ordinance	Unspecified		\$50,000 Yes
White Bear Lake	City	Ordinance	State		\$15,000 Maybe
Carlton	County	Resolution	Unspecified		\$150,000 No
Chisago	County	Resolution	State		\$100,000 No
Dakota	County	Resolution	State		\$25,000 No
Hennepin	County	Resolution	State	None	No
Itasca	County	Policy	Federal		\$2,000 No
Ramsey	County	Ordinance	State		\$25,000 Yes
St. Louis	County	Resolution	State	\$2,500/\$25,000	Unclear
Washington	County	Policy	State		\$175,000 Unclear
Minneapolis Park Board	Park Board	Ordinance	Federal	None	NA
Duluth Port Authority	Port Authority	Policy	State	\$2,500/\$25,000	NA
Metropolitan Council	Regional Council	Resolution	State		\$175,000 NA
Anoka-Hennepin #11	School District	Policy	State	\$2,500/\$25,000	NA
Duluth #709	School District	Policy	State/Federal	None	NA
Minneapolis Special District #1	School District	Policy	State	\$2,500/\$25,000	NA
St. Paul #625	School District	Policy	State	None	NA
White Bear Lake #624	School District	Policy	State	None	
State of Minnesota	State	Statute	State	\$2,500/\$25,000	

A photograph of construction workers in orange safety gear working on a road surface. A blue semi-transparent rectangle is overlaid on the left side of the image, containing the title and update date. The background shows workers in orange safety vests and pants, with a yellow piece of machinery visible on the right. The ground is covered in loose gravel or asphalt.

WAGE THEFT FACTS

Misclassification and Payroll Fraud in Construction

Updated October 2023

THIS IS A TOOLKIT ON ALL THINGS RELATED TO WAGE THEFT, MISCLASSIFICATION, AND PAYROLL FRAUD IN THE CONSTRUCTION INDUSTRY

This toolkit provides evidence-based fact sheets and informational tables, videos, and infographics intended to help deliver results for those fighting against worker misclassification and payroll fraud in construction.

(Please click on the information that **YOU** need)

One-Page Facts	2
What Is Worker Misclassification, Payroll Fraud, and Wage Theft?	2
Worker Misclassification Disproportionately Affects Vulnerable Populations	5
Wage Theft is a Crime Against Construction Workers	8
Wage Theft is a Crime Against the Taxpayer	12
Ways to Combat Payroll Fraud and Wage Theft in Construction	15
Example Op-Eds on Misclassification and Wage Theft in Construction	20
Tables	28
Figure 1: Research on Construction Worker Misclassification and Payroll Fraud, 2004-2023	28
Figure 2: Research on Tax Fraud Due to Construction Worker Misclassification, 2004-2023	29
Videos	30
Infographics	34
State Enforcement Agencies	41
Research Sorted by Year	48

●●● ONE-PAGE FACTS ●●●

What Is Worker Misclassification, Payroll Fraud, and Wage Theft?

Payroll fraud is rampant in the U.S. construction industry. Employers misclassifying their workers as “independent contractors” and paying workers entirely “off-the-books” in cash-only arrangements are two of the primary ways in which payroll fraud occurs. In construction, employers—either knowingly or unknowingly—engage in this illicit activity to reduce total costs and bid prices ([Ormiston, Belman, & Erlich, 2020](#)). By classifying workers as independent contractors rather than as employees, businesses artificially reduce their labor costs by avoiding the payment of fringe benefits and by shifting their share of the tax burden onto workers. Employers who misclassify their workers do not pay their share of unemployment insurance, do not withhold income taxes for employees, and do not contribute to state workers’ compensation systems. Misclassification also enables other forms of wage theft, such as minimum wage violations and overtime violations, as independent contractors are not protected by federal statutes such as the Fair Labor Standards Act ([Erlich, 2020](#); [Erlich & Gerstein, 2019](#); [Cooper & Kroeger, 2017](#)). Between 10% and 20% of employers misclassify at least one worker as an independent contractor ([Carré, 2015](#)).

Certain industries, like construction, are more prone to misclassification than others. In the past two decades, there have been at least 21 studies by academic professors, policy experts, and government agencies that have estimated the incidence of construction worker misclassification within the United States. These 21 studies cover 17 different U.S. states, six cities in the American South, and the United States as a whole. Although they each differ in methodology, the findings are clear and consistent: construction businesses are misclassifying blue-collar trades workers at alarmingly high rates.

A landmark national study released in 2020 estimated that between 12% and 21% of all construction workers are misclassified as independent contractors or paid “off-the-books” in cash ([Ormiston, Belman, & Erlich, 2020](#)). In Missouri, 21% of construction workers are misclassified or are working “off-the-books” in cash-only arrangements ([Kelsay, 2023](#)). In New York, 18% of all independent contractors who were identified as “low-paid” were working in construction ([Moe, Parrot, & Rochford, 2020](#)). In Massachusetts, 17% of audited construction companies were actively misclassifying employees ([Juravich, Ormiston, & Belman, 2021](#)). In Rhode Island, 12% of construction employers misclassify workers ([Ormiston & Juravich, 2022](#)). In Kentucky, 26% of audited construction companies were actively misclassifying employees; an identical percentage was found in Michigan ([Kelsay & Sturgeon, 2011](#); [Belman & Block, 2009](#)). In Indiana, more than 47% of audited construction companies were actively misclassifying employees ([Kelsay & Sturgeon, 2010](#)). While some independent contractors are classified legitimately and by their own choice, the disproportionate representation of misclassified independent contractors in construction suggests a pervasive problem in the industry that contributes to economic inequality.

Fraudulent contractors who engage in employee misclassification underbid law-abiding, responsible competitors who properly classify their employees. This is especially true in low-bid models of construction, such as in lettings for public works projects. One study found that misclassification allowed unscrupulous employers to be awarded federal projects during the 2009 economic stimulus program after the Great Recession ([Locke & Ordóñez, 2015](#)). This places compliant construction firms at a disadvantage and puts them in a situation where they would either lose market share or be forced to engage in similar illicit employment practices in order to match their competitors’ bids. The result is an erosion of job quality for skilled trades workers, poorer infrastructure quality for communities, and less tax revenue and lower levels of funding for social insurance programs for state governments.

Sources Listed by Release Year

Kelsay, Michael. (2023). *Worker Misclassification and Wage Theft in the Construction Industry in Missouri*. University of Missouri-Kansas City.

Key Finding: In 2020, 21% of workers in Missouri's construction industry were either misclassified as independent contractors or working "off-the-books" in cash-only arrangements. Misclassification and wage theft in the construction industry cost construction workers between \$334 million and \$465 million in lost wages and fringe benefits annually. Payroll fraud also costs Missouri \$69 million in lost workers' compensation contributions, \$28 million in lost unemployment insurance contributions, and \$45 million in forgone state income tax revenue.

Ormiston, Russell and Tom Juravich. (2022). *Worker Misclassification and Wage Theft in Rhode Island*. Allegheny College; University of Massachusetts-Amherst; Institute for Construction Employment Research (ICERES).

Key Finding: Rhode Island employers misclassified 4% of the state's workforce in 2019, representing more than 19,000 workers. In construction, 12% of construction employers are misclassifying workers, affecting 8% of the industry workforce. Payroll fraud costs taxpayers between \$25 million and \$54 million annually.

Juravich, Tom; Russell Ormiston; and Dale Belman. (2021). *The Social and Economic Costs of Illegal Misclassification, Wage Theft, and Tax Fraud in Residential Construction in Massachusetts*. University of Massachusetts-Amherst; Allegheny College; Michigan State University; Institute for Construction Employment Research (ICERES).

Key Finding: Audits of employer payrolls from 2017 to 2019 indicate that more than one-in-six Massachusetts construction employers (17% to 18%) misclassify their workers as independent contractors. Utilizing a well-established empirical approach of indirectly estimating the full extent of misclassification, there were between 22,000 and 37,000 workers affected by wage and tax fraud in 2019, accounting for 9% to 16% of the industry's workforce. This was especially prevalent among building finishing contractors (e.g., drywall, finish carpentry, painting). This led to \$41 million in lost unemployment insurance contributions \$41 million in lost income taxes, and \$78 million in lost workers' comp premiums in 2019.

Construction Industry Tax Fraud. (2021). *Construction Industry Insurance Fraud*. StopTaxFraud.net.

Key Finding: This one-page fact sheet describes workers' compensation insurance premium fraud, notes that losses are estimated at \$2 billion nationwide, and tells people how they can help.

Construction Industry Tax Fraud. (2020). *Construction Industry Poor Safety Standards*. StopTaxFraud.net.

Key Finding: This one-page fact sheet notes that contractors who skirt workers' comp, wage, and tax laws often cut corners with safety and that tax fraud robs state and federal governments out of \$8.4 billion per year.

Construction Industry Tax Fraud. (2020). *Construction Industry Wage Theft*. StopTaxFraud.net.

Key Finding: This one-page fact sheet describes wage theft, notes that construction workers have \$946 million a year stolen from them, and tells people how they can help.

Ormiston, Russell; Dale Belman; and Mark Erlich. (2020). *An Empirical Methodology to Estimate the Incidence and Costs of Payroll Fraud in the Construction Industry*. Allegheny College; Michigan State University; Harvard University.

Key Finding: In the average month in 2017, between 12% and 21% of construction industry workers were misclassified as independent contractors or working strictly off-the-books. Over the peak summer months, this increased to between 13% and 22%. Due to payroll fraud, contractors illegally reduce labor costs by between \$6.2 billion and \$11.7 billion per year. State workers' compensations programs experienced a \$1.7 billion shortfall due to misclassification. State unemployment insurance plans experienced a shortfall of up to \$725 million. State income tax revenues are \$552 million lower. As much as \$4.3 billion owed to Social Security and Medicare and \$1.3 billion in federal income taxes was never paid in 2017 due to payroll fraud. Under federal wage statutes, workers are entitled to time-and-a-half for hours worked over 40 hours per week and to premium pay for work over holidays. Employers who misclassify workers as independent contractors can avoid paying these additional wages, resulting in \$811 million to \$1 billion in unpaid overtime and premium wages.

Erlich, Mark. (2020). “Misclassification in Construction: The Original Gig Economy.” *Industrial and Labor Relations Review*, 1-29.

Key Finding: The misclassification of workers as independent contractors has predated the app-based gig economy, particularly in construction where a cash-based underground system of compensation has lowered standards and been among the major causes of the decline of union density.

Moe, Lina; James Parrott; and Jason Rochford. (2020). *The Magnitude of Low-Paid Gig and Independent Contract Work in New York State*. The New School.

Key Finding: 17.5% of low-wage independent contractors in New York worked in construction.

Erlich, Mark and Terri Gerstein. (2019). *Confronting Misclassification and Payroll Fraud: A Survey of State Labor Standards Enforcement Agencies*. Harvard Law School.

Key Finding: Misclassification, a tactic used by employers to reduce labor costs by depriving workers of protections, creates a non-competitive environment against law-abiding employers paying market-based wages and benefits.

Bureau of Labor Statistics (BLS). (2018). *Contingent and Alternative Employment Arrangement News Release*. U.S. Department of Labor.

Key Finding: In 2017, 19% of independent contractors worked in the construction industry. See Table 8.

Cooper, David and Teresa Kroeger. (2017). *Employers Steal Billions from Workers’ Paychecks Each Year: Survey Data Show Millions of Workers Are Paid Less than the Minimum Wage, At Significant Cost to Taxpayers and State Economies*. Economic Policy Institute.

Key Finding: Nationwide, wage theft costs up to \$15 billion. Misclassification is one tactic that enables wage theft.

Katz, Lawrence and Alan Krueger. (2016). *The Rise and Nature of Alternative Work Arrangements in the United States, 1995-2015*. Harvard University; Princeton University.

Key Finding: From 1995 to 2015, non-traditional employment rose from 11% to 16%, with online intermediary work, such as Uber and TaskRabbit, accounting for only 0.5% of workers as of 2015. Workers in non-traditional employment relationships earn less when compared to similar workers in traditional employment relationships.

Locke, Mandy and Franco Ordonez. (2015). “Taxpayers and Workers Gouged by Labor-Law Dodge.” *McClatchy DC Bureau*.

Key Finding: Misclassification allows fraudulent contractors to underbid law-abiding businesses on publicly-funded construction projects, as evidenced by contracts awarded in the economic stimulus following the Great Recession.

Carré, Françoise. (2015). *(In)dependent Contractor Misclassification*. Economic Policy Institute.

Key Finding: State-level studies show that 10%-20% of employers misclassify workers independent contractors.

Kelsay, Michael and James Sturgeon. (2011). *The Economic Costs of Employee Misclassification in the Construction Sector in the Commonwealth of Kentucky*. University of Missouri-Kansas City.

Key Finding: 26% of construction employers in Kentucky were engaged in misclassification.

Kelsay, Michael and James Sturgeon. (2010). *The Economic Costs of Employee Misclassification in the State of Indiana*. University of Missouri-Kansas City.

Key Finding: Nearly half (47.5%) of audited employers in Indiana were engaged in misclassification.

Belman, Dale and Richard Block. (2009). *The Social and Economic Costs of Employee Misclassification in Michigan*. Michigan State University.

Key Finding: 26% of construction firms misclassified employees. Among those who did so, 19% of their employees were misclassified (i.e., 6% of the entire industry workforce), costing the state over \$2 million in UI tax revenue.

Worker Misclassification Disproportionately Affects Vulnerable Populations

There is currently no federal law against worker misclassification. When the Department of Labor investigates misclassification cases, it is often by proxy of investigating Fair Labor Standards Act violations such as minimum wage violations, which frequently coincide with misclassification cases ([GAO, 2009](#)). As a result, worker misclassification is often an issue decided by state law, meaning those affected most by wage theft and payroll fraud are generally people who do not have federal avenues. Research has found that 43% of workers who have a legal complaint against their employers do not proceed with their complaints formally, citing lack of confidence in the claims or lack of legal knowledge and resources as the primary reasons ([Alexander & Prasad, 2014](#)). Additionally, a *CBS News* investigation of 650,000 complaints across the United States found that state agencies only ruled in favor of claimants about half the time—and claimants are not compensated in one-third of successful cases ([Hacker et al., 2023](#)). Lack of resources and unpunished violators lead to misclassification and payroll fraud among vulnerable workers.

Immigrants are a vulnerable group that is particularly susceptible to wage theft. Research shows that both authorized immigrants and undocumented workers are more likely to experience wage theft in their employment. However, it is estimated that more than 1-in-10 construction workers are undocumented workers ([Isser, 2023](#)). Immigrant workers may be forced to endure conditions that are exploitative for fear that their immigration status, or that of their co-workers, will be questioned ([Cooper & Kroeger, 2017](#)). Immigrants working in construction are often subject to misclassification and late payment of wages, and many do not engage in remedial paths as they have little hope that they will recover wages that were stolen. It is common that companies will completely liquidate to avoid repayment of stolen wages, leaving workers without compensation of any kind ([Juravich, Ablavsky, & Williams, 2015](#)). Some construction contractors have been convicted on charges of forced labor—recruiting undocumented workers from Mexico and then refusing to pay them while threatening them with violence or deportation so they would not complain ([Slowey, 2019](#)).

Immigrants are overrepresented in independent contractor populations, which is especially harmful because hiring independent contractors allows employers to bypass the Immigration Reform and Control Act ([Moe, Parrot, & Rochford, 2020](#)). By bypassing IRCA, employers do not verify the immigration status of their workers and benefit financially by exploiting those whom they suspect to be unauthorized ([Carré, 2015](#)). This puts migrant laborers in a precarious situation in which complaints that lead to federal investigations could result in personal consequences, especially when Memoranda of Understanding between the U.S. Department of Labor and the U.S. Immigration and Customs Enforcement expire ([Hallett, 2018](#)).

While vulnerable populations are particularly susceptible to misclassification, other demographic groups are not immune. Research indicates that during the growth of misclassification in the early 2000s, almost two-thirds of workers classified as independent contractors were white and had some college or higher-level education ([GAO, 2007](#)). Misclassification rates among construction workers in some states are as high as 40%, making it a practice most construction workers will encounter during their careers ([Ruckelshaus, 2007](#)). Steps can be taken to protect all workers—regardless of their citizenship or immigration status—from the problem of illegal misclassification and wage theft.

Sources Listed by Release Year

Hacker, Chris; Ash-Har Quraishi; Amy Corral; Ryan Beard. (2023). “Wage Theft Often Goes Unpunished Despite State Systems Meant to Combat It.” *CBS News*.

Key Finding: Even when wage theft is reported, employers often manage to avoid paying back the wages they owe. CBS News submitted public records requests to nearly every state labor department in the country and built a database of more than 650,000 total complaints. Of those cases, state agencies ruled in favor of claimants only about half of the time. Even when workers won their claims, more than a third of those successful cases—totaling nearly \$1 billion—showed no money was ever recovered. Finally, if wage theft was treated the same as felony theft (or the threshold at which a misdemeanor street crime becomes a felony), 177,000 wage theft cases in 25 states could have been felony cases. This includes over 25% of cases in New Jersey, Illinois, Massachusetts, New Hampshire, Kentucky, Indiana, Maryland, New York, Maine, Montana, Minnesota, Kansas, Utah, and Michigan.

Moe, Lina; James Parrott; and Jason Rochford. (2020). *The Magnitude of Low-Paid Gig and Independent Contract Work in New York State*. The New School.

Key Finding: 17.5% of low-wage independent contractors in New York worked in construction. The Immigration Reform and Control Act requires employers to verify each employee’s eligibility to work in the United States to ensure that they are accounted for in payroll taxes and insurance coverage. Independent contractors, however, do not need their eligibility verified, allowing employers to hire undocumented workers and deprive them of benefits and insurance coverage.

Slowey, Kim. (2019). “Contractor Faces 20 Years in Prison for Forced Labor.” *Construction Dive*.

Key Finding: An owner of several construction companies was convicted on charges of forced labor. The contractor recruited undocumented workers from Mexico and then refused to pay them. If they complained, he threatened them—and their families—with violence or with deportation.

Hallett, Nicole. (2018). “The Problem of Wage Theft.” *Yale Law & Policy Review*, 37(1): 93.

Key Finding: A Memorandum of Understanding was in place between the Department of Labor and the Immigration and Customs Enforcement agency that prevented undocumented workers from being deported if their immigration status was uncovered as a result of investigations into labor violations. When these memoranda expire, they may face deportation, which disincentivizes immigrants from reporting labor violations.

Cooper, David and Teresa Kroeger. (2017). *Employers Steal Billions from Workers’ Paychecks Each Year: Survey Data Show Millions of Workers Are Paid Less than the Minimum Wage, At Significant Cost to Taxpayers and State Economies*. Economic Policy Institute.

Key Finding: Nationwide, wage theft costs up to \$15 billion. Misclassification is one tactic that enables wage theft. Due to fear of deportation, immigrant workers are more likely to endure harmful and exploitative working conditions without reporting them. They are also less aware of appropriate reporting avenues.

Alexander, Charlotte. (2017). “Misclassification and Antidiscrimination: An Empirical Analysis.” *Minnesota Law Review*, 101. 907-962.

Key Finding: According to Census and Social Security Administration data, the industries where misclassification is most prevalent include real estate, construction, truck drivers, and barbers and cosmetologists. In the years 2005-2014, misclassification was brought as an argument in Title VII discrimination cases predominantly by physicians, surgeons, and insurance salespeople. This suggests the workers most affected do not pursue legal recourse due to lack of resources.

Carré, Françoise. (2015). *(In)dependent Contractor Misclassification*. Economic Policy Institute.

Key Finding: State-level studies show that 10%-20% of employers misclassify workers independent contractors. High workers’ compensation premiums in injury-prone industries such as construction create a financial incentive for employers to hire workers, such as undocumented workers, who will not be covered by workers’ compensation.

Juravich, Tom; Essie Ablavsky; and Jake Williams. (2015). *The Epidemic of Wage Theft in Residential Construction in Massachusetts*. University of Massachusetts Amherst.

Key Finding: Due to the transient nature of undocumented workers, many working in the construction industry never receive the wages they are owed.

Alexander, Charlotte and Arthi Prasad. (2014). “Bottom-Up Workplace Enforcement: An Empirical Analysis.” *Indiana Law Journal*, 89: 1069-1131.

Key Finding: As worker power and stability decreases, so does their legal knowledge and ability to contest labor violations in the courts. 43% of workers who experience a workplace problem with their employer did not pursue the claim in court for fear of retaliation or lack of confidence in their claim. 43% of workers who did make a formal experienced retaliation in the form of termination, suspension, decreases in hours, or reporting the worker to law enforcement agencies.

Government Accountability Office (GAO). (2009). *Employee Misclassification: Improved Coordination, Outreach, and Targeting Could Better Ensure Detection and Prevention*.

Key Finding: Misclassification of workers enables other forms of wage theft, such as minimum wage theft. These minimum wage violations are investigated under the Fair Labor Standards Act, which does not address misclassification.

Government Accountability Office (GAO). (2007). *Employee Misclassification: Improved Outreach Could Help Ensure Proper Worker Classification*.

Key Finding: A majority of independent contractors in construction were white, middle-aged men with at least some college education. These demographic characteristics did not prevent them from being misclassified.

Ruckelshaus, Catherine. (2007). *Providing Fairness to Workers Who Have Been Misclassified as Independent Contractors*. National Employment Law Project (NELP). Testimony before the Subcommittee on Workforce Protections of the Committee on Education on Labor in the U.S. House of Representatives.

Key Finding: Research estimates that misclassification rates in the construction industry could be as high as 40%. Later research corroborated that misclassification was a growing practice at the time of this testimony.

Wage Theft is a Crime Against Construction Workers

Worker misclassification allows employers to avoid paying market-competitive wages and to bypass labor standards. This includes Davis-Bacon prevailing wage rates on federal projects, state prevailing wage laws, and federal and state minimum wage laws. Workers classified as independent contractors earn less in comparison to workers classified as employees doing similar work. Nationally, construction workers who are misclassified as independent contractors earn as much as \$16,700 less per year, or 32% less, in income compared to what they would have earned as employees ([Schmitt et al., 2023](#)). Similarly, in Illinois, Wisconsin, and Minnesota, misclassified construction workers earned between 29% and 36% less than their properly classified co-workers in total wages and fringe benefits. The effect is staggering: misclassified construction workers were paid between \$23,000 and \$26,000 less in total annual compensation than they would have been paid if they were properly classified ([Goodell & Manzo, 2021](#)).

Misclassification harms workers by depriving them of benefits, such as overtime pay, workers' compensation, unemployment insurance, and paid leave. Nationwide, researchers estimate that between \$811 million and \$1 billion in owed overtime and premium pay goes unpaid to misclassified construction workers ([Ormiston, Belman, & Erlich, 2020](#)). State-level studies in Missouri, Rhode Island, Nevada, Massachusetts, New York, Tennessee, and Michigan confirm that misclassification deprives workers of these vital benefits ([Kelsay, 2023](#); [Ormiston & Juravich, 2022](#); [Waddoups, Duncan, & Ormiston, 2021](#); [Juravich, Ormiston, & Belman, 2021](#); [Ormiston, Erlich, & Belman, 2021](#); [Canak & Adams, 2010](#); [Belman & Block, 2009](#)). Estimates from the construction industries in Illinois, Wisconsin, and Minnesota indicate that misclassified workers experience a 62% to 66% decline in their non-monetary benefits ([Goodell & Manzo, 2021](#)). In a case study of the Austin, Texas construction industry, around 71% of poverty-wage workers had no access to workers' compensation coverage due to misclassification ([Cox, Timm, & Tzintzún, 2009](#)). When workers' compensation systems are underfunded due to the underground market, the premiums paid by law-abiding businesses must go up to make up the deficit, which can result in lower worker wages in the legal market as employers pay less to compensate for their increase in premiums ([Goh, 2004](#)).

Independent contractors are also not offered employer-sponsored health insurance plans. Even federally-funded jobs have not always provided benefits equally, with almost 20% of independent contractors unable to earn a living wage and without access to employer-sponsored health care coverage ([Edwards & Fillion, 2009](#)). As a result, a large portion of construction workers and their families are dependent upon social safety net programs ([Jacobs & Huang, 2021](#); [Theodore & Doussard, 2006](#)).

There are avenues for recovery for workers victimized by the crime of wage theft. State agencies may order unpaid wages be paid; however, unscrupulous employers are likely to avoid paying even after litigation. Research from California indicates that only 42% of stolen wages are recovered by victims of wage theft. Even worse, just 17% of workers who prevailed in a wage theft claim in California recovered any wages at all ([Cho, Koonse, & Mischel, 2013](#)). Similarly, a *CBS News* investigation of 650,000 complaints across the United States found that state agencies only ruled in favor of claimants about half the time—and claimants are not compensated in one-third of successful cases ([Hacker et al., 2023](#)). Despite these challenges, workers nationwide were able to recover \$5.2 billion through the U.S. Department of Labor, state agencies, and class action lawsuits from 2015 through 2020 ([McNicholas, Mokhiber, & Chalkof, 2017](#); [Mangundayao et al., 2021](#)).

Sources Listed by Release Year

Schmitt, John; Heidi Shierholz; Margaret Poydock; and Samantha Sanders. (2023). *The Economic Costs of Worker Misclassification*. Economic Policy Institute.

Key Finding: When employers misclassify workers as independent contractors, they deprive them of fundamental labor rights. In construction, an independent contractor loses out on as much as \$16,729 per year in income (32%) from being misclassified as an independent contractor compared with what they would have earned as an employee. Revenue for social insurance programs—Social Security, Medicare, Workers' Compensation, and federal and state unemployment insurance—decreases by as much as \$2,965 per construction worker per year due to misclassification as well (32%).

Hacker, Chris; Ash-Har Quraishi; Amy Corral; Ryan Beard. (2023). "Wage Theft Often Goes Unpunished Despite State Systems Meant to Combat It." *CBS News*.

Key Finding: Even when wage theft is reported, employers often manage to avoid paying back the wages they owe. CBS News submitted public records requests to nearly every state labor department in the country and built a database of more than 650,000 total complaints. Of those cases, state agencies ruled in favor of claimants only about half of the time. Even when workers won their claims, more than a third of those successful cases—totaling nearly \$1 billion—showed no money was ever recovered. Finally, if wage theft was treated the same as felony theft (or the threshold at which a misdemeanor street crime becomes a felony), 177,000 wage theft cases in 25 states could have been felony cases. This includes over 25% of cases in New Jersey, Illinois, Massachusetts, New Hampshire, Kentucky, Indiana, Maryland, New York, Maine, Montana, Minnesota, Kansas, Utah, and Michigan.

Ormiston, Russell and Tom Juravich. (2022). *Worker Misclassification and Wage Theft in Rhode Island*. Allegheny College; University of Massachusetts-Amherst; Institute for Construction Employment Research (ICERES).

Key Finding: Rhode Island employers misclassified 4% of the state's workforce in 2019, representing more than 19,000 workers. In construction, 12% of construction employers are misclassifying workers, affecting 8% of the industry workforce. Payroll fraud costs taxpayers between \$25 million and \$54 million annually.

Waddoups, Jeffrey; Kevin Duncan; and Russell Ormiston. (2021). *Payroll Fraud in Nevada's Construction Industry: Extent and Fiscal Impact*. University of Nevada, Las Vegas; Colorado State University-Pueblo; Allegheny College; Institute for Construction Employment Research (ICERES).

Key Finding: There were about 12,700 workers who were either misclassified as independent contractors or employed off-the-books in Nevada's construction industry in 2018, representing 11% of the industry and 14% of blue-collar construction workforce. This resulted in \$31 million in unpaid workers' comp premiums, a \$12 million shortfall in the state UI fund, and \$7 million in uncollected tax revenue via the Modified Business Tax.

Juravich, Tom; Russell Ormiston; and Dale Belman. (2021). *The Social and Economic Costs of Illegal Misclassification, Wage Theft, and Tax Fraud in Residential Construction in Massachusetts*. University of Massachusetts-Amherst; Allegheny College; Michigan State University; Institute for Construction Employment Research (ICERES).

Key Finding: Audits of employer payrolls from 2017 to 2019 indicate that more than one-in-six Massachusetts construction employers (17% to 18%) misclassify their workers as independent contractors. Utilizing a well-established empirical approach of indirectly estimating the full extent of misclassification, there were between 22,000 and 37,000 workers affected by wage and tax fraud in 2019, accounting for 9% to 16% of the industry's workforce. This was especially prevalent among building finishing contractors (e.g., drywall, finish carpentry, painting). This led to \$41 million in lost unemployment insurance contributions \$41 million in lost income taxes, and \$78 million in lost workers' comp premiums in 2019.

Jacobs, Ken and Kuochih Huang. (2021). *The Public Cost of Low-Wage Jobs in California's Construction Industry*. University of California, Berkeley.

Key Finding: 48% of families in which at least one adult who works in construction are enrolled in public safety net programs such as Medicaid, CHIP, EITC, and SNAP at an estimated annual cost of \$3 billion.

Mangundayao, Ihna; Celine McNicholas; Margaret Poydock; and Ali Sait. (2021). *More Than \$3 Billion in Stolen Wages Recovered for Workers Between 2017 and 2020*. Economic Policy Institute.

Key Finding: Between 2017 and 2020, \$3.24 billion in stolen wages was recovered on behalf of workers by the U.S. Department of Labor, state departments of labor and attorneys general, and through class and collective action litigation—but this represents just a small portion of wages stolen from workers across the country. Potential policy options include increasing funding for the Department of Labor’s Wage and Hour Division, engaging in proactive and strategic enforcement in industries where violations are especially rampant, enhancing civil monetary penalties for violations, protecting worker rights to unionize, and boosting funding for state and local enforcement.

Ormiston, Russell; Mark Erlich; and Dale Belman. (2021). *Payroll Fraud in New York’s Construction Industry: Estimating its Prevalence, Severity and Economic Costs*. Allegheny College; Harvard University; Michigan State University; Institute for Construction Employment Research (ICERES).

Key Finding: There were between 76,000 and 126,000 workers who were either misclassified as independent contractors or employed off-the-books in New York’s construction industry in 2017, representing 13% to 21% of all construction workers. This resulted in \$289 million in unpaid workers’ comp premiums and a \$49 million shortfall in the state UI fund.

Goodell, Nathaniel and Frank Manzo IV. (2021). *The Costs of Wage Theft and Payroll Fraud in the Construction Industries of Wisconsin, Minnesota, and Illinois: Impacts on Workers and Taxpayers*. Midwest Economic Policy Institute.

Key Finding: When compared to employees doing similar work, independent contractors earn about 30% in total compensation in the construction industries of Wisconsin, Minnesota, and Illinois. This includes 13%-22% less in annual wages and 62%-66% in total benefits. Wage theft and payroll fraud cost a total of \$362 million in lost state income taxes, unemployment insurance contributions, and workers’ compensation premiums in these three states every year.

Ormiston, Russell; Dale Belman; and Mark Erlich. (2020). *An Empirical Methodology to Estimate the Incidence and Costs of Payroll Fraud in the Construction Industry*. Allegheny College; Michigan State University; Harvard University.

Key Finding: In the average month in 2017, between 12% and 21% of construction industry workers were misclassified as independent contractors or working off-the-books. Due to payroll fraud, contractors illegally reduce labor costs by \$6.2 billion to \$11.7 billion per year. State workers’ comp programs experienced a \$1.7 billion shortfall due to misclassification. State UI plans experienced a shortfall of up to \$725 million. State income tax revenues are \$552 million lower. As much as \$4.3 billion owed to Social Security and Medicare and \$1.3 billion in federal income taxes was never paid in 2017 due to payroll fraud. Under federal wage statutes, workers are entitled to time-and-a-half for hours worked over 40 hours per week and to premium pay for work over holidays. Employers who misclassify workers as independent contractors can avoid paying these additional wages, resulting in \$811 million to \$1 billion in unpaid overtime and premium wages.

McNicholas, Celine; Zane Mokhiber; and Adam Chalkof. (2017). *Two Billion Dollars in Stolen Wages Were Recovered for Workers in 2015 and 2016 – and That’s Just a Drop in the Bucket*. Economic Policy Institute.

Key Finding: In 2015 and 2016, \$2 billion in stolen wages were repaid to victims of wage theft through litigation, state agency action, and class-action lawsuits. This figure is likely well below the amount actually stolen by wage theft yearly.

Cho, Eunice Hyunhye; Tia Koonse; and Anthony Mischel. (2015). *Hollow Victories: The Crisis in Collecting Unpaid Wages for California’s Workers*. National Employment Law Project; University of California, Los Angeles.

Key Finding: Only 42% of unpaid wages due to wage theft were recovered after being awarded to victims by the California Department of Labor Standards Enforcement. The low chances of repayment combined with the exhaustive litigative process dissuades many from filing claims of wage theft.

Canak, William and Randall Adams. (2010). *Misclassified Construction Employees in Tennessee*. Middle Tennessee State University; Tennessee Technical University.

Key Finding: Between 12,000 and 39,000 construction workers are misclassified or unreported, affecting 11% to 21% of the construction workforce. Losses to state and federal programs were up to \$15 million for the state’s UI program, \$92 million in worker’s compensation premiums, \$73 million in federal income tax, and \$42 million in Social Security funding.

Belman, Dale and Richard Block. (2009). *The Social and Economic Costs of Employee Misclassification in Michigan*. Michigan State University.

Key Finding: 26% of construction firms misclassified employees. Among those who did so, 19% of their employees were misclassified (i.e., 6% of the entire industry workforce), costing the state over \$2 million in UI tax revenue.

Edwards, Kathryn and Kai Filion. (2009). *Outsourcing Poverty: Federal Contracting Pushes Down Wages and Benefits*. Economic Policy Institute.

Key Finding: From 2006 to 2007, the number of federal contract workers grew from 1.4 million to 2 million. Nearly 20% of these contract workers were unable to earn a living wage and did not have the same access to healthcare and retirement plans as provided to federal employees.

Cox, Lauren; Emily Timm; and Cristina Tzintzún. (2009). *Building Austin, Building Injustice*. Workers Defense Project; The University of Texas at Austin.

Key Finding: Access to workers' compensation is one aspect of total compensation and benefits and is especially valuable in injury-prone industries such as construction. Removing workers' access to workers' compensation places the financial burden of medical care on workers, as well as public hospitals and safety net programs like Medicaid.

Theodore, Nik and Marc Doussard. (2006). *The Hidden Public Cost of Low-Wage Work in Illinois*. University of Illinois at Chicago.

Key Finding: Low-wage jobs in 2001-2004 caused working families to rely on government assistance programs. These families constituted 37% of public benefits spending in Illinois, including \$92 million on families with construction workers.

Goh, Yong Lee. (2004). *The Effect of Higher Workers' Compensation Premium Rates on Construction Worker Wages and the Reporting of Injuries*. University of Utah.

Key Finding: As workers' compensation premiums rise in construction, workers experience a significant decrease in wages as well as pressure from employers to not report injuries and utilize workers' compensation for medical care.

Wage Theft is a Crime Against the Taxpayer

Worker misclassification leads to shortfalls in government revenue. Employers withhold state and federal income taxes and make contributions to Social Security, Medicare, and state unemployment insurance and workers' compensation systems on behalf of all workers on their payrolls. By misclassifying employees as "independent contractors," fraudulent contractors leave workers fully responsible for reporting their incomes, paying taxes, and paying the full amount due to public programs like Social Security and Medicare.

Research indicates that misclassified workers would earn higher wages if they were correctly considered employees. That additional income would be subject to state taxes. Furthermore, if they were not illegally paid in cash, the earnings of "off-the-books" construction workers would be fully reported and would be taxed. The result is that the federal government loses up to \$1.3 billion in income tax revenues and up to \$4.3 billion in Social Security and Medicare revenues due to misclassification and payroll fraud in construction ([Ormiston, Belman, & Erlich, 2020](#)). States lose \$1.7 billion in workers' compensation payments, over \$700 million in unemployment insurance contributions, and \$552 million in income tax revenues due to misclassification and payroll fraud in construction ([Ormiston, Belman, & Erlich, 2020](#)). Another national study estimates that revenue for Social Security, Medicare, workers' compensation, and federal and state unemployment insurance decreases by as much as \$3,000 (or 32%) per construction worker who is misclassified as an independent contractor ([Schmitt et al., 2023](#)).

Numerous state-level studies confirm budget shortfalls caused by construction worker misclassification. In California, the unemployment insurance system is cheated of \$63 million and workers' compensation system loses another \$264 million every year due to misclassification and payroll fraud in construction ([Liu, Flaming, & Burns, 2014](#)). In the construction industries of Illinois, Wisconsin, and Minnesota, more than \$360 million is lost each year in income taxes, unemployment insurance contributions, and workers' comp premiums ([Goodell & Manzo, 2021](#)). Studies in Missouri, Rhode Island, Nevada, Massachusetts, New York, Tennessee, and Michigan have found similar impacts ([Kelsay, 2023](#); [Ormiston & Juravich, 2022](#); [Waddoups, Duncan, & Ormiston, 2021](#); [Juravich, Ormiston, & Belman, 2021](#); [Ormiston, Erlich, & Belman, 2021](#); [Canak & Adams, 2010](#); [Belman & Block, 2009](#)).

Because misclassification reduces worker earnings and causes wage theft, fraudulent contractors create burdens on public services funded by taxpayers. Workers who have been misclassified are less likely to have private health insurance coverage—due to the drop in employer-sponsored health insurance coverage—and are more likely to rely on Medicaid ([Greenstein, 2018](#)). Underfunding of workers' compensation systems can shift the financial burden of treatment to public safety nets and local hospitals, with 20% of injured construction workers not being compensated for their injury in any way by their employers ([Cox, Timm, & Tzintzún, 2009](#)). In California, a recent study found that 48% of all families where at least one adult works in construction are enrolled in means-tested government assistance programs like Medicaid, the Earned Income Tax Credit (EITC), or Supplemental Nutrition Assistance Program (SNAP) food stamps. The cost to state public services is estimated at \$3 billion per year ([Jacobs & Huang, 2021](#)).

All workers and law-abiding businesses are forced to pay more in taxes, unemployment insurance contributions, and workers' compensation premiums to cover the deficit caused by payroll fraud in construction. Because contractors with wage and safety violations produce lower-quality public works projects, taxpayers are also forced to pay more to maintain, repair, or replace infrastructure built by unscrupulous contractors who commit misclassification ([Sonn & Gebreselassie, 2009](#)). As a result, wage theft is a crime against taxpayers.

Sources Listed by Release Year

Schmitt, John; Heidi Shierholz; Margaret Poydock; and Samantha Sanders. (2023). *The Economic Costs of Worker Misclassification*. Economic Policy Institute.

Key Finding: When employers misclassify workers as independent contractors, they deprive them of fundamental labor rights. In construction, an independent contractor loses out on as much as \$16,729 per year in income (32%) from being misclassified as an independent contractor compared with what they would have earned as an employee. Revenue for social insurance programs—Social Security, Medicare, Workers' Compensation, and federal and state unemployment insurance—decreases by as much as \$2,965 per construction worker per year due to misclassification as well (32%).

Kelsay, Michael. (2023). *Worker Misclassification and Wage Theft in the Construction Industry in Missouri*. University of Missouri-Kansas City.

Key Finding: In 2020, 21% of workers in Missouri's construction industry were either misclassified as independent contractors or working "off-the-books" in cash-only arrangements. Misclassification and wage theft in the construction industry cost construction workers between \$334 million and \$465 million in lost wages and fringe benefits annually. Payroll fraud also costs Missouri \$69 million in lost workers' compensation contributions, \$28 million in lost unemployment insurance contributions, and \$45 million in forgone state income tax revenue.

Juravich, Tom; Russell Ormiston; and Dale Belman. (2021). *The Social and Economic Costs of Illegal Misclassification, Wage Theft, and Tax Fraud in Residential Construction in Massachusetts*. University of Massachusetts-Amherst; Allegheny College; Michigan State University; Institute for Construction Employment Research (ICERES).

Key Finding: Audits of employer payrolls from 2017 to 2019 indicate that more than one-in-six Massachusetts construction employers (17% to 18%) misclassify their workers as independent contractors. Utilizing a well-established empirical approach of indirectly estimating the full extent of misclassification, there were between 22,000 and 37,000 workers affected by wage and tax fraud in 2019, accounting for 9% to 16% of the industry's workforce. This was especially prevalent among building finishing contractors (e.g., drywall, finish carpentry, painting). This led to \$41 million in lost unemployment insurance contributions \$41 million in lost income taxes, and \$78 million in lost workers' comp premiums in 2019.

Ormiston, Russell; Mark Erlich; and Dale Belman. (2021). *Payroll Fraud in New York's Construction Industry: Estimating its Prevalence, Severity and Economic Costs*. Allegheny College; Harvard University; Michigan State University; Institute for Construction Employment Research (ICERES).

Key Finding: There were between 76,000 and 126,000 workers who were either misclassified as independent contractors or employed off-the-books in New York's construction industry in 2017, representing 13% to 21% of all construction workers. This resulted in \$289 million in unpaid workers' comp premiums and a \$49 million shortfall in the state UI fund.

Jacobs, Ken and Kuochih Huang. (2021). *The Public Cost of Low-Wage Jobs in California's Construction Industry*. University of California, Berkeley.

Key Finding: 48% of families in which at least one adult who works in construction are enrolled in public safety net programs such as Medicaid, CHIP, EITC, and SNAP at an estimated annual cost of \$3 billion.

Goodell, Nathaniel and Frank Manzo IV. (2021). *The Costs of Wage Theft and Payroll Fraud in the Construction Industries of Wisconsin, Minnesota, and Illinois: Impacts on Workers and Taxpayers*. Midwest Economic Policy Institute.

Key Finding: When compared to employees doing similar work, independent contractors earn about 30% in total compensation in the construction industries of Wisconsin, Minnesota, and Illinois. This includes 13%-22% less in annual wages and 62%-66% in total benefits. Wage theft and payroll fraud cost a total of \$362 million in lost state income taxes, unemployment insurance contributions, and workers' compensation premiums in these three states every year.

Ormiston, Russell; Dale Belman; and Mark Erlich. (2020). *An Empirical Methodology to Estimate the Incidence and Costs of Payroll Fraud in the Construction Industry*. Allegheny College; Michigan State University; Harvard University.

Key Finding: In the average month in 2017, between 12% and 21% of construction industry workers were misclassified as independent contractors or working strictly off-the-books. Due to payroll fraud, state workers' compensations programs experienced a \$1.7 billion shortfall due to misclassification. State unemployment insurance plans experienced a shortfall of up to \$725 million. State income tax revenues are \$552 million lower. As much as \$4.3 billion owed to Social Security and Medicare and \$1.3 billion in federal income taxes was never paid in 2017 due to payroll fraud.

Greenstein, Robert. (2018). *Health Coverage Progress Stalls – Even as Economy Reduces Poverty, Boosts Income*. Center on Budget and Policy Priorities.

Key Finding: While poverty rates fell and median income rose in 2017, health insurance coverage did not increase nationally. 8.8% of the U.S. population, 28.5 million people, were not covered by health insurance in 2017, mostly being low wage working adults and their dependents.

Yen Liu, Yvonne; Daniel Flaming; and Patrick Burns. (2014). *Sinking Underground: The Growing Informal Economy in California Construction*. Economic Roundtable.

Key Finding: An analysis of California's construction industry found that 16% of construction workers were employed in the informal economy in 2011, including 104,100 construction workers who were not reported by their employers and 39,800 who were misclassified as independent contractors. The "informal tax gap" results in \$774 million in lost revenue from payroll taxes alone—\$301 million to the federal government and \$473 million to California.

Canak, William and Randall Adams. (2010). *Misclassified Construction Employees in Tennessee*. Middle Tennessee State University; Tennessee Technical University.

Key Finding: Between 12,000 and 39,000 construction workers are misclassified or unreported, affecting 11% to 21% of the construction workforce. Losses to state and federal programs were up to \$15 million for the state's UI program, \$92 million in worker's compensation premiums, \$73 million in federal income tax, and \$42 million in Social Security funding.

Belman, Dale and Richard Block. (2009). *The Social and Economic Costs of Employee Misclassification in Michigan*. Michigan State University.

Key Finding: 26% of construction firms misclassified employees. Among those who did so, 19% of their employees were misclassified (i.e., 6% of the entire industry workforce), costing the state over \$2 million in UI tax revenue.

Sonn, Paul and Tsedeye Gebreselassie. (2009). *The Road to Responsible Contracting: Lessons from States and Cities for Ensuring That Federal Contracting Delivers Good Jobs and Quality Services*. National Employment Law Project (NELP); University of California, Berkeley.

Key Finding: A 1983 Housing and Urban Development audit found an inverse relationship between wage violations and quality of projects for federally-funded construction.

Cox, Lauren; Emily Timm; and Cristina Tzintzún. (2009). *Building Austin, Building Injustice*. Workers Defense Project; The University of Texas at Austin.

Key Finding: Access to workers' compensation is one aspect of total compensation and benefits and is especially valuable in injury-prone industries such as construction. 20% of construction workers in Austin who experienced an injury were not able to take advantage of workers' compensation due to their status as independent contractors. This cost was largely absorbed by public hospitals caring for the injured workers.

Theodore, Nik and Marc Doussard. (2006). *The Hidden Public Cost of Low-Wage Work in Illinois*. University of Illinois at Chicago.

Key Finding: Low-wage jobs in 2001-2004 caused working families to rely on government assistance programs. These families constituted 37% of public benefits spending in Illinois, including \$92 million on families with construction workers.

Ways to Combat Payroll Fraud and Wage Theft in Construction

The U.S. public believes that the misclassification of workers as independent contractors is a significant problem ([NELP, 2016](#)). In a national survey of 1,000 registered voters, 84% said that misclassification is a serious problem. Another 78% of voters favor proposals that would make it harder for companies to misclassify workers as independent contractors and increase fines and penalties for misclassification, including 73% of Republicans. Combatting misclassification can be a popular political issue ([Erlich, 2020](#)).

While worker misclassification can be addressed indirectly through Federal Labor Standards Act (FLSA) investigations, misclassification is not explicitly mentioned in federal labor laws ([GAO, 2009](#)). As a result, many states have enacted employee misclassification laws. Typically, state legislation increases the cost to employers that commit misclassification and wage theft by imposing fines or debarment. Research shows that this leads to a statistically significant decline in the practice, but only if paired with strong enforcement mechanisms ([Galvin, 2016](#)).

There are underutilized tactics that state agencies can use to deter misclassification. Many enforcement agencies rely heavily on formal complaints, which can be ineffective because vulnerable workers are hesitant to file complaints out of fear of retaliation ([Erlich & Gerstein, 2019](#); [Weil & Pyles, 2006](#)). Pairing complaint-driven investigations with targeted, randomized investigations of employers in industries that are prone to misclassification can increase the chances of exposing fraudulent contractors. Additionally, stop-work orders can halt all work on construction sites until contractors turn over payroll records and comply with investigators. Some agencies have reported that response times drop as low as one to two days with the use of stop-work orders ([Erlich & Gerstein, 2019](#)). Another tool to help disenfranchised workers recover lost wages is to record a wage lien against contractors who are under investigation. Wage liens operate similarly to mechanic's liens by not allowing employers to escape payment of wages by dissolving their businesses ([Cho, Koonse, & Mischel, 2013](#); [Gleeson, Taub, & Noss, 2014](#)).

Upstream liability laws hold general contractors liable for the nonpayment of wages and benefits, regardless of which subcontractor breaks the law ([Ormiston et al., 2020](#)). This form of multiemployer liability incentivizes self-policing in the industry by focusing efforts on upper-tier contractors that have authority to change practices through contractual agreements. California, Illinois, Maryland, New Jersey, New York, Nevada, and Virginia have enacted such policies targeted at primary contractors ([Philips, 2021](#)). Illinois' law applies *only* to general contractors who are not signatories to collective bargaining agreements on private projects that exceed \$20,000 and excludes single family residential projects ([Chen, 2022](#)). Wisconsin's Task Force on Payroll Fraud and Worker Misclassification recommended enacting an upstream liability law ([DWD, 2021](#)). Fully 71% of voters support holding general contractors legally responsible if their subcontractors fail to pay earned wages, unemployment insurance contributions, workers' compensation premiums, and Social Security taxes—including 67% of Republicans ([NELP, 2016](#)).

Another legislative solution is to implement or strengthen prevailing wage laws ([Hinkel, 2021](#)). From 2010 through 2019, misclassification and off-the-books employment was 2% lower for construction workers in states with prevailing wage laws. That is because certified payroll records are typically used to survey local markets and ascertain prevailing wage rates for each craft, improving transparency and enforcement on public works projects. States with lower prevailing wage contract thresholds also had fewer construction workers who were misclassified or paid off-the-books because more projects were covered, making workers less vulnerable to illegal labor practices and taxpayers less vulnerable to fraud ([Hinkel, 2021](#)).

Another mechanism to increase the efficacy of state misclassification laws is greater involvement by state Attorneys General (AGs) and District Attorneys (DAs) ([Gerstein, 2021](#)). California, Massachusetts, New York, Illinois, Michigan, Minnesota, New Jersey, Pennsylvania, Virginia, and the District of Columbia have dedicated worker protection units within their AG offices that respond to workers' rights issues. Washington State's AG has also increased its involvement in labor enforcement. These units signal to employers that labor and employment laws will be enforced. They build connections with the labor movement and expand educational initiatives about workers' rights and reporting mechanisms for those most at risk of misclassification ([Lawless, 2019](#); [Gerstein, 2020](#); [Gerstein & Wilpert, 2018](#)).

Importantly, Attorneys General can bring criminal prosecution against unscrupulous contractors that commit illegal misclassification and payroll fraud. If the threshold for wage theft was treated the same as property theft, 27% of all wage theft cases in 25 states would have been felony cases ([Hacker et al., 2023](#)). New York's Wage Theft Accountability Act, signed into law in September 2023, made wage theft a felony, allowing prosecutors to charge larceny and to aggregate stolen wage amounts ([James et al., 2023](#)). Several other states have enacted laws that create criminal liability for illegal misclassification ([Holt, 2021](#)). In 2021, Pennsylvania's Attorney General recovered more than \$20 million in stolen wages for nearly 1,300 construction workers who worked for Glenn O. Hawbaker, Inc. between 2003 and 2018, the largest prosecution for prevailing wage theft in history ([Shapiro, 2021](#)).

Additional state actions can be pursued. Increasing funding for enforcement efforts—for example, by hiring more prevailing wage compliance monitors and more unemployment insurance auditors, especially those who speak multiple languages—would make a difference. States can strengthen punitive measures by enacting larger fines, creating escalating penalties for repeat offenders, and debarring contractors from winning bids on publicly-funded construction projects. States can also reform labor laws to presume that workers are employees, with the burden of proving an independent contractor relationship placed on the employing party ([Holt, 2021](#)). These reforms generally include the “ABC test” in which workers are employees unless three criteria are met: [A] the worker is free from control and direction by the employing party, [B] the worker performs work outside of the course of the hiring party's typical business, and [C] the worker is engaged in an independently established trade or businesses aligning with the work they perform for the hiring party. After Illinois passed the Employee Classification Act with an ABC test, \$1.3 million in penalties against misclassifying employers were generated in 3 years ([Casey & Lewis, 2011](#)).

The federal government has proposed updated rules that would make it more difficult for companies to claim that their workers are independent contractors under the Fair Labor Standards Act ([WHD, 2022](#)). Among other changes, these proposed rules would restore the multifactor, “totality-of-the-circumstances” analysis to employee or independent contractor status, rescind the 2021 Independent Contractor Rule, and return to the longstanding interpretation of “economic reality” factors.

The best way to combat wage theft is to expand unionization. When workers have a voice and are protected by unions, they are more likely to file complaints. Studies have shown that union members are more likely to be aware of misclassification and be familiar with reporting avenues ([Cox, Timm, & Tzintzún, 2009](#); [Construction Industry Tax Fraud, 2021](#)). Additionally, in states with underfunded enforcement efforts, collective bargaining allows workers to organize for better treatment ([Mattera, 2018](#)). Finally, if passed by Congress, the Protecting the Right to Organize (PRO) Act would amend the National Labor Relations Act to make misclassification an unfair labor practice that can be federally investigated and would strengthen the ability of workers to collectively bargain by establishing stiffer penalties on employers for violating labor law and by invalidating anti-union state laws ([Rhinehart et al., 2021](#)).

Sources Listed by Release Year

Wage and Hour Division (WHD). (2022). “U.S. Department of Labor Announces Proposed Rule on Classifying Employees, Independent Contractors; Seeks to Return to Longstanding Interpretation.” U.S. Department of Labor.

Key Finding: “The proposed rule would provide guidance on classifying workers and seeks to combat employee misclassification. Misclassification is a serious issue that denies workers’ rights and protections under federal labor standards, promotes wage theft, allows certain employers to gain an unfair advantage over law-abiding businesses, and hurts the economy at-large.”

Chen, Lori. (2022). “Illinois Governor Signs Bills Expanding Contractors’ Liability for Unpaid Wages of Subcontractors’ Workers.” Ogletree Deakins.

Key Finding: Illinois Governor JB Pritzker signed House Bill 5412 and House Bill 4600 into law, which amend the Illinois Wage Payment and Collection Act to make certain primary contractors liable for any debt owed by a subcontractor (at any tier). HB 4600, the trailer bill, carves out two categories of contractors exempt from liability for such unpaid wages and benefits: (1) contractors who are signatories of collective bargaining agreements on projects where work is being performed and (2) primary contractors altering or repairing an existing single-family dwelling or single residential unit. Additionally, HB 4600 also limits the scope of the amendment to the WPCA, applying it only to contractors doing work in Illinois that exceeds \$20,000 on private (i.e., nongovernment) projects, other than an owner acting as a primary contractor on the owner’s primary residence.

Phillips, Zachary. (2021). “New York State Legislature Passes Construction Wage Theft Bill.” *Construction Dive*.

Key Finding: The New York State Senate and State Assembly passed legislation Wednesday that shifts liability to general contractors for wage theft cases on private construction projects. It made New York the 6th state, in addition to Washington, D.C., to adopt this type of protective wage theft for construction workers.

Shapiro, Josh. (2021). “Hawbaker Sentenced, Will Pay Workers More than \$20 Million in Stolen Wages.” Pennsylvania Attorney General.

Key Finding: Attorney General Josh Shapiro sentenced Glenn O. Hawbaker, Inc. for theft relating to violations of the Pennsylvania Prevailing Wage Act and the federal Davis-Bacon Act. The plea includes paying \$20,696,453 in stolen wages to 1,267 Pennsylvania workers. Hawbaker is one of the largest contractors to complete projects on behalf of the Commonwealth, receiving an estimated \$1.7 billion in contracts between 2003 and 2018. The restitution is for the largest prevailing wage criminal case in U.S. history. Hawbaker pleaded to four felony counts of stealing wages from its workers.

Rhinehart, Lynn; Celine McNicholas; Margaret Poydock; and Ihna Mangndayao. (2021). *Misclassification, the ABC Test, and Employee Status: The California Experience and Its Relevance to Current Policy Debates*.

Key Finding: Federal and state policymakers should adopt the ABC test in their labor and employment laws to ensure workers are not misclassified, and are covered by important workplace rights and protections.

Department of Workforce Development (DWD). (2021). *Payroll Fraud and Worker Misclassification Report: 2021*. State of Wisconsin.

Key Finding: This is a report from the Task Force on Payroll Fraud and Worker Misclassification. In 2020, Wisconsin Unemployment Insurance (UI) Division auditors conducted nearly 1,300 audits and identified 8,900 misclassified workers, generating \$2.34 million in UI taxes and interest. The task force recommends creating a new Insurance Fraud Bureau of Investigations and developing a statutory requirement of upstream liability, among other recommendations.

Gerstein, Terri. (2021). *How District Attorneys and State Attorneys General Are Fighting Workplace Abuses*. Economic Policy Institute.

Key Finding: District attorneys (DAs) and state attorneys general (AGs) have been bringing criminal prosecutions against law-breaking employers. This development is particularly important in light of limits in worker protection laws, underfunding of labor enforcement agencies, and employers’ increasing use of forced arbitration clauses.

Holt, Josh. (2021). “Virginia Joins the Trend of States Cracking Down on Worker Misclassification in the Construction Industry.” *Common Sense Contract Law*.

Key Finding: Virginia’s 2020 employee classification law assumes all workers are employees unless the employer can prove they are contractors under the IRS’s employment relationship test. The bill specifically targeted construction by barring known violators from bidding on public projects for two years.

Ormiston, Russell; Dale Belman; Julie Brockman; and Matt Hinkel. (2020). *Rebuilding Residential Construction*. In Paul Osterman (Ed.), *Creating Good Jobs: An Industry-Based Strategy*, 75-113. MIT Press.

Key Finding: An investigation of 71 drywall installers by Carpenters Local 525 in Kalamazoo, MI found 94% of contractors misclassified workers; 73% of 1,840 workers were misclassified or working off-the-books. Further, this book chapter describes the prevalence of illegal labor practices in residential construction and makes policy recommendations for incentivizing compliance with labor and employment law.

Gerstein, Terri. (2020). *Workers’ Rights Protection and Enforcement by State Attorneys General: State AG Labor Rights Activities from 2018 to 2020*. Economic Policy Institute.

Key Finding: In Washington, D. C., Massachusetts, and New York, state attorneys general have established offices to focus on labor rights. Cases brought against employers for misclassification have generated multiple millions in settlements.

Erllich, Mark and Terri Gerstein. (2019). *Confronting Misclassification and Payroll Fraud: A Survey of State Labor Standards Enforcement Agencies*. Harvard Law School.

Key Finding: Misclassification, a tactic used by employers to reduce labor costs by depriving workers of protections, creates a non-competitive environment against law-abiding employers paying market-based wages and benefits. Statutes governing state wage enforcement agencies explicitly dictate that they must rely on complaint-driven investigations either wholly or mostly. Regulators believe this to be ineffective as workers are intimidated into not reporting, do not know how to report, or are unaware that their employer is acting illegally.

Lawless, Donald. (2019). “Michigan Employers Act Before the Payroll Fraud Enforcement Unit Comes Knocking.” *The National Law Review*, 11(207).

Key Finding: State misclassification laws have caused employers to evaluate their practices for accidental or intentional misclassification and stop the practice before penalties were administered.

Gerstein, Terri and Marni von Wilpert. (2018). *State Attorneys General Can Play Key Roles in Protecting Workers’ Rights*. Economic Policy Institute.

Key Finding: State attorneys general have the authority to direct regulatory agencies and build cases against employers in violation of wage and labor laws and to launch labor education programs in industries where misclassification is prevalent.

Mattera, Philip. (2018). *Grand Theft Paycheck: The Large Corporations Shortchanging Their Workers’ Wages*. Good Jobs First.

Key Finding: Government enforcement of labor laws are subject to administrations hostile to workers and sympathetic to employers. Union representation allows more workers to recover stolen wages.

Galvin, Daniel. (2016). “Deterring Wage Theft: Alt-Labor, State Politics, and the Policy Determinants of Minimum Wage Compliance.” *Perspectives on Politics*, 14(2): 324-350.

Key Finding: Employers base their wage theft strategies on the expected probability of detection and the monetary cost of a violation being detected. State laws that increase the costs of violations that are detected have led to statistically significant declines in wage theft, if coupled with equally strong enforcement mechanisms.

National Employment Law Project (NELP). (2016). *Contracted Out: Findings from a National Voter Survey*.

Key Finding: In a national survey of 1,000 registered voters, 84% of Americans said that companies misclassifying workers as independent contractors is a serious problem and 78% said that workers are better off when they are employees. 78% favor making it harder for companies to misclassify workers as independent contractors, including 73% of Republicans.

Cho, Eunice Hyunhye; Tia Koonse; and Anthony Mischel. (2015). *Hollow Victories: The Crisis in Collecting Unpaid Wages for California's Workers*. National Employment Law Project; University of California, Los Angeles.

Key Finding: Only 42% of unpaid wages due to wage theft were recovered after being awarded to victims by the California Department of Labor Standards Enforcement. In response to low rates of repayment of stolen wages, wage liens can be used to prevent employers from dissolving their company to avoid repayment. When a wage lien is in place, a company dissolving or declaring bankruptcy must retain funds to pay the lien before liquidating.

Gleeson, Shannon; Ruth Silver Taube; and Charlotte Noss. (2014). *Santa Clara County Wage Theft Report*. University of California, Santa Cruz; Santa Clara Law.

Key Finding: Filing wage liens is often the responsibility of local government officials. To bring successful wage theft claims, individuals and classes can engage with local government officials for support in ensuring repayment.

Ordonez, Franco and Mandy Locke. (2014). "IRS' 'Safe Harbor' Loophole Frustrates Those Fighting Labor Tax Cheats." *McClatchy D. C. Bureau*.

Key Finding: Due to the "safe harbor" provision in the Revenue Act, revenue officers charged with investigating worker misclassification and payroll fraud often find themselves unable to administer penalties or change employer practices. Some IRS examiners describe the provision as the "greatest impediment" to fighting worker misclassification.

Casey, Robert and Eva Lewis. (2011). *Independent Contractors and Employee Misclassification in the Construction Industry*. Ogletree, Deakins, Nash, Smoak & Stewart.

Key Finding: The Illinois Employee Classification Act assumes all construction workers are employees unless the employing party can prove they are independent contractors. In the first 3 years after enactment, \$1.3 million in penalties was recovered for misclassified workers. This bill bars known violators from bidding on public project for up to 4 years.

Cox, Lauren; Emily Timm; and Cristina Tzintzún. (2009). *Building Austin, Building Injustice*. Workers Defense Project; The University of Texas at Austin.

Key Finding: Texas' so-called "right-to-work" law has severely reduced union density in construction. However, when surveyed, union construction workers were 58% more likely to know about their labor rights than non-unionized workers.

Government Accountability Office (GAO). (2009). *Employee Misclassification: Improved Coordination, Outreach, and Targeting Could Better Ensure Detection and Prevention*.

Key Finding: Misclassification of workers enables other forms of wage theft, such as minimum wage theft. These minimum wage violations are investigated under the Fair Labor Standards Act, which does not address misclassification.

Weil, David and Amanda Pyles. (2006). "Why Complain? Complaints, Compliance, and the Problem of Enforcement in the U.S. Workplace." *Comparative Labor Law and Policy Journal*, 27(59): 59-92.

Key Finding: For every 130 minimum wage violations in the United States, only one complaint is filed with the appropriate regulatory agency. Explanations for this gap include the fear of retaliation from employers and lack of unionization.

Example Op-Eds on Misclassification and Wage Theft in Construction

Solis, Hilda. (2017). "Opinion: Wage Discrimination in Construction Industry Makes Minimum Standards a Good Idea." *The Mercury News*.

Opinion: Wage Discrimination in Construction Industry Makes Minimum Standards a Good Idea

The Mercury News (San Francisco Bay Area) | By Hilda L. Solis | August 30, 2017

Equal pay for equal work remains elusive, even here in progressive California.

A recent study by Smart Cities Prevail showed that Latinos make up two thirds of the construction workforce, yet only make about 70 cents on the dollar of white workers with the same skills. The study noted that Latino construction workers also are significantly more likely to be uninsured and to struggle with housing affordability.

Low minimum wage standards are one factor that contributes to these types of disparities.

California legislators are soon expected to consider streamlining development of more housing across our state. At its core, the proposal involves removing certain regulatory hurdles in exchange for guarantees that a small percentage of new developments will include "affordable" units.

A similar effort failed last year when no agreement was reached on wage standards for workers on streamlined projects.

According to industry research, workers' wages and benefits are just 15 percent of the total cost of constructing housing. By comparison, profits for developers and contractors are 18 percent of costs and growing faster than the cost of labor.

And while inflation-adjusted construction wages are down 25 percent over the last 20 years, housing prices have soared as much as 54 percent in some markets. Declining wages mean more worker reliance on Medicaid, Food Stamps and other assistance programs.

And with labor standards being eroded, other problems have become more pervasive.

For example, wage theft occurs when employees are paid for fewer hours than they worked, less than legally required, or when their employer is paying in cash and cheating on payroll taxes. California's construction industry has seen a 400 percent increase in wage theft since the 1970s—a period that has also seen a dramatic increase in the share of immigrants in our construction workforce.

A recent study by the Economic Roundtable found that one in six California construction workers is now affected by these crimes. Construction wage theft's annual cost to California workers and taxpayers is in the billions of dollars.

By including things like prevailing wage in a housing streamlining package, California can take an important step in combatting this cycle of exploitation.

Prevailing wage requirements provide a livable, minimum pay rate for construction workers that is consistent with local market standards. By stabilizing the wage floor, the requirement closes pay gaps that disproportionately impact communities of color, decreases the likelihood of working people living in poverty, increases rates of health coverage and increases the probability of a non-white individual pursuing a career in construction.

Prevailing wage also increases participation in skilled trade apprenticeship programs. These programs not only expand a worker's lifetime earnings by as much as \$240,000, but enable construction workers to acquire skills that improve safety, productivity and efficiency on the jobsite. These skills are essential if we hope to boost housing supply in sufficient quantities to close the affordability gap.

To formulate sound policy consistent with California's values, we need to have an honest conversation about how we arrived at our present crisis. By depressing wages and productivity and turning a blind eye to the growing wage theft epidemic, industry profits have exploded. But so has the income gap within the industry, as well as the number of Californians priced out of the housing market.

Something isn't working.

In housing reform, we are being asked to de-regulate one of our state's most lucrative industries. In return, aren't taxpayers entitled to ask that this industry do right by its workers?

Hilda L. Solis is a former member of Congress and was Secretary of Labor from 2009-2013. She now serves on the Los Angeles County Board of Supervisors. She wrote this for The Mercury News.

Sproule, William. (2023). “Opinion: The Deadly Serious Consequences of Illegal Employee Misclassification.” *City & State Pennsylvania*.

Opinion: The Deadly Serious Consequences of Illegal Employee Misclassification

*Low wages and employee misclassification often go hand-in-hand
with unsafe job sites where safety rules are sometimes ignored.*

City & State Pennsylvania | By William Sproule | May 1, 2023

There are an estimated 2.16 million construction workers in the U.S. who are [illegally paid and misclassified](#) as independent contractors every year by thousands of unscrupulous contractors, intent on defrauding federal, state and local governments out of an estimated \$8.4 billion. The Pennsylvania Joint Task Force on the Misclassification of Employees found that such misclassification resulted in an annual loss of \$91 million to Pennsylvania’s Unemployment Compensation Trust Fund.

Greed is the prime motivating factor that drives more and more contractors to underpay their workers, offer no benefits or medical coverage, and routinely use labor brokers to keep their employees off the books and avoid paying taxes, Social Security benefits and insurance coverage. This illegal practice allows those who cheat to substantially underbid their law-abiding competitors, who absorb all appropriate employee costs – including paying all required taxes, health insurance, retirement and workers’ compensation benefits.

Misclassification puts ill-gotten gains in the pockets of tax cheats, while also defrauding the government. It encourages lawlessness and an environment where workers are exploited, taken advantage of, and endangered. The UC Berkeley Labor Center found that “28% of families of construction workers in Pennsylvania are enrolled in one or more safety net programs at a cost to the state and federal government of \$428 million per year.” Compared to all Pennsylvania workers, construction workers are more than twice as likely to lack health insurance (7% compared to 16%).

Low wages and employee misclassification often go hand-in-hand with unsafe job sites where OSHA safety rules are often ignored, if nonexistent. The failure to enforce job safety requirements has had deadly consequences – and law enforcement and local prosecutors are now paying attention and taking action.

One case involved a 27-year-old Irish immigrant with an American wife and an infant son. He tragically lost his life working as a misclassified subcontractor for a Delaware County company that was [criminally charged](#) with unlawful labor practices, including multiple counts of Workplace Misclassification, Deceptive Business Practices, and Insurance and Worker’s Compensation Fraud.

Another recent case involved an immigrant from Belarus who left behind a wife and a three-month-old child after he was killed on a job where the contractor was cited by OSHA for general safety and health violations and a failure to provide fall protection.

Misclassification has severe consequences beyond the financial loss to federal, state and local government coffers. It is a symptom of an illegal business model that cuts corners, pays low wages, fails to play by the rules and is willing to risk workers’ lives. It’s time to increase enforcement and prosecution of those who willfully break the law and misclassify their workforce while ignoring job site safety requirements – all to enrich themselves.

William C. Sproule is Executive Secretary-Treasurer for the Eastern Atlantic States Regional Council of Carpenters where he represents over 43,000 carpenters from Pennsylvania, New Jersey, Delaware, Maryland, Virginia, West Virginia, and the District of Columbia.

James, Letitia; Alvin Bragg; Catalina Cruz; and Joseph Geiger. (2023). “Commentary: Wage Theft Is a Serious Crime. We’re Finally Treating It That Way.” *The Times Union*.

Commentary: Wage Theft Is a Serious Crime. We’re Finally Treating It That Way.

The Wage Theft Accountability Act is an important tool for protecting workers and holding employers accountable.

The Times Union | By Letitia James, Alvin Bragg, Catalina Cruz and Joseph Geiger | September 12, 2023

What do a deli in the Bronx, a car wash in Queens and a construction site in Manhattan have in common? These are among the thousands of businesses across the state facing complaints of wage theft, a pernicious practice in which employers refuse to pay workers what they are owed.

Every year, New York businesses cheat more than 2 million workers out of over \$3.2 billion in wages, a third of which comes from those earning minimum wage. This is money that families rely on to put food on the table, yet wage theft — even when it amounts to tens of thousands of dollars in stolen pay — has been only a misdemeanor in New York, akin to trespassing or jumping a subway turnstile. As a result, prosecutors lack the tools to stop employers who line their pockets with money their employees worked hard to earn.

If it is wrong to steal from someone’s house or a bank, it is just as wrong to steal a person’s wages and labor; for many people, labor is all they have. But as misdemeanors, these cases are subject to limited discovery and a short statute of limitations, which do not reflect the seriousness of the crime. For busy law enforcement offices with limited resources, wage theft’s status as a misdemeanor has meant this crime goes unprosecuted far too often.

It is clear we need stronger measures to hold the perpetrators of wage theft accountable. And New York took a crucial step in the right direction recently when Gov. Kathy Hochul signed the Wage Theft Accountability Act into law. Sponsored by Assemblymember Catalina Cruz and Sen. Neil Breslin, this legislation has made wage theft a felony, giving our prosecutors an important tool to hold employers accountable when these calls come in.

The bill, which went into effect immediately after the governor signed it on Wednesday, allows prosecutors to charge larceny for stolen wages and to aggregate stolen wage amounts, which will now provide much more effective deterrence and consequences for employers who cheat workers.

The Wage Theft Accountability Act recognizes wage theft for what it is: a criminal act. By signing this bill into law, Gov. Hochul has sent a clear message to unscrupulous employers that exploiting their employees will result in serious consequences. Furthermore, it gives workers the legal backing to fight against such exploitation and brings long-overdue justice to victims.

But this legislation goes beyond penalizing wrongdoing; it promotes economic fairness. Fair wages mean more consumer spending, greater job creation and stronger communities. Higher wages also lead to increased income tax revenue, providing additional resources for public services and infrastructure improvements.

This legislation is not just about punishing criminals; it’s about protecting the workers who are the backbone of our economy. It’s about justice, equity and economic prosperity.

For the people who have reached out for help to no avail, and in the name of countless others silently suffering the financial burden of wage theft, New York needed to take action once and for all. With this law, we have

seized the opportunity to protect our workers, our communities and our economy by recognizing wage theft as the outrageous crime that it is.

Letitia James is attorney general of the state of New York. Alvin Bragg is the Manhattan district attorney. Assemblymember Catalina Cruz of Queens represents the 39th Assembly District. Joseph Geiger is executive secretary-treasurer of the New York City and Vicinity District Council of Carpenters.

Weidl, Evan. (2022). "Opinion: Wage Theft Needs More Attention." *The Daily Iowan*.

Opinion: Wage Theft Needs More Attention

The issue of wage theft needs more recognition to be properly combated.

The Daily Iowan | By Evan Weidl | December 11, 2022

If you are a worker in Iowa, there is a good chance you're being robbed, and you may not even know it.

The most common form of theft in the U.S. is not committed via petty crime. It's wage theft.

Every year, Iowa workers do not receive an estimated \$900 million owed to them, [according to Common Good Iowa](#). This includes overtime violations, minimum wage violations, forced work off the clock, and other violations.

Wage theft is one of the most serious and overlooked issues in the U.S. Law enforcement must do more to prevent wage theft, and our lawmakers must do more to protect workers.

Workers who are affected by wage theft are primarily low-wage workers. In the 10 most populous states, 2.4 million workers lose \$8 billion annually to minimum wage violations, [according to the Economic Policy Institute](#).

This averages out to about \$3,300 per year per worker. The Economic Policy Institute estimates that wage theft affects 17 percent of low-wage workers.

Law enforcement must be more vigilant about preventing wage theft. Workers are protected from wage theft [under the Fair Labor Standards Act](#). Even those who are not authorized to work in the U.S. are protected under this law.

The Fair Labor Standards Act was enacted to protect workers from exploitation from their employers. This includes establishing regulations [such as minimum wage and requirements for overtime pay](#).

It is one problem that workers are being robbed of millions in plain sight. It is another that so little is being done to get it back and prevent it from happening again.

In Iowa, for every \$1,000 stolen via wage theft, just \$2 are recovered by public agencies. This loses the state over \$190 million in tax revenue.

Wage theft is illegal in Iowa, and it's time for the government to start doing more to protect workers. The government must take measures to ensure wage theft does not happen in the first place, and if it does happen, enact strong punishments on those who rob their workers.

To prevent wage theft, the state should make it easier to file wage theft claims, make stronger anti-retaliation laws, and hire more investigators to look into claims.

Furthermore, the punishments for wage theft must be firmer. Many employers who get caught stealing from their workers do not face adequate penalties, which promotes further wage theft. The courts must hand out sentences of large fines and considerable jail time to those who are convicted of stealing from their employees,

It is crucial to recognize that the government will not take these steps to protect workers willingly. In 2015, a Republican-led House shot down a bill that would have protected co-workers who testify against employers from retaliation and required employers to keep records on terms of employment, [according to The Cedar Rapids Gazette](#).

The only way workers will get the protections they deserve is by putting pressure on the state and forcing the government's hand. This could be achieved through actions such as strikes and walk-outs.

Action from workers would also bring attention to the issue and shift the narrative. Many people who aren't getting paid what they are owed may not even realize it, or may think it's just an unfortunate reality of being a worker.

Workers stand up and take what they are owed.

It is beyond time for Iowa and the U.S. to stand up against predatory employers who steal from their own employees, but if the government is ever going to take such actions, it will only be because mass amounts of workers joined together and demanded they get what they deserve.

Evan Weidl is an Opinions Columnist at The Daily Iowan, the independent, student-run newspaper at the University of Iowa.

Other Op-Eds Listed by Release Year

LaBarbera, Gary. (2021). “Viewpoint: Measure Will Fight Wage Theft in Construction Industry.” *Times Union*.

Key Finding: The President of the New York State Building & Construction Trades Council says that \$300 million in stolen wages were recovered for exploited workers since 2011, but fraudulent contractors still retain hundreds of millions more.

Obernauer, Charlene. (2021). “Op-Ed: Wage Theft is a Crime – It’s Time to Put an End to It.” *amNY*.

Key Finding: The Executive Director of the New York Committee for Occupational Safety and Health says that a “tell-tale sign of unsafe working conditions are whispers of wage theft violations against workers on private construction projects.”

Leberstein, Sarah. (2021). “The Next Big Step in Stopping Wage Theft in the Construction Industry.” *Gotham Gazette*.

Key Finding: An employment attorney hears daily from construction workers cheated of their wages by subcontractors, especially those on nonunion and residential sites where many immigrant workers are employed.

Castro, Manuel. (2021). “Opinion: Wage Theft is Rampant in NY’s Construction Industry. Albany Can Act Now to Curb It.” *City Limits*.

Key Finding: Addressing wage theft and giving exploited workers a more secure path to recouping unpaid wages would represent a major step towards making sure that immigrant workers are given dignity though hard and important work.

Sproule, William. (2021). “Op-Ed: Construction Industry Tax Cheats Need to Be Held Accountable.” *Metro Philadelphia*.

Key Finding: Construction industry tax cheats fail to pay their workers fair living wages and rarely provide medical coverage, while also evading federal, state, and local taxes, overtime, and workers’ compensation premiums. This gives them a tremendous competitive edge when it comes to bidding on both public and private jobs against law-abiding contractors.

White, Victor. (2019). “Nashville is Being Built on a Pyramid of Payroll Tax Fraud: Opinion.” *Tennessean*.

Key Finding: \$2.6 billion in payroll tax fraud is lost annually. 45% of construction workers in the South reported they did not have workers’ compensation. Workers who reported wage theft lost a median of \$800.

Sanchez, Cesar. (2019). “Bay Area Governments Taking Action on Wage Theft.” *East Bay Express*.

Key Finding: The City of Berkeley’s “wage transparency” ordinance withholds a certificate of occupancy from projects where workers have alleged wage violations, requires contractors provide workers with detailed pay stubs outlining wage rates and deductions, and publicly posts contact information for state enforcement agencies at each jobsite.

Bonilla, Rick. (2017). “Op-Ed: Wage Theft is Preventable.” *The Daily Journal*.

Key Finding: It is up to local cities to enact “wage transparency” ordinances to improve accountability.

Schoonmaker, Derek. (2016). “Suit Against Trump Spotlights All-Too-Common Wage Theft.” *San Francisco Chronicle*.

Key Finding: Wage theft is a crime against workers, against taxpayers, and against honest businesses. It is prevalent in low-wage industries such as construction, food services, custodial services, and landscaping.

Skinner, Nancy. (2015). “Guest Commentary: Cities Can Play a Role in Stopping Wage Theft.” *Marin Independent Journal*.

Key Finding: Wage theft cheats California taxpayers out of at least \$8.5 billion a year in uncollected taxes.

●●● **TABLES** ●●●

FIGURE 1: RESEARCH ON CONSTRUCTION WORKER MISCLASSIFICATION AND PAYROLL FRAUD, 2004-2023

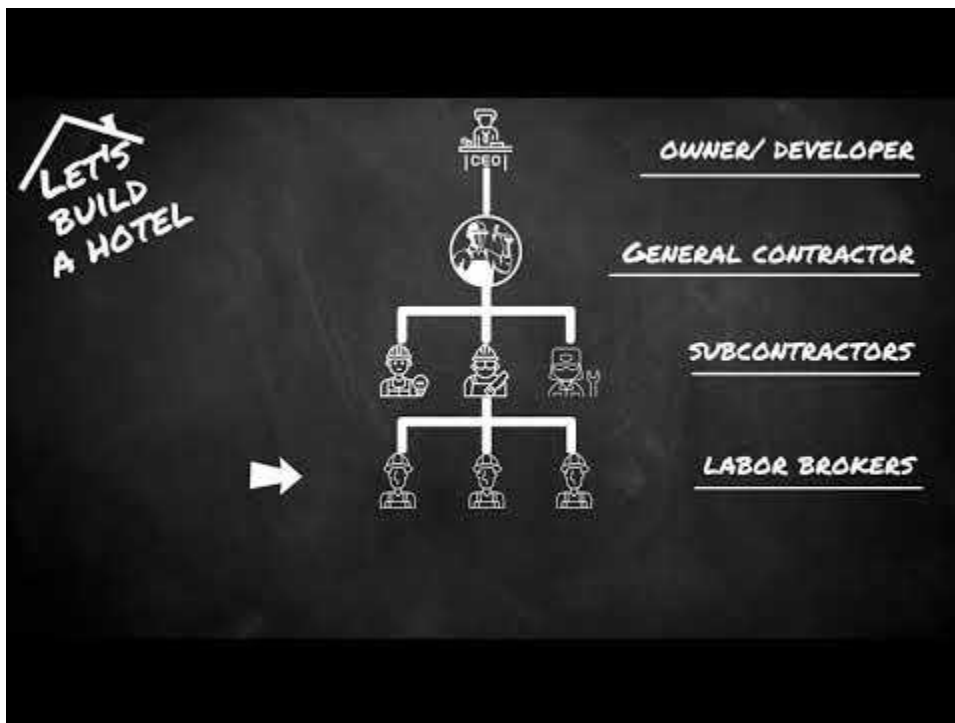
Authors	Year	Geography	Misclassification Estimates
Kelsay	2023	Missouri	21% of construction industry workers were either misclassified or working “off-the-books”
Ormiston & Juravich	2022	Rhode Island	12% of construction employers are misclassifying workers, affecting 8% of the industry workforce
Waddoups, Duncan & Ormiston	2021	Nevada	14% of blue-collar construction workers are misclassified or employed off-the-books
Juravich, Ormiston & Belman	2021	Massachusetts	More than one-in-six employers (17% to 18%) misclassify workers, affecting 9% to 16% of workers
Ormiston, Erlich & Belman	2021	New York	13% to 21% misclassified or working off-the-books
Goodell & Manzo	2021	Wisconsin, Minnesota, and Illinois	18% are misclassified or paid off the books, including 23% in MN, 20% in IL, and 10% in WI
Ormiston, Belman & Erlich	2020	United States	12%-21% estimated illegal employment rate nationally
Xu & Erlich	2019	Washington	19% estimated misclassification by employers
Waddoups, Duncan & Ormiston	2019	Nevada	11% of construction workforce misclassified or off-the-books (14% when excluding white-collar workers)
Theodore, Boggess, Cornejo & Timm	2017	Six Southern Cities	Survey of 1,435 construction workers found 32% were misclassified or working off-the-books
Cooke, Figart & Froonjian	2016	New Jersey	Estimated 144,000 workers were misclassified or unreported (16% of the labor force), with highest rates among helpers, painters, and laborers
Yen Liu, Flaming, & Burns	2014	California	16% of construction workers not reported or misclassified
Price, Timm, & Tzintzún	2013	Texas	Survey of 1,194 construction workers found 41% were misclassified or working off-the-books
Kelsay & Sturgeon	2011	Kentucky	8% of construction employees misclassified
Kelsay & Sturgeon	2010	Indiana	15% of construction employees misclassified
Canak & Adams	2010	Tennessee	Between 12,000 and 39,000 construction workers estimated to be misclassified or unreported
Belman & Block	2009	Michigan	26% of construction firms misclassified employees, misclassifying 6% of the entire industry workforce
Donahue, Lamare, & Kotler	2007	New York	15% of the construction workforce is misclassified
Office of Legislative Auditor	2007	Minnesota	15% of construction firms misclassified employees; rates were highest in roofing (38%) and drywall installation (31%)
Carre & Wilson	2005	Maine	11% of construction workers misclassified
Carre & Wilson	2004	Massachusetts	At least 5% misclassified as independent contractors

FIGURE 2: RESEARCH ON TAX FRAUD DUE TO CONSTRUCTION WORKER MISCLASSIFICATION, 2004-2023

Authors	Year	Geography	State Income Taxes	Unemployment Insurance	Workers' Compensation	Federal Income Tax	Social Security and Medicaid
Kelsay	2023	Missouri	\$9.0-\$45.2 million	\$16.7-\$27.8 million	\$41.3-\$68.9 million	\$33.2-\$104.1 million	\$70.9-118.2 million
Ormiston & Juravich	2022	Rhode Island	\$2-\$7 million	\$7-\$10 million	\$1-\$2 million		
Waddoups, Duncan & Ormiston	2021	Nevada		\$11.8 million	\$31.1 million		
Juravich, Ormiston & Belman	2021	Massachusetts	\$7-\$41 million	\$24-\$41 million	\$37-\$78 million		
Ormiston, Erlich & Belman	2021	New York	\$15-\$56 million	\$49 million	\$289 million	\$29-\$109 million	\$93-\$297 million
Goodell & Manzo	2021	Wisconsin, Minnesota, and Illinois	\$60 million (IL) \$65 million (MN) \$8 million (WI)	\$23 million (IL) \$13 million (MN) \$6 million (WI)	\$103 million (IL) \$58 million (MN) \$26 million (WI)		
Ormiston, Belman, & Erlich	2020	United States	\$160-\$552 million	\$701-\$725 million	\$1.74 billion	\$319 million - \$1.3 billion	\$1.4-\$4.3 billion
Xu & Erlich	2019	Washington		\$152 million	\$54 million	\$77 million	\$60 million
Waddoups, Duncan & Ormiston	2019	Nevada	\$7 million	\$12 million	\$31 million		
Cooke, Figart & Froonjian	2016	New Jersey	\$20 million	\$3-7 million			
Yen Liu, Flaming, & Burns	2014	California		\$63 million	\$264 million		\$301 million
Price, Timm, & Tzintzún	2013	Texas		\$55 million			
Kelsay & Sturgeon	2011	Kentucky	\$6-\$12 million	\$2 million	\$3-\$5 million	\$18-\$30 million	\$11-\$18 million
Kelsay & Sturgeon	2010	Indiana	\$11-\$18 million	\$2 million	\$4-\$8 million		
Canak & Adams	2010	Tennessee		\$14.9 million	\$91.6 million	\$73.4 million	\$42.1 million
Belman & Block	2009	Michigan		\$2.5 million			
Kelsay, Sturgeon, & Pinkham	2006	Illinois	\$9-\$15 million	\$2 million	\$23-\$35 million		
Carre & Wilson	2005	Maine	\$3 million	\$0.3 million	\$7 million		
Carre & Wilson	2004	Massachusetts	\$4-\$7 million	\$1-\$4 million	\$7 million		

●●● VIDEOS ●●●

What is
Misclassification
and
Payroll
Fraud?



The
Low-Road
Business
Model
Explained

Impacts on
the
Construction
Industry



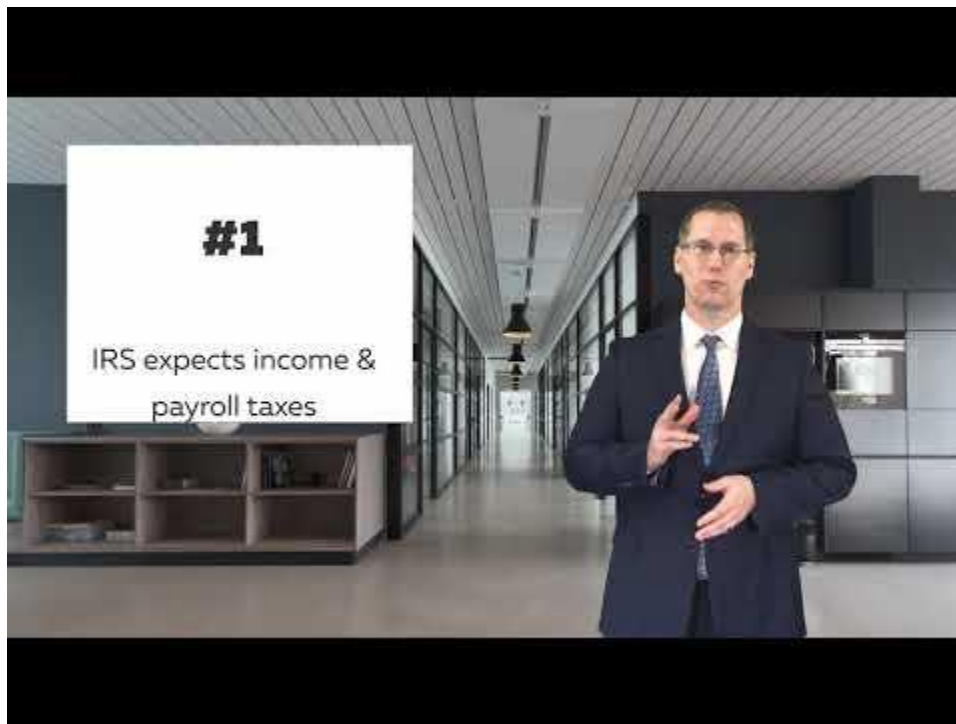
Impacts
on
Workers

Impacts
on All
Contractors



Impacts
on a
Law-Abiding
Business

Impacts
on
Taxpayers



Explainer
for
Business
Owners

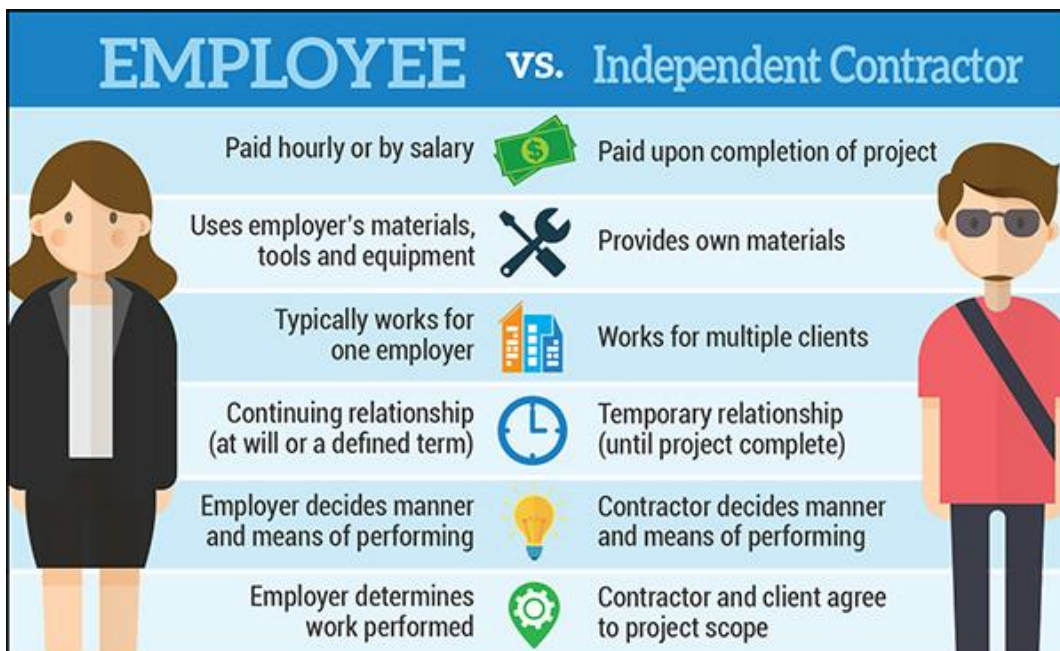
●●● INFOGRAPHICS ●●●

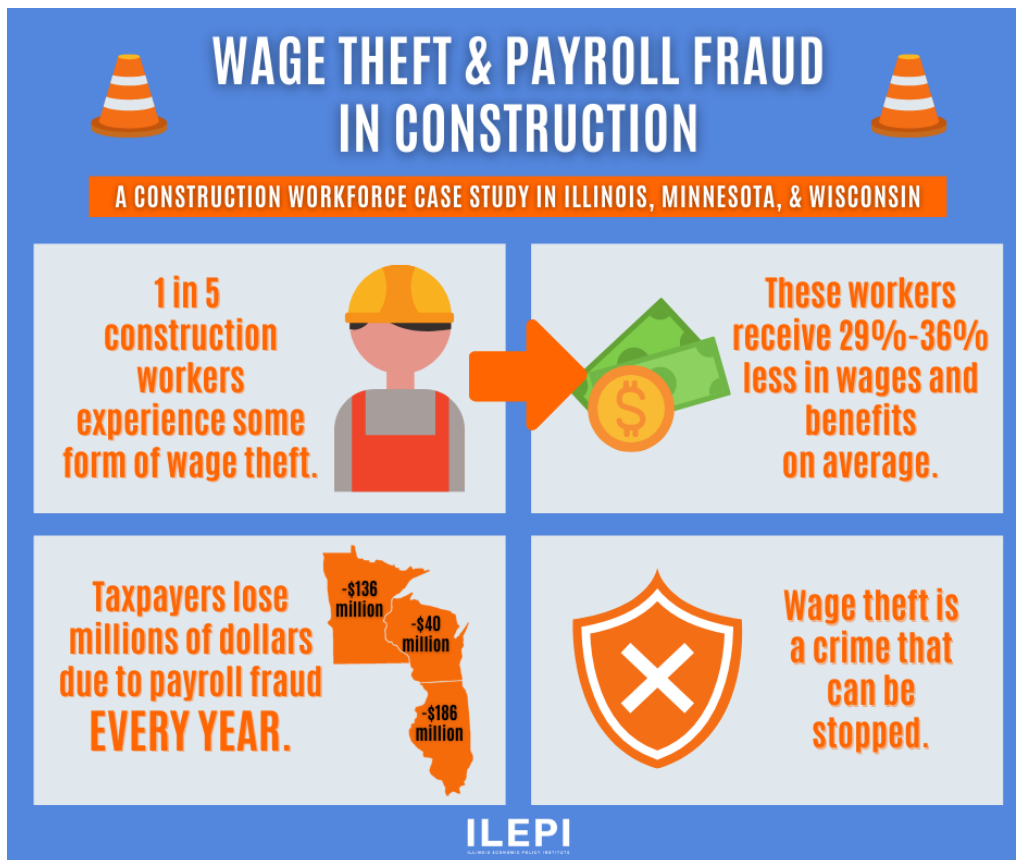
Under the law, there's a big difference between what employees and independent contractors get

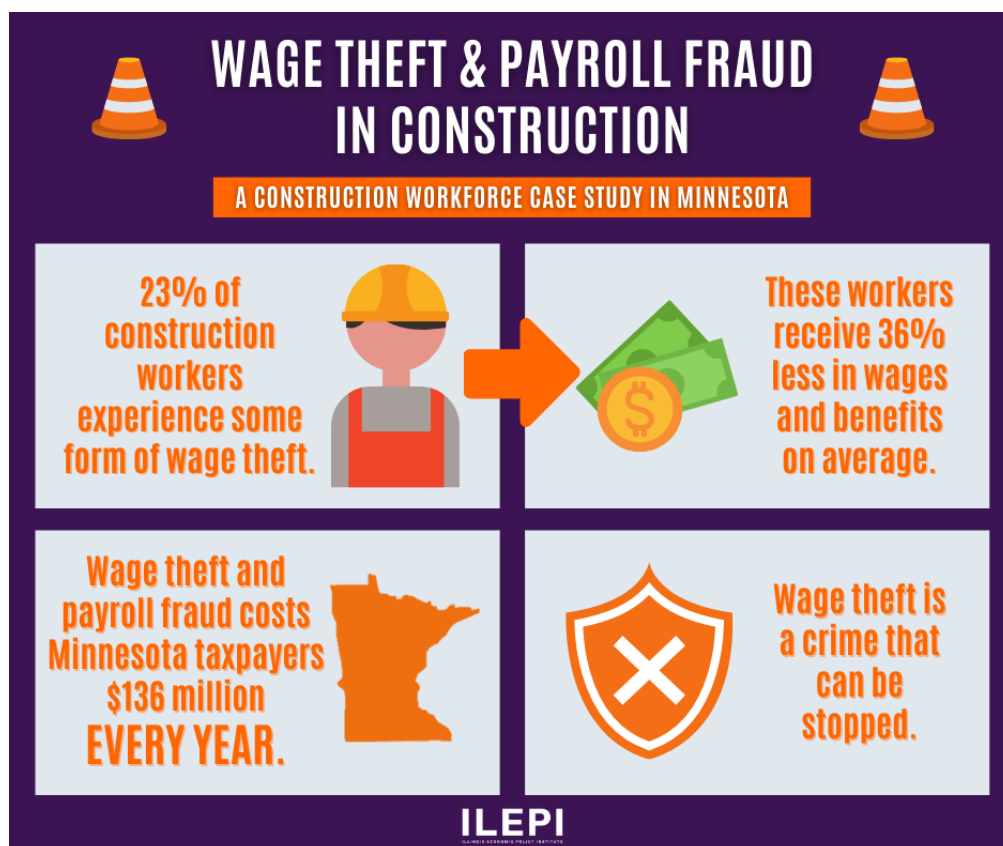
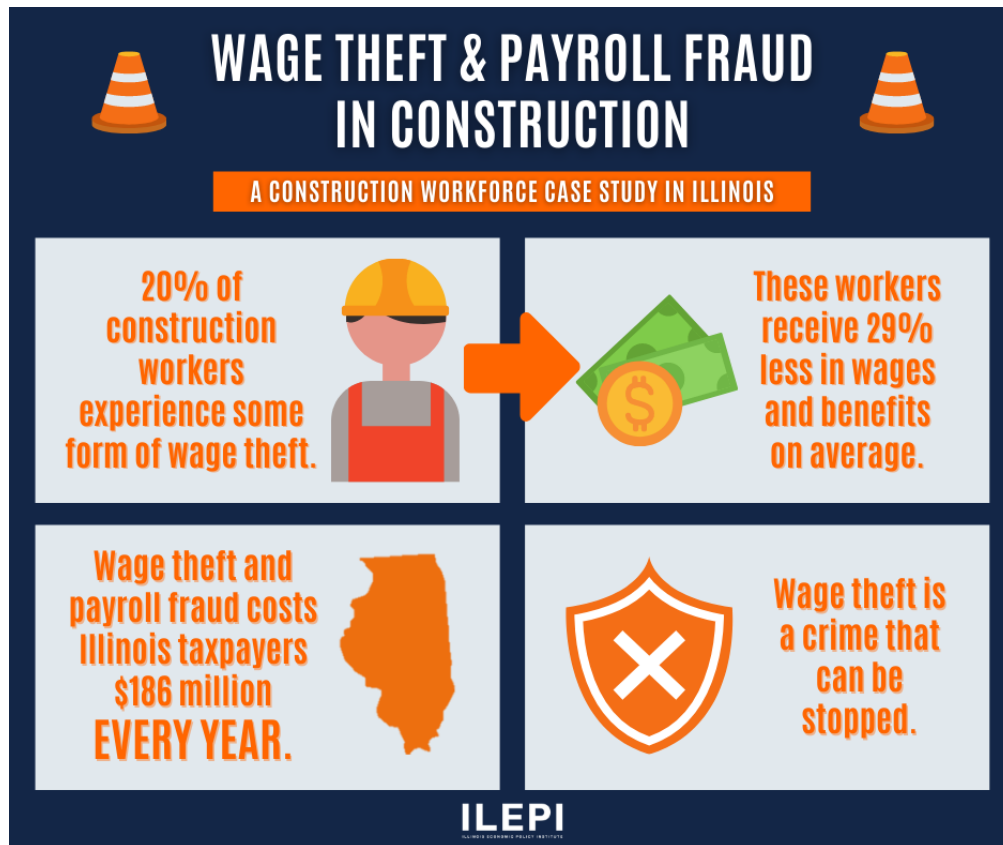
	Employees	Independent contractor
 <i>Minimum wage</i>	☒	☐
 <i>Overtime pay</i>	☒	☐
 <i>Unemployment insurance</i>	☒	☐
 <i>Workers' compensation</i>	☒	☐
 <i>Paid sick days</i>	☒	☐
 <i>Paid family leave</i>	☒	☐
 <i>Right to a union</i>	☒	☐
 <i>Health and safety protections</i>	☒	☐
 <i>Discrimination and sexual harassment protections</i>	☒	☐

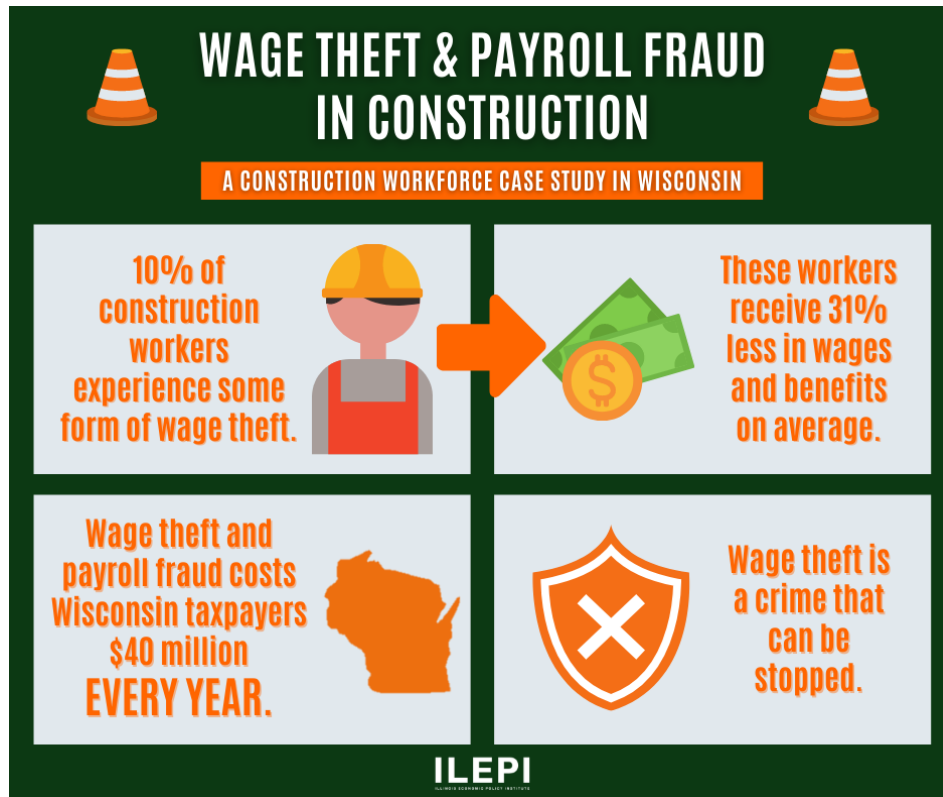
Source: EPI analysis of federal and state laws. Employees receive these protections in places where they are statutorily prescribed.

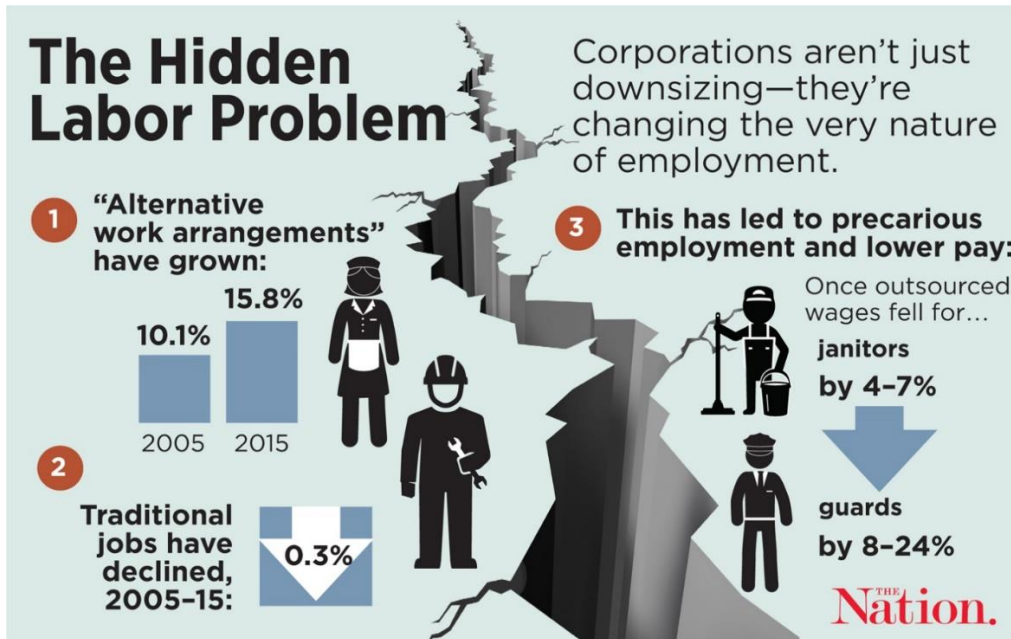
Economic Policy Institute











CALIFORNIA'S AB5

COVERAGE OF WORKERS WHO ARE INDEPENDENT CONTRACTORS AT THEIR MAIN JOB

ABC Test Applies

64%

Most common occupations:

Janitors, maids, and other cleaners
Truck drivers and taxi drivers
Retail workers
Grounds maintenance workers
Childcare workers

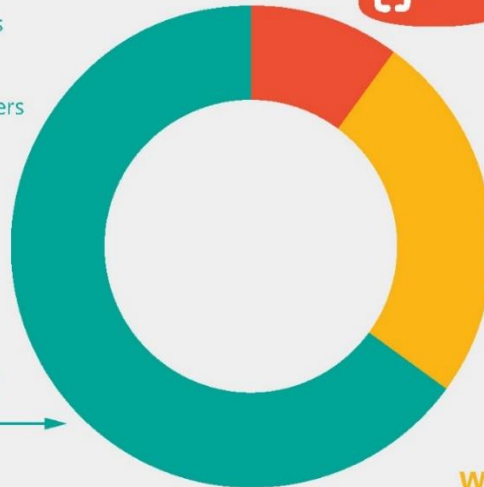


ABC Test Does Not Apply

9%

Most common occupations:

Real estate agents
Lawyers
Accountants
Doctors and dentists



ABC Test Applies Except When Strict Criteria Are Met

27%

Most common occupations:

Construction workers
Hairdressers, barbers, and other personal appearance workers
Designers and other artists
Writers, editors, and photographers
Sales representatives

5 REASONS WHY YOUR INDEPENDENT CONTRACTORS MAY BE EMPLOYEES

INSTRUCTION

If your staff members are receiving instructions from you about when, where and how they are to provide pet sitting or dog walking services—they tend to be employees.



TRAINING

Providing training to staff members is another strong indicator that they may be an employee.

RELATIONSHIP

A continued relationship between your business and the staff member is another indicator. If you continue to use the same IC regularly—they may be considered an employee.



EXCLUSIVE

If an IC only provides services for your business—that is one more indicator that they may be an employee.

BUSINESS SUCCESS

If the success or continuation of your business is dependent on your staff members—that indicates an employer/employee relationship. Would your business remain successful if your ICs no longer provided services?



TimeToPet.com

Employee OR Independent Contractor?

EMPLOYEE



CONTRACTOR



You should classify workers as **employees** if they:

- ✓ Are paid by the week or month
- ✓ Get training and day-to-day supervision
- ✓ Work full time on a regular basis
- ✓ Perform most of their job tasks on the premises
- ✓ Can be fired at any time (rather than falling under contractual terms)
- ✓ Provide services that are an essential part of your normal operations

Workers are most likely **independent contractors** if they:

- ✓ Use their own equipment to perform the job
- ✓ Work on a temporary basis and are paid "per project"
- ✓ Service other clients, often at the same time
- ✓ Work under an individual business license
- ✓ Work at an offsite location (occasional meetings at your business location are OK)
- ✓ Have flexibility to set their own hours and schedule

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●●● STATE ENFORCEMENT AGENCIES ●●●

Alaska

Enforcement Unit: Alaska Department of Labor and Workforce Development, Labor Standards and Safety Division
Address: 1111 W. 8th St. Rm 302, Juneau, Alaska 99811
Mailing: PO Box 111149, Juneau, Alaska 99811-1149
Phone: (907) 465-4842
Email: statewide.wagehour@alaska.gov
Website: <https://labor.alaska.gov/lss/whhome.htm>

Arkansas

Enforcement Unit: Arkansas Division of Workforce Services
Address: #2 Capitol Mall, Little Rock, AR 72201
Mailing: P.O. Box 2981, Little Rock, AR 72203
Phone: (501) 682-2121
Email: ADWS.Info@arkansas.gov
Website: <https://www.dws.arkansas.gov/employers/worker-misclassification/>

California

Enforcement Unit: California Department of Industrial Relations
Address: 1515 Clay Street, Room 1302, Oakland, CA 94612 (Headquarters)
Phone: (833) 526-4636
Email: Available at <https://www.dir.ca.gov/dlse/DistrictOffices.htm>
Website: <https://www.dir.ca.gov/dlse/howtofilewageclaim.htm>

Enforcement Unit: Worker Rights and Fair Labor Section within the California Department of Justice's (DOJ) Division of Public Rights
Address: P.O. Box 944255, Sacramento, CA 94244-2550
Phone: (916) 210-6276
Email: Use <https://oag.ca.gov/contact>
Website: <https://oag.ca.gov/news/press-releases/attorney-general-becerra-establishes-worker-rights-and-fair-labor-section>

Colorado

Enforcement Unit: Colorado Department of Labor and Employment, Unemployment Insurance Employer Services
Address: P.O. Box 46538, Denver, CO 80201
Phone: (303) 318-9100
Website: <https://cdle.colorado.gov/misclassification>

Connecticut

Enforcement Unit: Connecticut Department of Labor, Division of Wage and Workplace Standards

Address: 200 Folly Brook Blvd., Wethersfield, CT 06109

Phone: 860-263-6000

- Minimum Wage/Overtime: (860) 263-6790
- Wage Payment: (860) 263-6790
- Public Contract Compliance (Prevailing Wage): (860) 263-6790
- Workplace Standards (Employment Regulation/Minors): (860) 263-6791

Website: <https://www.ctdol.state.ct.us/wgwkstnd/Contact.htm>

Hawaii

Enforcement Unit: Hawaii Department of Labor and Industrial Relations, Wage Standards Division

Address: 830 Punchbowl Street, Room 340, Honolulu, Hawaii 96813 (Capitol)

Phone: (808) 586-8777

Email: dlir.wages@hawaii.gov

Website: <https://labor.hawaii.gov/wsd/contact/>

Illinois

Enforcement Unit: Office of the Illinois Attorney General, Workplace Rights Bureau

Address: 100 W. Randolph Street, Chicago, IL 60601

Phone: (844) 740-5076

Website: https://illinoisattorneygeneral.gov/rights/labor_employ.html

Enforcement Unit: Office of the Illinois Attorney General, Labor Law Unit

Address: 100 W. Randolph Street, Chicago, IL 60601

Website: https://illinoisattorneygeneral.gov/rights/labor_employ.html

Indiana

Enforcement Unit: Indiana Attorney General

Address: 302 W. Washington St., 5th Floor, Indianapolis, IN 46204

Phone: (317) 232-6201

Email: wagehour@dol.in.gov

Website: <https://www.in.gov/dol/wage-and-hour/worker-misclassification/>

Iowa

Enforcement Unit: Iowa Workforce Development, Iowa Worker Misclassification Unit

Address: 1000 East Grand Avenue, Des Moines, IA 50319

Phone: (515) 725-3893

Email: misclassification@iwd.iowa.gov

Website: <https://www.iowaworkforcedevelopment.gov/misclassification-workers-iowa>

Kentucky

Enforcement Unit: Kentucky Office of Unemployment Insurance, Tax Audit Branch

Mailing: PO Box 948, Frankfort, KY 40601

Phone: (502) 564-6838

Email: desauditors@ky.gov

Website: https://kewes.ky.gov/Employertax/Misc_report.aspx

Maine

Enforcement Unit: Maine Department of Labor, Bureau of Labor Standards

Address: 45 State House Station, Augusta, Maine 04333-0045

Phone: (207) 623-7900

Email: mdol@maine.gov

Website: <https://www.maine.gov/labor/bls/>

Maryland

Enforcement Unit: Maryland Department of Labor, Division of Labor and Industry, Employment Standards Service

Address: 1100 N. Eutaw Street, Room 607, Baltimore, MD 21201

Phone: (410) 767-2357

Email: dldiemploymentstandards-labor@maryland.gov

Website: <https://www.dllr.state.md.us/labor/wages/>

Massachusetts

Enforcement Unit: Massachusetts Attorney General's Fair Labor Division

Phone: (617) 727-3465

Email: Use <https://www.mass.gov/how-to/file-a-workplace-complaint>

Website: <https://www.mass.gov/orgs/the-attorney-generals-fair-labor-division>

Michigan

Enforcement Unit: Michigan Attorney General's Office, Payroll Fraud Enforcement Unit

Address: 525 W. Ottawa St., Lansing, MI 48906

Phone: (833) 221-1099

Website: <https://www.michigan.gov/ag/initiatives/payroll-fraud>

Minnesota

Enforcement Unit: Office of Minnesota Attorney General Keith Ellison, Wage Theft Unit

Address: 445 Minnesota Street, Suite 1400, St. Paul, MN 55101

Phone: (651) 296-3353

Website: <https://www.ag.state.mn.us/Consumer/Publications/WageTheft.asp>

Enforcement Unit: Minnesota Department of Labor and Industry

Address: 443 Lafayette Road North, St. Paul, MN 55155

Phone: (651) 284-5070

Email: dli.laborstandards@state.mn.us

Website: <https://www.ag.state.mn.us/Consumer/Publications/WageTheft.asp>

Address: Minnesota Department of Employment and Economic Development

Mailing: 332 Minnesota Street, Suite E200, St. Paul, MN 55101

Phone: 332 Minnesota Street, Suite E200, St. Paul, MN 55101

Email: DEED.CustomerService@state.mn.us

Website: <https://www.ag.state.mn.us/Consumer/Publications/Misclassification.asp>

Address: Minnesota Department of Revenue, Tax Evasion or Tax Fraud Tips

Mailing: 600 N. Robert Street, St. Paul, MN 55146

Phone: (651) 297-5195

Email: tax.fraud@state.mn.us

Website: <https://www.ag.state.mn.us/Consumer/Publications/Misclassification.asp>

Missouri

Enforcement Unit: Missouri Department of Labor & Industrial Relations, Division of Labor Standards

Address: 3315 W. Truman Blvd., Rm 205, Jefferson City, MO 65102

Mailing: P.O. Box 449, Jefferson City, MO 65102-0449

Phone: (573) 751-3403

Email: laborstandards@labor.mo.gov

Website: <https://labor.mo.gov/DLS>

Montana

Enforcement Unit: Montana Department of Labor & Industry, Employment Relations Division, Compliance and Investigations Bureau

Address: 1805 Prospect Avenue, Helena, MT 59601

Mailing: PO Box 201503, Helena, MT 59620-1503

Phone: (406) 444-6543

Email: DLIERDWage@mt.gov

Website: <https://erd.dli.mt.gov/labor-standards/>

New Hampshire

Enforcement Unit: New Hampshire Department of Labor, Inspection Division

Address: Spaulding Building, 95 Pleasant St, Concord, NH 03301

Phone: (603) 271-3176

Email: InspectionDiv@dol.nh.gov or WorkersComp@dol.nh.gov

Website: <https://www.nh.gov/labor/contact-us/index.htm>

New Jersey

Enforcement Unit: New Jersey Division of Wage & Hour Compliance, Wage Collection Section

Mailing: PO Box 389, Trenton, NJ 08625-0389

Phone: (609) 292-3658

Email: WHWC@dol.nj.gov

Website: <https://www.nj.gov/labor/wageandhour/>

New Mexico

Enforcement Unit: New Mexico Department of Workforce Solutions, Labor Relations Division

Address: 401 Broadway Blvd NE, Albuquerque, NM 87102

Phone: (505) 841-4400

Website: <https://www.dws.state.nm.us/en-us/Labor-Relations/Labor-Information/Wage-and-Hour>

New York

Enforcement Unit: Labor Bureau of the New York State Attorney General's Office

Address: 28 Liberty Street, New York, NY 10005

Phone: (212) 416-8700

Email: Labor.Bureau@ag.ny.gov

Website: <https://ag.ny.gov/bureau/labor-bureau>

Tip Hotline Phone: (888) 469-7365

Tip Hotline Form: <https://www.ny.gov/content/report-suspected-workplace-violations>

Nevada

Enforcement Unit: Nevada Department of Business & Industry, Office of the Labor Commissioner

Address: 1818 College Parkway, Suite 102, Carson City, NV 89706

Phone: (775) 684-1890

Email: mail1@labor.nv.gov

Website: https://labor.nv.gov/Contact/Contact_Us/

North Carolina

Enforcement Unit: North Carolina Department of Labor, Standards and Inspections Division

Address: 4 West Edenton St., Raleigh, NC 27601

Mailing: 1101 Mail Service Center, Raleigh, NC 27699-1101

Phone: (800) 625-2267

Website: <https://www.labor.nc.gov/about-ncdol/divisions/standards-and-inspections-division#wage-and-hour-bureau>

North Dakota

Enforcement Unit: North Dakota Department of Labor and Human Rights

Address: 600 East Boulevard Avenue Bismarck, ND 58505-0340

Phone: (701) 328-2660

Email: labor@nd.gov

Website: <https://www.nd.gov/labor/wage-and-hour-topics>

Oklahoma

Enforcement Unit: Oklahoma Department of Labor, Wage and Hour Unit
Address: 3017 North Stiles Avenue, Oklahoma City, Oklahoma 73105
Phone: (405) 521-6100
Email: wageclaims@labor.ok.gov
Website: https://www.ok.gov/Labor/WORKPLACE_RIGHTS/Wage_and_Hour/index.html

Pennsylvania

Enforcement Unit: Pennsylvania Office of Attorney General
Address: 16th Floor, Strawberry Square, Harrisburg, PA 17120
Phone: (717) 787-3391
Email: wagetheft@attorneygeneral.gov
Website: <https://www.attorneygeneral.gov/taking-action/press-releases/hawbaker-sentenced-will-pay-workers-more-than-20-million-in-stolen-wages/>
Philadelphia District Attorney Unit: <https://www.inquirer.com/news/district-attorney-larry-krasner-employer-crimes-prosecution-wage-theft-20191008.html>

Rhode Island

Enforcement Unit: Rhode Island Department of Labor and Training, Task Force on the Underground Economy and Employee Misclassification
Address: 1511 Pontiac Ave, Cranston, RI 02920
Phone: (401) 574-8785
Email: philip.dambra@tax.ri.gov
Website: <https://dlt.ri.gov/misclassification/>

South Carolina

Enforcement Unit: South Carolina Department of Labor, Licensing and Regulation, Office of Wages and Child Labor
Address: 110 Centerview Dr., Columbia SC 29210
Phone: (803) 896-7756
Website: <https://llr.sc.gov/wage/paymentofwages.aspx>

Tennessee

Enforcement Unit: Tennessee Department of Labor & Workforce Development, Labor Standards Unit
Address: 220 French Landing Drive, Nashville, Tennessee 37243
Phone: (844) 224-5818
Website: <https://www.tn.gov/workforce/employers/safety---health/regulations-compliance/regulations---compliance-redirect/labor-standards-unit.html>

Vermont

Enforcement Unit: Vermont Department of Labor, Wage and Hour Program
Address: 63 Pearl Street, Burlington, VT 05401-4331
Phone: (802) 951-4083
Email: Labor.WageHour@vermont.gov
Website: <https://labor.vermont.gov/wage-and-hour/contact-wage-and-hour>

Washington

Enforcement Unit: Washington State Office of the Attorney General

Address: 1125 Washington Street SE, PO Box 40100, Olympia, WA 98504-0100

Phone: (360) 753-6200

Website: <https://www.atg.wa.gov/news/news-releases/attorney-general-s-legislation-strengthening-wage-theft-laws-and-increasing>

Enforcement Unit: Seattle City Attorney, The Civil Division

Address: 701 Fifth Avenue, Suite 2050, Seattle, WA, 98104-7095

Phone: (206) 684-8200

Website: <https://www.seattle.gov/cityattorney/about-us/civil-division>

Enforcement Unit: Washington State Department of Labor & Industries

Address: 7273 Linderson Way SW, Tumwater, WA 98501-5414

Phone: (360) 902-5800

Email: Use <https://secure.lni.wa.gov/wagecomplaint/#/>

Website: <https://www.atg.wa.gov/news/news-releases/attorney-general-s-office-labor-industries-secure-more-89k-wages-and-interest>

Wisconsin

Enforcement Unit: Wisconsin Department of Workforce Development

Address: 201 E Washington Ave; Room A100, Madison, WI 53703

Mailing: PO Box 8928, Madison, WI 53708-8928

Phone: (608) 266-6860

Email: erinfo@dwd.wisconsin.gov

Website: <https://dwd.wisconsin.gov/er/contacts.htm>

Wyoming

Enforcement Unit: Wyoming Department of Workforce Services, Labor Standards Office

Address: 5221 Yellowstone Road, Cheyenne, WY 82002 (Main Office)

Phone: (307) 777-7261

Website: <http://wyomingworkforce.org/workers/labor/>

●●● RESEARCH SORTED BY YEAR ●●●

Ormiston, Russell; Dale Belman; and Mark Erlich. (2020). *An Empirical Methodology to Estimate the Incidence and Costs of Payroll Fraud in the Construction Industry*. Allegheny College; Michigan State University; Harvard University.

Key Finding: In the average month in 2017, between 12% and 21% of construction industry workers were misclassified as independent contractors or working strictly off-the-books. Over the peak summer months, this increased to between 13% and 22%. Due to payroll fraud, construction companies illegally reduce labor costs by between \$6.2 billion and \$11.7 billion per year. State workers' compensations programs experienced a \$1.7 billion shortfall due to misclassification. State unemployment insurance plans experienced a shortfall of up to \$725 million. State income tax revenues are also \$160 million to \$552 million lower. Between \$1.4 billion and \$4.3 billion owed to Social Security and Medicare and \$319 million and \$1.3 billion in federal income taxes was never paid in 2017 due to payroll fraud. Under federal wage statutes, workers are entitled to time-and-a-half for hours worked over 40 hours per week and to premium pay for work over holidays. Employers who misclassify workers as independent contractors can avoid paying these additional wages, resulting in \$811 million to \$1 billion in unpaid overtime and premium wages.

Schmitt, John; Heidi Shierholz; Margaret Poydock; and Samantha Sanders. (2023). *The Economic Costs of Worker Misclassification*. Economic Policy Institute.

Key Finding: When employers misclassify workers as independent contractors, they deprive them of fundamental labor rights. In construction, an independent contractor loses out on as much as \$16,729 per year in income (32%) from being misclassified as an independent contractor compared with what they would have earned as an employee. Revenue for social insurance programs—Social Security, Medicare, Workers' Compensation, and federal and state unemployment insurance—decreases by as much as \$2,965 per construction worker per year due to misclassification as well (32%).

Kelsay, Michael. (2023). *Worker Misclassification and Wage Theft in the Construction Industry in Missouri*. University of Missouri-Kansas City.

Key Finding: In 2020, 21% of workers in Missouri's construction industry were either misclassified as independent contractors or working "off-the-books" in cash-only arrangements. Misclassification and wage theft in the construction industry cost construction workers between \$334 million and \$465 million in lost wages and fringe benefits annually. Payroll fraud also costs Missouri \$69 million in lost workers' compensation contributions, \$28 million in lost unemployment insurance contributions, and \$45 million in forgone state income tax revenue.

Hacker, Chris; Ash-Har Quraishi; Amy Corral; Ryan Beard. (2023). "Wage Theft Often Goes Unpunished Despite State Systems Meant to Combat It." *CBS News*.

Key Finding: Even when wage theft is reported, employers often manage to avoid paying back the wages they owe. CBS News submitted public records requests to nearly every state labor department in the country and built a database of more than 650,000 total complaints. Of those cases, state agencies ruled in favor of claimants only about half of the time. Even when workers won their claims, more than a third of those successful cases—totaling nearly \$1 billion—showed no money was ever recovered. Finally, if wage theft was treated the same as felony theft (or the threshold at which a misdemeanor street crime becomes a felony), 177,000 wage theft cases in 25 states could have been felony cases. This includes over 25% of cases in New Jersey, Illinois, Massachusetts, New Hampshire, Kentucky, Indiana, Maryland, New York, Maine, Montana, Minnesota, Kansas, Utah, and Michigan.

Siegelbaum, Max; Agnel Philip; and Lam Thuy Vo. (2023). "127,000 New York Workers Have Been Victims of Wage Theft." *ProPublica*.

Key Finding: Analyzing federal and state databases of labor violations obtained from the U.S. Department of Labor and the New York State Department of Labor, investigative reporters found that more than \$203 million in wages had been stolen from 127,000 workers in New York from 2017 through 2021. About 1,600 construction companies stole wages from more than 7,700 New York workers from 2017 through 2021. The article notes that "the amount of wage theft is almost certainly a significant undercount."

Sproule, William. (2023). “Opinion: The Deadly Serious Consequences of Illegal Employee Misclassification.” *City & State Pennsylvania*.

Key Finding: The Pennsylvania Joint Task Force on the Misclassification of Employees found that such misclassification resulted in an annual loss of \$91 million to Pennsylvania’s Unemployment Compensation Trust Fund. Misclassification puts ill-gotten gains in the pockets of tax cheats, while also defrauding the government. It encourages lawlessness and an environment where workers are exploited, taken advantage of, and endangered. The UC Berkeley Labor Center found that “28% of families of construction workers in Pennsylvania are enrolled in one or more safety net programs at a cost to the state and federal government of \$428 million per year.”

James, Letitia; Alvin Bragg; Catalina Cruz; and Joseph Geiger. (2023). “Commentary: Wage Theft Is a Serious Crime. We’re Finally Treating It That Way.” *The Times Union*.

Key Finding: The Wage Theft Accountability Act has made wage theft a felony, giving prosecutors an important tool to hold employers accountable. The law, which went into effect immediately after signing, allows prosecutors to charge larceny for stolen wages and to aggregate stolen wage amounts, which will now provide much more effective deterrence and consequences for employers who cheat workers. The Wage Theft Accountability Act recognizes wage theft for what it is: a criminal act.

Isser, Mindy. (2023). “Employers Steal Up to \$50 Billion From Workers Every Year. It’s Time to Reclaim It.” *In These Times*.

Key Finding: Wage theft is particularly common in nonunion construction, which often operates “underground,” with workers either being misclassified or being paid in cash. The industry operates under very little oversight, with regulators not having the resources to enforce laws or not being able to pinpoint responsible parties due to multiple layers of subcontracting. And because more than 1-in-10 construction workers are undocumented immigrants, employers are often more likely to engage in abuse, as workers may not know their rights or fear retribution if they assert them.

Ormiston, Russell and Tom Juravich. (2022). *Worker Misclassification and Wage Theft in Rhode Island*. Allegheny College; University of Massachusetts-Amherst; Institute for Construction Employment Research (ICERES).

Key Finding: Rhode Island employers misclassified 4% of the state’s workforce in 2019, representing more than 19,000 workers. In construction, 12% of construction employers are misclassifying workers, affecting 8% of the industry workforce. Payroll fraud costs taxpayers between \$25 million and \$54 million annually.

Wage and Hour Division (WHD). (2022). “U.S. Department of Labor Announces Proposed Rule on Classifying Employees, Independent Contractors; Seeks to Return to Longstanding Interpretation.” U.S. Department of Labor.

Key Finding: “The proposed rule would provide guidance on classifying workers and seeks to combat employee misclassification. Misclassification is a serious issue that denies workers’ rights and protections under federal labor standards, promotes wage theft, allows certain employers to gain an unfair advantage over law-abiding businesses, and hurts the economy at-large.”

Chen, Lori. (2022). “Illinois Governor Signs Bills Expanding Contractors’ Liability for Unpaid Wages of Subcontractors’ Workers.” Ogletree Deakins.

Key Finding: Illinois Governor JB Pritzker signed House Bill 5412 and House Bill 4600 into law, which amend the Illinois Wage Payment and Collection Act to make certain primary contractors liable for any debt owed by a subcontractor (at any tier). HB 4600, the trailer bill, carves out two categories of contractors exempt from liability for such unpaid wages and benefits: (1) contractors who are signatories of collective bargaining agreements on projects where work is being performed and (2) primary contractors altering or repairing an existing single-family dwelling or single residential unit. Additionally, HB 4600 also limits the scope of the amendment to the WPCA, applying it only to contractors doing work in Illinois that exceeds \$20,000 on private (i.e., nongovernment) projects, other than an owner acting as a primary contractor on the owner’s primary residence.

Finn, Sean. (2022). *A Heist in Plain Sight*. Common Good Iowa.

Key Finding: Each year, employers steal wages from 1-in-7 Iowa workers, amounting to \$900 million in stolen wages (\$300 each week for victims) and \$190 million in lost tax revenue. Wage theft is most common in construction, food service, hospitality, nursing, and childcare jobs. When low-road employers steal wages to cut costs, responsible businesses lose out.

Weidl, Evan. (2022). “Opinion: Wage Theft Needs More Attention.” *The Daily Iowan*.

Key Finding: In Iowa, for every \$1,000 stolen via wage theft, just \$2 are recovered by public agencies. This loses the state over \$190 million in tax revenue.

Waddoups, Jeffrey; Kevin Duncan; and Russell Ormiston. (2021). *Payroll Fraud in Nevada’s Construction Industry: Extent and Fiscal Impact*. University of Nevada, Las Vegas; Colorado State University-Pueblo; Allegheny College; Institute for Construction Employment Research (ICERES).

Key Finding: There were about 12,700 workers who were either misclassified as independent contractors or employed off-the-books in Nevada’s construction industry in 2018, representing 11% of the industry and 14% of blue-collar construction workforce. This resulted in \$31 million in unpaid workers’ comp premiums, a \$12 million shortfall in the state UI fund, and \$7 million in uncollected tax revenue via the Modified Business Tax.

Mangundayao, Ihna; Celine McNicholas; Margaret Poydock; and Ali Sait. (2021). *More Than \$3 Billion in Stolen Wages Recovered for Workers Between 2017 and 2020*. Economic Policy Institute.

Key Finding: Between 2017 and 2020, \$3.24 billion in stolen wages was recovered on behalf of workers by the U.S. Department of Labor, state departments of labor and attorneys general, and through class and collective action litigation—but this represents just a small portion of wages stolen from workers across the country. Potential policy options include increasing funding for the Department of Labor’s Wage and Hour Division, engaging in proactive and strategic enforcement in industries where violations are especially rampant, enhancing civil monetary penalties for violations, protecting worker rights to unionize, and boosting funding for state and local enforcement.

Juravich, Tom; Russell Ormiston; and Dale Belman. (2021). *The Social and Economic Costs of Illegal Misclassification, Wage Theft, and Tax Fraud in Residential Construction in Massachusetts*. University of Massachusetts-Amherst; Allegheny College; Michigan State University; Institute for Construction Employment Research (ICERES).

Key Finding: Audits of employer payrolls from 2017 to 2019 indicate that more than one-in-six Massachusetts construction employers (17% to 18%) misclassify their workers as independent contractors. Utilizing a well-established empirical approach of indirectly estimating the full extent of misclassification, there were between 22,000 and 37,000 workers affected by wage and tax fraud in 2019, accounting for 9% to 16% of the industry’s workforce. This was especially prevalent among building finishing contractors (e.g., drywall, finish carpentry, painting). This led to \$41 million in lost unemployment insurance contributions \$41 million in lost income taxes, and \$78 million in lost workers’ comp premiums in 2019.

Ormiston, Russell; Mark Erlich; and Dale Belman. (2021). *Payroll Fraud in New York’s Construction Industry: Estimating its Prevalence, Severity and Economic Costs*. Allegheny College; Harvard University; Michigan State University; Institute for Construction Employment Research (ICERES).

Key Finding: There were between 76,000 and 126,000 workers who were either misclassified as independent contractors or employed off-the-books in New York’s construction industry in 2017, representing 13% to 21% of all construction workers. This resulted in \$289 million in unpaid workers’ comp premiums and a \$49 million shortfall in the state UI fund.

Morgenson, Gretchen and Lisa Cavazuti. (2021). “The Hidden Scourge of ‘Wage Theft’: When Higher Profits Come Out of Workers’ Pockets.” *NBC News*.

Key Finding: In this piece of investigative journalism, reporters highlight a wage theft case from Cedar Rapids, Iowa in which out-of-state workers were brought in following a natural disaster to rebuild. One company—BluSky Restoration Contractors from Colorado—has a history of wage theft and once again stole from workers on the Iowa project.

Phillips, Zachary. (2021). “New York State Legislature Passes Construction Wage Theft Bill.” *Construction Dive*.

Key Finding: The New York State Senate and State Assembly passed legislation Wednesday that shifts liability to general contractors for wage theft cases on private construction projects. It made New York the 6th state, in addition to Washington, D.C., to adopt this type of protective wage theft for construction workers.

Shapiro, Josh. (2021). “Hawbaker Sentenced, Will Pay Workers More than \$20 Million in Stolen Wages.” Pennsylvania Attorney General.

Key Finding: Attorney General Josh Shapiro sentenced Glenn O. Hawbaker, Inc. for theft relating to violations of the Pennsylvania Prevailing Wage Act and the federal Davis-Bacon Act. The plea includes paying \$20,696,453 in stolen wages to 1,267 Pennsylvania workers. Hawbaker is one of the largest contractors to complete projects on behalf of the Commonwealth, receiving an estimated \$1.7 billion in contracts between 2003 and 2018. The restitution is for the largest prevailing wage criminal case in U.S. history. Hawbaker pleaded to four felony counts of stealing wages from its workers.

Department of Workforce Development (DWD). (2021). *Payroll Fraud and Worker Misclassification Report: 2021*. State of Wisconsin.

Key Finding: This is a report from the Task Force on Payroll Fraud and Worker Misclassification. In 2020, Wisconsin Unemployment Insurance (UI) Division auditors conducted nearly 1,300 audits and identified 8,900 misclassified workers, generating \$2.34 million in UI taxes and interest. The task force recommends creating a new Insurance Fraud Bureau of Investigations and developing a statutory requirement of upstream liability, among other recommendations.

Jacobs, Ken and Kuochih Huang. (2021). *The Public Cost of Low-Wage Jobs in California’s Construction Industry*. University of California, Berkeley.

Key Finding: 48% of families in which at least one adult who works in construction are enrolled in public safety net programs such as Medicaid, CHIP, EITC, and SNAP at an estimated annual cost of \$3 billion.

Goodell, Nathaniel and Frank Manzo IV. (2021). *The Costs of Wage Theft and Payroll Fraud in the Construction Industries of Wisconsin, Minnesota, and Illinois: Impacts on Workers and Taxpayers*. Midwest Economic Policy Institute.

Key Finding: When compared to employees doing similar work, independent contractors earn about 30% in total compensation in the construction industries of Wisconsin, Minnesota, and Illinois. This includes 13%-22% less in annual wages and 62%-66% in total benefits. Wage theft and payroll fraud cost a total of \$362 million in lost state income taxes, unemployment insurance contributions, and workers’ compensation premiums in these three states every year.

Hinkel, Matthew. (2021). *The Effect of Prevailing Wage Laws on Informal Construction Employment*. Alma College.

Key Finding: From 2010 through 2019, worker misclassification and off-the-books employment was 2% lower for construction workers in states with prevailing wage laws. Lower prevailing wage contract coverage thresholds were also linked with significant decreases in misclassification and off-the-books employment because more state and local projects are covered, leaving fewer workers vulnerable to exploitative practices and governments less vulnerable to payroll tax fraud. By improving transparency, accountability, and enforcement on public works projects, prevailing wage laws protect workers from illegal labor practices.

Rhinehart, Lynn; Celine McNicholas; Margaret Poydock; and Ihna Mangndayao. (2021). *Misclassification, the ABC Test, and Employee Status: The California Experience and Its Relevance to Current Policy Debates*.

Key Finding: Federal and state policymakers should adopt the ABC test in their labor and employment laws to ensure workers are not misclassified, and are covered by important workplace rights and protections.

Gerstein, Terri. (2021). *How District Attorneys and State Attorneys General Are Fighting Workplace Abuses*. Economic Policy Institute.

Key Finding: District attorneys (DAs) and state attorneys general (AGs) have been bringing criminal prosecutions against law-breaking employers. This development is particularly important in light of limits in worker protection laws, underfunding of labor enforcement agencies, and employers’ increasing use of forced arbitration clauses.

Holt, Josh. (2021). “Virginia Joins the Trend of States Cracking Down on Worker Misclassification in the Construction Industry.” *Common Sense Contract Law*.

Key Finding: Virginia’s 2020 employee classification law assumes all workers are employees unless the employer can prove they are contractors under the IRS’s employment relationship test. The bill specifically targeted construction by barring known violators from bidding on public projects for two years and allows the Department of Taxation to impose penalties between \$1,000-\$5,000 per offense.

LaBarbera, Gary. (2021). “Viewpoint: Measure Will Fight Wage Theft in Construction Industry.” *Times Union*.

Key Finding: The President of the New York State Building & Construction Trades Council says that \$300 million in stolen wages were recovered for exploited workers since 2011, but fraudulent contractors still retain hundreds of millions more.

Obernauer, Charlene. (2021). “Op-Ed: Wage Theft is a Crime – It’s Time to Put an End to It.” *amNY*.

Key Finding: The Executive Director of the New York Committee for Occupational Safety and Health says that a “tell-tale sign of unsafe working conditions are whispers of wage theft violations against workers on private construction projects.”

Leberstein, Sarah. (2021). “The Next Big Step in Stopping Wage Theft in the Construction Industry.” *Gotham Gazette*.

Key Finding: An employment attorney hears daily from construction workers cheated out of their wages by subcontractors, especially those on nonunion and residential sites where many immigrant workers are employed.

Castro, Manuel. (2021). “Opinion: Wage Theft is Rampant in NY’s Construction Industry. Albany Can Act Now to Curb It.” *City Limits*.

Key Finding: Addressing wage theft and giving exploited workers a more secure path to recouping unpaid wages would represent a major step towards making sure that immigrant workers are given dignity though hard and important work.

Sproule, William. (2021). “Op-Ed: Construction Industry Tax Cheats Need to Be Held Accountable.” *Metro Philadelphia*.

Key Finding: Construction industry tax cheats fail to pay their workers fair living wages and rarely provide medical coverage, while also evading federal, state, and local taxes, overtime, and workers’ compensation premiums. This gives them a tremendous competitive edge when it comes to bidding on both public and private jobs against law-abiding contractors.

Construction Industry Tax Fraud. (2021). *Construction Industry Insurance Fraud*. StopTaxFraud.net.

Key Finding: This one-page fact sheet describes workers’ compensation insurance premium fraud, notes that losses are estimated at \$2 billion nationwide, and tells people how they can help.

Construction Industry Tax Fraud. (2020). *Construction Industry Poor Safety Standards*. StopTaxFraud.net.

Key Finding: This one-page fact sheet notes that contractors who skirt workers’ comp, wage, and tax laws often cut corners with safety and that tax fraud robs state and federal governments out of \$8.4 billion per year.

Construction Industry Tax Fraud. (2020). *Construction Industry Wage Theft*. StopTaxFraud.net.

Key Finding: This one-page fact sheet describes wage theft, notes that construction workers have \$946 million a year stolen from them, and tells people how they can help.

Ormiston, Russell; Dale Belman; Julie Brockman; and Matt Hinkel. (2020). *Rebuilding Residential Construction*. In Paul Osterman (Ed.), *Creating Good Jobs: An Industry-Based Strategy*, 75-113. MIT Press.

Key Finding: An investigation of 71 drywall installers by Carpenters Local 525 in Kalamazoo, MI found 94% of contractors misclassified workers; 73% of 1,840 workers were misclassified or working off-the-books. This book chapter describes the prevalence of illegal labor practices in residential construction and makes policy recommendations for incentivizing compliance with labor and employment law.

Erlich, Mark. (2020). “Misclassification in Construction: The Original Gig Economy.” *Industrial and Labor Relations Review*, 1-29.

Key Finding: The misclassification of workers as independent contractors has predated the app-based gig economy, particularly in construction where a cash-based underground system of compensation has lowered standards and been among the major causes of the decline of union density.

Moe, Lina; James Parrott; and Jason Rochford. (2020). *The Magnitude of Low-Paid Gig and Independent Contract Work in New York State*. The New School.

Key Finding: 17.5% of low-wage independent contractors in New York worked in construction. The Immigration Reform and Control Act requires employers to verify each employee’s eligibility to work in the United States to ensure that they are accounted for in payroll taxes and insurance coverage. Independent contractors, however, do not need their eligibility verified, allowing employers to hire undocumented workers and deprive them of benefits and insurance coverage.

Gerstein, Terri. (2020). *Workers’ Rights Protection and Enforcement by State Attorneys General: State AG Labor Rights Activities from 2018 to 2020*. Economic Policy Institute.

Key Finding: In Washington, D. C., Massachusetts, and New York, state attorneys general have established offices to focus on labor rights. Cases brought against employers for misclassification have generated multiple millions in settlements. In total, 8 states plus D.C. had units within AGs offices dedicated to workers’ rights at the time of this study.

National Employment Law Project (NELP). (2020). *Independent Contractor Misclassification Imposes Huge Costs on Workers and Federal and State Treasuries*.

Key Finding: State-level studies have shown an increase in employee misclassification but are likely underestimating its true scope. Construction is one of the most affected industries, with misclassification being 7 percentage points higher in construction than other industries in certain states. Includes a table of estimated losses to tax revenue.

Erlich, Mark and Terri Gerstein. (2019). *Confronting Misclassification and Payroll Fraud: A Survey of State Labor Standards Enforcement Agencies*. Harvard Law School.

Key Finding: State agencies reported they are constrained from abandoning complaint-based enforcement in favor of proactive enforcement due to statutory mandates and historical tradition. Additionally, limited resources prevent state agencies from being able to take proactive action except for in industries where misclassification is a known problem. Audits have been becoming more targeted rather than random for agencies administering unemployment insurance. Agencies have started using stop-work orders in cases where violations are found. When stop-work orders are issued, corrective action is taken, and the reported turnaround is roughly a day and a half. In response to misclassification enforcement, some companies pay employees in cash. Agencies are relying more and more on community partnerships with unions, worker centers, and immigrant rights groups to investigate employers.

Waddoups, Jeff; Kevin Duncan; and Russell Ormiston. (2019). *Payroll Fraud in Nevada’s Construction Industry: Extent and Fiscal Impact*. University of Nevada, Las Vegas; Colorado State University-Pueblo; Allegheny College.

Key Finding: Across Nevada, 11% of the state’s construction workforce was either misclassified or working off-the-books in 2018 (and 14% when excluding white-collar workers). These illegal labor practices likely reduced labor costs of offending contractors by over \$90 million; these costs are borne directly by workers and taxpayers.

Xu, Lisa and Mark Erlich. (2019). *The Economic Consequences of Misclassification in the State of Washington*. Harvard University.

Key Finding: This analysis of wage theft in Washington in 2017 found a rate of worker misclassification of 19% and estimated a \$48 million cost to the state government and \$85 million cost to the federal government annually.

Thomason, Sarah; Ken Jacobs; and Sharon Jan. (2019). *Estimating the Coverage of California’s New AB 5 Law*. University of California, Berkeley.

Key Finding: Estimates that 91% of independent contractors in California would have been classified as employees under the ABC test in California’s Assembly Bill No. 5.

Belman, Dale; Aaron Sojourner. (2019). “Economic Analysis: Economic Analysis of Incentives to Fraudulently Misclassify Employees in District of Columbia Construction.” In *Illegal Worker Misclassification: Payroll Fraud in the District’s Construction Industry*. Attorney General for the District of Columbia.

Key Finding: Worker misclassification can reduce a contractor’s labor expenses by 17% in the Washington, D.C. area. Accompanied with other forms of wage theft, a contractor can easily reduce their labor costs by 27% illegally.

Sinroja, Ratna; Sarah Thomason; and Ken Jacobs. (2019). *Misclassification in California: A Snapshot of the Janitorial Services, Construction, and Trucking Industries*. University of California, Berkeley.

Key Finding: Independent contractors in construction earn 67% of the wages of properly classified workers. Roughly ¼ of construction workers in California are classified as independent contractors. 40% of workers live in low-wage households.

Lawless, Donald. (2019). “Michigan Employers Act Before the Payroll Fraud Enforcement Unit Comes Knocking.” *The National Law Review*, 11(207).

Key Finding: State misclassification laws have caused employers to evaluate their practices for accidental or intentional misclassification and stop the practice before penalties were administered.

Slowey, Kim. (2019). “Contractor Faces 20 Years in Prison for Forced Labor.” *Construction Dive*.

Key Finding: An owner of several construction companies was convicted on charges of forced labor. The contractor recruited undocumented workers from Mexico and then refused to pay them. If they complained, he threatened them—and their families—with violence or with deportation.

White, Victor. (2019). “Nashville is Being Built on a Pyramid of Payroll Tax Fraud: Opinion.” *Tennessean*.

Key Finding: \$2.6 billion in payroll tax fraud is lost annually. 45% of construction workers in the South reported they did not have workers’ compensation. Workers who reported wage theft lost a median of \$800.

Sanchez, Cesar. (2019). “Bay Area Governments Taking Action on Wage Theft.” *East Bay Express*.

Key Finding: The City of Berkeley’s “wage transparency” ordinance withholds a certificate of occupancy from projects where workers have alleged wage violations, requires contractors provide workers with detailed pay stubs outlining wage rates and deductions, and publicly posts contact information for state enforcement agencies at each jobsite.

Hallett, Nicole. (2018). “The Problem of Wage Theft.” *Yale Law & Policy Review*, 37(1): 93.

Key Finding: A Memorandum of Understanding was in place between the Department of Labor and the Immigration and Customs Enforcement agency that prevented undocumented workers from being deported if their immigration status was uncovered as a result of investigations into labor violations. When these memoranda expire, they may face deportation, which disincentivizes immigrants from reporting labor violations.

Gerstein, Terri and Marni von Wilpert. (2018). *State Attorneys General Can Play Key Roles in Protecting Workers’ Rights*. Economic Policy Institute.

Key Finding: State attorneys general have the authority to direct regulatory agencies and build cases against employers in violation of wage and labor laws and to launch labor education programs in industries where misclassification is prevalent.

Bureau of Labor Statistics (BLS). (2018). *Contingent and Alternative Employment Arrangement News Release*. U.S. Department of Labor.

Key Finding: In 2017, 19% of independent contractors worked in the construction industry. See Table 8.

Mattera, Philip. (2018). *Grand Theft Paycheck: The Large Corporations Shortchanging Their Workers’ Wages*. Good Jobs First.

Key Finding: Across 4,220 wage theft claims against large employers in 2017, \$9 billion in penalties was generated. Women and people of color were disproportionately observed to be victims of wage theft. Misclassification was the second most common offense cited. Government enforcement of labor laws are subject to administrations hostile to workers and sympathetic to employers. Union representation allows more workers to recover stolen wages.

Greenstein, Robert. (2018). Health Coverage Progress Stalls – Even as Economy Reduces Poverty, Boosts Income. Center on Budget and Policy Priorities.

Key Finding: Workers who have been misclassified are less likely to have private health insurance coverage—due to the drop in employer-sponsored health insurance coverage—and are more likely to rely on Medicaid.

Theodore, Nik, Bethany Boggess, Jackie Cornejo and Emily Timm. (2017). *Build a Better South: Construction Working Conditions in the Southern U.S.* University of Illinois at Chicago; Workers Defense Project; Partnership for Working Families.

Key Finding: A survey of 1,435 construction workers in six Southern cities discovered 32% were misclassified as independent contractors or working off-the-books, 11% experienced wage theft in their career, and 43% said their employer had no workers' compensation policy.

Cooper, David and Teresa Kroeger. (2017). *Employers Steal Billions from Workers' Paychecks Each Year: Survey Data Show Millions of Workers Are Paid Less than the Minimum Wage, At Significant Cost to Taxpayers and State Economies.* Economic Policy Institute.

Key Finding: Nationwide, wage theft costs up to \$15 billion. Misclassification is one tactic that enables wage theft. Due to fear of deportation, immigrant workers are more likely to endure harmful and exploitative working conditions without reporting them. They are also less aware of appropriate reporting avenues. Victims are underpaid an average of 25% of their earnings. Women, young workers, and immigrants report minimum wage violations at a higher rate.

Alexander, Charlotte. (2017). "Misclassification and Antidiscrimination: An Empirical Analysis." *Minnesota Law Review*, 101. 907-962.

Key Finding: According to Census and Social Security Administration data, the industries where misclassification is most prevalent include real estate, construction, truck drivers, and barbers and cosmetologists. Industries where misclassification is most prevalent also disproportionately employ women and people of color, increasing the risk that marginalized populations experience misclassification that can result in discrimination from a lack of Title VII protections. Most court cases that argue misclassification are brought by individuals not in the highly-misclassified industries, suggesting misclassified workers often do not engage in litigation. In the years 2005-2014, misclassification was brought as an argument in Title VII discrimination cases predominantly by physicians, surgeons, and insurance salespeople.

McNicholas, Celine; Zane Mokhiber; and Adam Chalkof. (2017). *Two Billion Dollars in Stolen Wages Were Recovered for Workers in 2015 and 2016 – and That's Just a Drop in the Bucket.* Economic Policy Institute.

Key Finding: In 2015 and 2016, \$2 billion in stolen wages were repaid to victims of wage theft through litigation, state agency action, and class-action lawsuits. This figure is likely well below the amount actually stolen by wage theft yearly. Workers do not report instances of wage theft because of fear of retaliation, lack of resources, and uncertain remedies.

Philips, Peter and David Blatter. (2017). *Two Roads Diverge: Hidden Costs of the Low Wage Approach to Construction.* University of Utah.

Key Finding: Doubling the percentage of construction subbed out to independent contractors leads to a 13.5% decline in payroll taxes and a 11% decline in workers' compensation and unemployment insurance. Employers engaged in payroll fraud and misclassification undercut the larger construction labor market by discouraging laborers to invest in training and encouraging casual attachments to the industry.

Solis, Hilda. (2017). "Opinion: Wage Discrimination in Construction Industry Makes Minimum Standards a Good Idea." *The Mercury News* (San Francisco Bay Area).

Key Finding: One-in-six California construction workers are affected by misclassification and payroll fraud.

Bonilla, Rick. (2017). "Op-Ed: Wage Theft is Preventable." *The Daily Journal*.

Key Finding: It is up to local cities to enact "wage transparency" ordinances to improve accountability.

National Employment Law Project (NELP). (2016). *Contracted Out: Findings from a National Voter Survey*.
Key Finding: In a national survey of 1,000 registered voters, 84% of Americans said that companies misclassifying workers as independent contractors is a serious problem and 78% said that workers are better off when they are employees. 78% favor making it harder for companies to misclassify workers as independent contractors, including 73% of Republicans. Respondents of both political party affiliations support policies that make misclassification more difficult or shift legal liability to employers for contractors who do not pay their full amount due in taxes.

Cooke, Oliver; Deborah Figart; and John Froonjian. (2016). *The Underground Construction Economy in New Jersey*. Stockton University.

Key Finding: An estimated 35,000 workers were misclassified or unreported (roughly 16% of the state's payroll labor force in construction), with unreported wages totaling between \$284 and \$528 million. This amounted to \$20 million in lost state income tax revenue and up to \$7 million in lost UI premiums.

Galvin, Daniel. (2016). "Deterring Wage Theft: Alt-Labor, State Politics, and the Policy Determinants of Minimum Wage Compliance." *Perspectives on Politics*, 14(2): 324-350.

Key Finding: Employers base their wage theft strategies on the expected probability of detection and the monetary cost of a violation being detected. State laws that increase the costs of violations that are detected have led to statistically significant declines in wage theft, if coupled with equally strong enforcement mechanisms.

Katz, Lawrence and Alan Krueger. (2016). *The Rise and Nature of Alternative Work Arrangements in the United States, 1995-2015*. Harvard University; Princeton University.

Key Finding: From 1995 to 2015, non-traditional employment rose from 11% to 16%, with online intermediary work, such as Uber and TaskRabbit, accounting for only 0.5% of workers as of 2015. Workers in non-traditional employment relationships earn less when compared to similar workers in traditional employment relationships.

Duncan, Kevin and Jeffrey Waddoups. (2016). *The Release of Davis-Bacon Certified Payroll Records, Exemption 4 of the Freedom of Information Act, and the Question of Competitive Harm to Contractors*. Colorado State University-Pueblo; University of Nevada, Las Vegas.

Key Finding: Labor is a relatively minor portion of overall costs (14%-27%) in construction, so subcontractors making payroll information public will likely not allow competitors to outbid them. Trade secrets are not revealed in any meaningful way through payroll information. Making payroll information public would not put an employer in a less competitive position in future bids but would assist government regulators in enforcing labor laws related to wage theft.

Schoonmaker, Derek. (2016). "Suit Against Trump Spotlights All-Too-Common Wage Theft." *San Francisco Chronicle*.

Key Finding: Wage theft is a crime against workers, against taxpayers, and against honest businesses. It is prevalent in low-wage industries such as construction, food services, custodial services, and landscaping.

Juravich, Tom; Essie Ablavsky; and Jake Williams. (2015). *The Epidemic of Wage Theft in Residential Construction in Massachusetts*. University of Massachusetts Amherst.

Key Finding: Due to the transient nature of undocumented workers, many working in the construction industry never receive the wages they are owed. Employers in the examined construction projects reduced their building costs by 30% by engaging in wage theft. Many employers liquidated their businesses to avoid repayment of stolen wages.

Cho, Eunice Hyunhye; Tia Koonse; and Anthony Mischel. (2015). *Hollow Victories: The Crisis in Collecting Unpaid Wages for California's Workers*. National Employment Law Project; University of California, Los Angeles.

Key Finding: Only 42% of unpaid wages due to wage theft were recovered after being awarded to victims by the California Department of Labor Standards Enforcement. The low chances of repayment combined with the exhaustive litigative process dissuades many from filing claims of wage theft. In response to low rates of repayment of stolen wages, wage liens can be used to prevent employers from dissolving their company to avoid repayment. When a wage lien is in place, a company dissolving or declaring bankruptcy must retain funds to pay the lien before liquidating.

Carré, Françoise. (2015). *(In)dependent Contractor Misclassification*. Economic Policy Institute.

Key Finding: State-level studies show that 10%-20% of employers misclassify workers independent contractors. High workers' compensation premiums in injury-prone industries such as construction create a financial incentive for employers to hire workers, such as undocumented workers, who will not be covered by workers' compensation. Misclassification weakens the bargaining power of labor in a workplace as contractors are not protected by the NLRA. Misclassification harms employers who properly classify employees as they incur higher payroll costs.

Locke, Mandy and Franco Ordonez. (2015). "Taxpayers and Workers Gouged by Labor-Law Dodge." *McClatchy DC Bureau*.

Key Finding: Misclassification allows fraudulent contractors to underbid law-abiding businesses on publicly-funded construction projects, as evidenced by contracts awarded in the economic stimulus following the Great Recession.

Williams, Erica; Michael Leachman; Marlana Wallace; and Nicholas Albares. (2015). *For States, Inclusive Approach to Unauthorized Immigrants Can Help Build Better Economies*. Center on Budget and Policy Priorities.

Key Finding: This report details policies that may benefit immigrants in the labor market. Strengthened labor law enforcement preventing misclassification and wage theft would boost state economies and increase tax revenue.

Weil, David. (2015). *The Application of the Fair Labor Standards Act's "Suffer or Permit" Standard in the Identification of Employees Who Are Misclassified as Independent Contractors*. Wage and Hour Division. U.S. Department of Labor.

Key Finding: This memo details the varying definitions of "employee" that allow misclassification to continue and describes the factors courts have drafted to weigh when considering the employee-employer relationship.

Leyh, Chelsea. (2015). "Getting a Fair Shake: Reducing the Perils of Worker Misclassification on Federally Funded Construction Projects." *Public Contract Law Journal*, 44(2): 307-325.

Key Finding: This study details legal actions against misclassification in construction and the legal precedents they set. Policy recommendations are provided, such as allowing the USDOL and IRS to share information on misclassification cases to reduce their prevalence by eliminating certain employers from the bidding process.

Miller, Scott. (2015). "Combatting Wage Theft in Illinois: Administering and Enforcing the IWPCA." *The Urban Lawyer*, 47(4): 665-716.

Key Finding: This history of Illinois Wage Payment and Collection Act discusses 2010 amendments that made it one of the strongest anti-wage theft laws in the U.S., such as giving IDOL the power of administrative judgment on wage theft claims of \$3,000 or less, enabling private or class actions against employers, increased criminal penalties for employers guilty of wage theft (up to a Class 4 felony), and enabling private actions against employers for retaliation.

Prakash, Anna and Brittany Skemp. (2015). "Beyond the Minimum Wage: How the Fair Labor Standards Act's Broad Social and Economic Protections Support Its Application to Workers Who Earn a Substantial Income." *ABA Journal of Labor & Employment Law*, 30(3): 367-388.

Key Finding: Under FLSA, employers act as tax collectors in some capacity by deducting taxes from employee paychecks. This efficiency is lost when employees are misclassified. The lost income tax revenue affects the federal government's ability to fund defense, public aid, disease control, veteran's benefits, and law enforcement. Deductions mandated by FLSA also ensure social programs like Social Security, Medicare, and unemployment insurance.

Skinner, Nancy. (2015). "Guest Commentary: Cities Can Play a Role in Stopping Wage Theft." *Marin Independent Journal*.

Key Finding: Wage theft cheats California taxpayers out of at least \$8.5 billion a year in uncollected taxes.

Siffler, Chris. (2014). *Wage Nonpayment in Colorado: Workers Lost \$750 Million Per Year*. Colorado Fiscal Institute.

Key Finding: Wage theft in Colorado disproportionately affects the construction and hotel services industries. Construction accounts for 6% of Colorado's employment, but 21% of FLSA violations. Across the whole state, the research estimates \$750 million is stolen each year. This results in \$5 million in lost income tax for the state.

Yen Liu, Yvonne; Daniel Flaming; and Patrick Burns. (2014). *Sinking Underground: The Growing Informal Economy in California Construction*. Economic Roundtable.

Key Finding: An analysis of California's construction industry found that 16% of construction workers were employed in the informal economy in 2011, including 104,100 construction workers who were not reported by their employers and 39,800 who were misclassified as independent contractors. The "informal tax gap" results in \$774 million in lost revenue from payroll taxes alone—\$301 million to the federal government and \$473 million to California.

Alexander, Charlotte and Arthi Prasad. (2014). "Bottom-Up Workplace Enforcement: An Empirical Analysis." *Indiana Law Journal*, 89: 1069-1131.

Key Finding: As worker power and stability decreases, so does their legal knowledge and ability to contest labor violations in the courts. 43% of workers who experience a workplace problem with their employer did not pursue the claim in court for fear of retaliation or lack of confidence in their claim. 43% of workers who did make a formal experienced retaliation in the form of termination, suspension, decreases in hours, or reporting the worker to law enforcement agencies.

Gleeson, Shannon; Ruth Silver Taube; and Charlotte Noss. (2014). *Santa Clara County Wage Theft Report*. University of California, Santa Cruz; Santa Clara Law.

Key Finding: Filing wage liens is often the responsibility of local government officials. To bring successful wage theft claims, individuals and classes can engage with local government officials for support in ensuring repayment. Local governments can also suspend permits for violators and prosecute violators through the District Attorney.

Ordonez, Franco and Mandy Locke. (2014). "IRS' 'Safe Harbor' Loophole Frustrates Those Fighting Labor Tax Cheats." *McClatchy D. C. Bureau*.

Key Finding: Due to the "safe harbor" provision in the Revenue Act, revenue officers charged with investigating worker misclassification and payroll fraud often find themselves unable to administer penalties or change employer practices. Some IRS examiners describe the provision as the "greatest impediment" to fighting worker misclassification.

Price, Amy; Emily Timm; and Cristina Tzintzún. (2013). *Build a Better Texas: Construction Conditions in the Lone Star State*. Workers Defense Project; University of Texas at Austin.

Key Finding: A survey of 1,194 construction workers found 41% were misclassified or working off-the-books (a loss of \$55 million in UI tax revenue), 22% had experienced wage theft, and 32% said their employers had no workers' comp policy.

National Employment Law Project (NELP). (2013). *Winning Wage Justice: A Summary of Research on Wage and Hour Violations in the United States*.

Key Finding: This brief summarizes different wage theft studies by geographic regions and industries in the United States.

Gordon, Colin; Matthew Glasson; Jennifer Sherer; and Robin Clark-Bennett. (2012). *Wage Theft in Iowa*. Iowa Policy Project.

Key Finding: Misclassification is the second-most-cited wage theft offense in Iowa and enables multiple other forms of wage theft such as overtime violations, break time violations, and underpayment of wages. At the time, Iowa had only a single investigator dedicated to wage theft.

Casey, Robert and Eva Lewis. (2011). *Independent Contractors and Employee Misclassification in the Construction Industry*. Ogletree, Deakins, Nash, Smoak & Stewart.

Key Finding: The Illinois Employee Classification Act assumes all construction workers are employees unless the employing party can prove they are independent contractors. In the first 3 years after enactment, \$1.3 million in penalties was recovered for misclassified workers. This bill bars known violators from bidding on public project for up to 4 years.

Kelsay, Michael and James Sturgeon. (2011). *The Economic Costs of Employee Misclassification in the Construction Sector in the Commonwealth of Kentucky*. University of Missouri-Kansas City.

Key Finding: 26% of construction employers in Kentucky were engaged in misclassification. The rate peaked in 2010 with 40%. Employee misclassification led to \$2 million lost each year to the unemployment insurance system, up to \$5 million lost in workers' compensation premiums, and up to \$12 million lost in state income tax revenues.

Wayne, Richard. (2011). *AGC of America's 2011 Labor and Employment Law Symposium: Davis-Bacon Act – Misclassification and Compliance*. Hinckley Allen Snyder LLP.

Key Finding: This is a PowerPoint presentation on Davis-Bacon Act and ways to avoid accidental misclassification.

Kelsay, Michael and James Sturgeon. (2010). *The Economic Costs of Employee Misclassification in the State of Indiana*. University of Missouri-Kansas City.

Key Finding: Nearly half (47.5%) of audited employers in Indiana were engaged in misclassification. An estimated 15% of construction workers were misclassified, costing the state \$2 million in lost unemployment insurance and \$4-\$8 million in lost workers' compensation premiums.

Canak, William and Randall Adams. (2010). *Misclassified Construction Employees in Tennessee*. Middle Tennessee State University; Tennessee Technical University.

Key Finding: Between 12,000 and 39,000 construction workers are misclassified or unreported, affecting 11% to 21% of the construction workforce. Losses to state and federal programs were up to \$15 million for the state's UI program, \$92 million in worker's compensation premiums, \$73 million in federal income tax, and \$42 million in Social Security funding.

Theodore; Nik; Mirabai Auer; Ryan Hollon; Sandra Morales-Mirque; Annette Bernhardt; Ruth Milkman; Douglas Heckathorn; James DeFilippis; Ana Luz González; Victor Narro; Jason Perelshteyn; Diana Polson; and Michael Spiller (2010). *Unregulated Work in Chicago: The Breakdown of Workplace Protections in the Low-Wage Labor Market*. University of Illinois at Chicago; Cornell University; University of California, Los Angeles; Rutgers University; Centers for Disease Control and Prevention.

Key Finding: In this 2008 survey data of front-line workers in Chicago, 26% were victims of minimum wage violations, 17% were not paid legally required overtime, and 10% experienced retaliation when complaining or attempting to unionize. 20% of injured workers experienced an illegal employer reaction. The average worker in the survey lost 16% of earnings to various forms of wage theft, resulting in \$7 million stolen per week in Chicago from low-wage workers.

Belman, Dale and Richard Block. (2009). *The Social and Economic Costs of Employee Misclassification in Michigan*. Michigan State University.

Key Finding: 26% of construction firms misclassified employees. Among those who did so, 19% of their employees were misclassified (i.e., 6% of the entire industry workforce), costing the state over \$2 million in UI tax revenue.

Government Accountability Office (GAO). (2009). *Employee Misclassification: Improved Coordination, Outreach, and Targeting Could Better Ensure Detection and Prevention*.

Key Finding: Misclassification of workers enables other forms of wage theft, such as minimum wage theft. These minimum wage violations are investigated under the Fair Labor Standards Act, which does not address misclassification. State officials believe misclassification has generally increased. The Employment and Training Administrations reported the number of misclassified workers uncovered by state audits had risen, but likely underestimated how much. The Department of Labor has generally investigated misclassification indirectly as a result of investigating broader FLSA violations. Recommendations include coordination between federal and state agencies, outreach to workers on proper classification, and a voluntary IRS settlement program that enables employers to correct their misclassifications.

Edwards, Kathryn and Kai Filion. (2009). *Outsourcing Poverty: Federal Contracting Pushes Down Wages and Benefits*. Economic Policy Institute.

Key Finding: From 2006 to 2007, the number of federal contract workers grew from 1.4 million to 2 million. Nearly 20% of these contract workers were unable to earn a living wage and did not have the same access to healthcare and retirement plans as provided to federal employees.

Cox, Lauren; Emily Timm; and Cristina Tzintzún. (2009). *Building Austin, Building Injustice*. Workers Defense Project; The University of Texas at Austin.

Key Finding: 71% of poverty-wage workers had no access to workers' compensation. When surveyed, union construction workers were 58% more likely to know about their labor rights than non-unionized workers. Access to workers' compensation is one aspect of total compensation and benefits and is especially valuable in injury-prone industries such as construction. 20% of construction workers in Austin who experienced an injury were not able to take advantage of workers' compensation due to their status as independent contractors. This cost was largely absorbed by public hospitals caring for the injured workers. Removing workers' access to workers' compensation places the financial burden of medical care on workers, as well as public hospitals and safety net programs like Medicaid. 71% of poverty-wage workers had no access to workers' compensation.

Sonn, Paul and Tsedeye Gebreselassie. (2009). *The Road to Responsible Contracting: Lessons from States and Cities for Ensuring That Federal Contracting Delivers Good Jobs and Quality Services*. National Employment Law Project (NELP); University of California, Los Angeles; University of Illinois at Chicago; City University of New York; Cornell University; Rutgers University.

Key Finding: A 1983 Housing and Urban Development audit found an inverse relationship between wage violations and quality of projects for federally-funded construction. Recommendations include instituting more rigorous criteria for being a responsible contractor, establishing a preference for employers that provide good jobs with living wages, and strengthening monitoring and enforcement.

Bernhardt, Annette; Ruth Milkman; Nik Theodore; Douglas Heckathorn; Mirabai Auer; James DeFilippis; Ana Luz González; Victor Narro; Jason Perelshteyn; Diana Polson; and Michael Spiller. (2008). *Broken Laws, Unprotected Workers: Violations of Employment and Labor Laws in America's Cities*. National Employment Law Project (NELP); University of California, Berkeley.

Key Finding: 26% of workers in low-wage industries had experienced a minimum wage violation in the week before. 9% experienced retaliation when complaining to supervisors or attempting to unionize. 50% who reported injury on the job experienced an illegal employer reaction. The respondents who were judged to be in an employment relationship but were classified as contractors (mostly in-home childcare workers) faced higher rates of violations, including 89% of them earning less than minimum hourly wages. Workers paid in cash on daily or weekly rates rather than hourly rates saw the highest percentage of minimum wage violations. Recommendations include proactive investigative enforcement of labor laws specifically regarding misclassification, and stronger legislation to address new strategies to evade liability.

Donahue, Linda; James Ryan Lamare; Fred Kotler. (2007). *The Cost of Worker Misclassification In New York State*. Cornell University.

Key Finding: Nearly 15% were construction employers, resulting in nearly 15% of the New York construction workforce being misclassified. Over \$175 million was lost to the unemployment insurance system.

Government Accountability Office (GAO). (2007). *Employee Misclassification: Improved Outreach Could Help Ensure Proper Worker Classification*.

Key Finding: 22% of independent contractors in the United States worked in construction in 2007. A majority of independent contractors in construction were white, middle-aged men with at least some college education. These demographic characteristics did not prevent them from being misclassified.

Parrott, James. (2007). *Building Up New York, Tearing Down Job Quality: Taxpayer Impact of Worsening Employment Practices in New York City's Construction Industry*. Fiscal Policy Institute.

Key Finding: An estimated 50,000 of over 200,000 New York City construction workers are misclassified or paid entirely off-the-books. In 2005, illegal construction industry practices resulted in a loss of \$489 million to the state. In 2008, this rose to \$557 million, showing these practices are becoming more common and impactful.

Parrott, James. (2007). *New York State Workers' Compensation: How Big Is the Coverage Shortfall?* Fiscal Policy Institute.

Key Finding: In New York State, misclassification across all industries leads to a loss between \$506 million and \$1.0 billion each year in unpaid workers' compensation premiums.

Office of the Legislative Auditor. (2007). *Misclassification of Employees as Independent Contractors*. State of Minnesota.

Key Finding: 15% of Minnesota construction firms misclassified employees. The rates were highest in roofing (38%) and drywall installation (31%) and lowest in road and bridge construction (10%) and site preparation (5%).

Ruckelshaus, Catherine. (2007). *Providing Fairness to Workers Who Have Been Misclassified as Independent Contractors*. National Employment Law Project (NELP). Testimony before the Subcommittee on Workforce Protections of the Committee on Education on Labor in the U.S. House of Representatives.

Key Finding: Research estimates that misclassification rates in the construction industry could be as high as 40%. Later research corroborated that misclassification was a growing practice at the time of this testimony.

Theodore, Nik and Marc Doussard. (2006). *The Hidden Public Cost of Low-Wage Work in Illinois*. University of Illinois at Chicago.

Key Finding: Low-wage jobs in 2001-2004 caused working families to rely on government assistance programs. These families constituted 37% of public benefits spending in Illinois, including \$92 million on families with construction workers.

Weil, David and Amanda Pyles. (2006). "Why Complain? Complaints, Compliance, and the Problem of Enforcement in the U.S. Workplace." *Comparative Labor Law and Policy Journal*, 27(59): 59-92.

Key Finding: For every 130 minimum wage violations in the United States, only one complaint is filed with the appropriate regulatory agency. Explanations for this gap include the fear of retaliation from employers and lack of unionization.

Valenzuela, Abel; Nik Theodore; Edwin Melendez; Ana Luz González. (2006). *On the Corner: Day Labor in the United States*. University of California, Los Angeles; University of Illinois at Chicago; New School University.

Key Finding: Day laborers are predominantly Hispanic, foreign-born men. Nearly half of all surveyed day laborers were victims of wage theft, either in nonpayment or underpayment.

Carré, Françoise and Randall Wilson. (2005). *The Social and Economic Costs of Employee Misclassification in the Maine Construction Industry*. University of Massachusetts Boston.

Key Finding: 14% of construction firms misclassified workers; among employers who misclassify, 45% of workers are misclassified. Overall, 11% of all construction employees are misclassified. State loses \$314,319 annually in lost UI tax revenues, \$2.6 million in lost income tax revenue, and \$6.5 million in lost workers' comp contributions.

Carré, Françoise and Randall Wilson. (2004). *The Social and Economic Cost of Employee Misclassification in Construction*. University of Massachusetts Boston.

Key Finding: In Massachusetts from 2001 to 2003, between 14% and 24% of construction employers were estimated to have workers misclassified as independent contractors. These employers misclassified around 40% of their workforce, meaning at least 5% of the total construction workforce in Massachusetts may have been misclassified. Up to \$4 million in unemployment insurance and up to \$7 million in income tax revenues are lost per year.

Goh, Yong Lee. (2004). *The Effect of Higher Workers' Compensation Premium Rates on Construction Worker Wages and the Reporting of Injuries*. University of Utah.

Key Finding: As workers' compensation premiums rise in construction, workers experience a significant decrease in wages as well as pressure from employers to not report injuries and utilize workers' compensation for medical care.

Misclassification, Payroll Fraud, & Wage Theft: A Primer for Local Government Officials & Candidates

Misclassification, Payroll Fraud, and Wage Theft are three interrelated issues that have unfortunately become pervasive throughout the construction industry. While not unique to construction, these issues are particularly acute because about a quarter of annual industry spending comes from public sources (i.e., taxpayers). In other words, without proper regulatory safeguards, public spending on infrastructure can unintentionally subsidize these exploitative business practices.

Misclassification is the act of redefining an employee as an independent contractor. A misclassified worker is deprived of many protections that are attached through the employee-employer relationship, including unemployment insurance, health insurance, overtime, and worker's compensation. Employers who misclassify workers shift all of the liability for paying payroll taxes (Social Security, Medicare/Medicaid, etc.) and other legal obligations onto the individual workers. This allows employers to "save" up to 20-30% of their labor costs.

Payroll Fraud occurs when employers do not fulfill their obligations to pay taxes and fund social safety net programs via payroll taxes and normal business overhead (such as carrying workers' compensation insurance). It occurs when workers are misclassified, but can also occur in situations where workers are being paid in cash or otherwise "off the books," (because payments to those workers are not easily traceable by regulatory and tax authorities), and when workers experience wage theft (because it reduces taxable wages and income).

Wage Theft occurs when workers are not paid in full for work they perform, and this can take a multitude of different forms: not paying for all hours worked, not paying the stated wage, not paying overtime, requiring workers to perform tasks "off the clock" (such as cleaning), etc. Since 2019, Minnesota has treated wage theft as a felony crime, but prosecutions have remained relatively few and far between.

Taken together, these violations have systemic effects of depriving workers of the ability to earn a fair and steady income from their labor, depriving lawful contractors of a fair competitive business environment, depriving project owners and developers of a healthy industry and workforce to build their projects, and depriving taxpayers and communities of a properly-funded social safety net. Victims of wage theft and other fraudulent business practices face housing instability, food insecurity, and increased dependence on public assistance programs, compounding the burden on taxpayers, lawful employers, and communities.

In 2025, public sector construction in the United States was a little more than \$517 billion, according to the Federal Reserve Bank of St. Louis. Why that matters for public officials is the fact that most of this funding was required to be awarded to the lowest bidder. Low bid requirements certainly play a role in helping contain costs on public projects, but they have the unintentional side effect of incentivizing contractors to seek any advantage that will increase their odds of submitting the winning low bid. And unfortunately, more than a century of hard experience has taught us that some contractors will choose to employ schemes like misclassification, payroll fraud, and wage theft in order to increase their chances of winning low bids.

And research backs this up, showing how prevalent these issues have become within the construction industry:

23% of Minnesota construction workers experience wage theft, reducing their wages and benefits by 36% on average.¹ This reduces state tax revenues from the construction industry by about \$136 million each year (\$65 million in income taxes, \$13 million in unemployment insurance contributions, and \$58 million in workers' compensation premiums).

Across all industries, 316,000 Minnesota workers are victims of wage theft each year, losing about \$6.2 billion. This also deprives government entities of about \$1.3 billion in tax revenue annually, putting more strain on crucial public safety net programs like Social Security, Medicare/Medicaid, unemployment insurance, and workers' compensation. *[I grabbed these figures from Aaron's presentation – can we add citations for these figures?]*

¹ Goodell, N., & Manzo IV, F. (2021). *The Costs of Wage Theft and Payroll Fraud in the Construction Industries of Wisconsin, Minnesota, and Illinois*. Midwest Economic Policy Institute.
<https://dwd.wi.gov/misclass-taskforce/pdf/meetings/210114/costs-of-payroll-fraud.pdf>

UC Berkeley Center for Labor Research and Education
January 2022

The Public Cost of Low-Wage Jobs in the US Construction Industry

By Ken Jacobs, Kuochih Huang, Jenifer MacGillvary, and Enrique Lopezlira

Summary

*Construction in the United States was historically known as an industry where workers without a college education could find family-supporting jobs. Now, job quality for some construction workers has deteriorated to the point that they earn wages too low to make ends meet and therefore fall back on the public safety net to make up the difference. In this paper we look at the use by construction workers and their families in the United States of five means-tested safety net programs. **We find that 39% of families of construction workers are enrolled in one or more safety net program at a cost of almost \$28 billion per year. In comparison, 31% of all workers have a family member enrolled in a safety net program. Three times as many construction workers as all workers lack health insurance (31% compared to 10%).***

Introduction

Construction is one of the largest industries in the United States. There are approximately 10 million people employed in the construction industry, about 1 in 16 workers nationally.¹ Just prior to the COVID-19 pandemic, in 2019, construction contributed \$903.6 billion, or 4.2%, of U.S. GDP.² It accounted for \$812 billion in personal income, or \$1 out of every \$23 in total national earnings in 2019.³

The construction industry is bifurcated into low-road and high-road sectors, which have strikingly different working conditions. For many non-college-educated blue-collar workers in many parts of the country, the construction industry provides a high-road, viable path to the middle class: workers are paid family-supporting wages and benefits, receive good training, and are provided with safe worksites backed by workers' compensation protection. The low-road sector of construction, however, "feature[s] some of the worst labor practices in the United States"—low wages, no benefits, exploitation, and often illegalities including wage theft and payroll fraud.⁴

This split into high-road and low-road sectors in construction began in the late 1960s and tracked with sharp declines in unionization in the industry.⁵ In 1971, 42% of construction workers were union members; by 2019 the rate had fallen to 12.6%.⁶ Erlich and Grabelsky (2005) explain major regional differences in unionization: building trades unions have a relatively strong presence in urban areas of the Northeast, Midwest, and West Coast. However, the number of such markets is shrinking and, even in these markets, there are “large and growing segments of the industry [that] are outside the union sphere of influence.”⁷ In residential construction specifically, according to Ormiston et al. (2020), unionization was as high as 50% in 1950, but it fell swiftly to around 20% in the 1970s. “Currently in the single digits industry-wide, the residential sector operates virtually union-free in many trades and regions.”⁸ Significantly, these union-free cities, primarily in the Sunbelt, are some of the fastest growing in the country.⁹ The low-road model is not confined to residential construction, however; it has spread into the commercial and industrial sectors as well.¹⁰

The decline in union density significantly eroded the quality of construction jobs overall. Between 1973 and 2006, there was a 17% drop in average real hourly earnings for all construction workers.¹¹ From 1980 to 1991, the percent of construction workers with employer-provided health insurance declined from 55% to 45%.¹² Participation in employment-based retirement plans went from 39% in 2000 to 27% in 2015.¹³ Unionized construction workers are in a far better situation than nonunion workers; in 2015, their wages were 42% higher and their total compensation 78% higher than their non-union counterparts.¹⁴ Regionally, blue-collar construction workers in the South earn wages around 18% lower than those in the West, 20% lower than wages in the Midwest, and 21% lower than wages in the Northeast.¹⁵ A survey of construction workers in six major Southern cities found that over half (57%) earn less than \$15 per hour.¹⁶

Besides depressing wages and benefits in the industry, the decline of unionization also diminished the role unions have been able to play in protecting against exploitative labor practices. This is an especially problematic development given the weakness at all levels of government in enforcement of labor standards, combined with structural incentives that put lawful construction employers at a significant competitive disadvantage. Throughout the country, construction is a highly competitive industry in which projects are frequently awarded on the sole basis of the lowest bid.¹⁷ One of the most effective ways to minimize costs and win contracts is to “reduce labor costs through whatever means possible.”¹⁸ The primary strategies to this end are paying low wages without benefits, misclassifying employees as independent contractors, and paying workers under the table.

Mark Erlich calls construction “the original gig economy,” noting that while independent contractors comprise 7% of the national workforce, around 20% of all independent contractors are construction workers.¹⁹ A significant portion of these workers are misclassified. State-level studies have found misclassification rates in construction of almost 15% in New York and 30% in Virginia.²⁰ In 2011 an estimated 19% of California construction workers who were independent contractors were misclassified; these workers earned only 67 cents for every dollar earned by comparable workers with employee status.²¹ An investigation by McClatchy news found that more than a third of construction workers in Southern states were misclassified.²² The reason for the excessive use of independent contractors and the high levels of misclassification is obvious. Around one-third of labor costs can be eliminated by classifying workers as independent contractors; employers do not have to pay unemployment insurance, Social Security, Medicare, or workers’ compensation premiums.²³

Even larger than the problem of misclassification in construction is the practice of paying workers completely off the books. The Alliance for Construction Excellence reported in 2019 that there are fully four times as many construction workers being paid off the books as the number being misclassified as independent contractors (1.2 million to 300,000).²⁴ The cash-only nature of under-the-table work leaves workers particularly vulnerable to wage theft, though misclassified workers and even legally employed workers can be subject to this as well. A 2009 study of three cities found over 70% of residential construction workers had experienced not being paid overtime or for work done off the clock.²⁵ Ormiston et al. (2020) estimate that throughout the country in 2017 workers lost between \$811 million and over \$1 billion in overtime and premium pay due to payroll fraud.²⁶ A study of construction workers in California found that workers paid under the table earn just 52 cents for every dollar earned by workers with employee status.²⁷

The practices of misclassification and paying off the books are most likely to occur in industries where it is most profitable and most easily hidden, both true of the construction industry. Employers in construction can accrue tremendous savings by avoiding employment taxes and workers' compensation premiums, and the layers and layers of subcontracting characteristic of the industry make these practices easy to conceal.²⁸ In most states, general and subcontractors are not liable for—and in fact benefit from—payroll fraud found further “down the chain” of subcontractors; these practices continue “with or without the knowledge, assistance or willful ignorance of the owners, developers, general contractors, or construction managers.”²⁹ Overall, between 12.4 and 20.5% of construction workers are either misclassified or paid under the table.³⁰

More than one in five of the construction workers in the six Southern cities study did not have enough money for groceries or bills at some point in the previous year.³¹ The impact of low wages and lack of benefits in low-road construction goes beyond the direct effects on workers and their families. It also has costs to society at large. When workers do not earn enough money to meet their basic needs, they often turn to safety net programs to make up the difference.

In this brief we will estimate the public cost to the states and the federal government from the use of safety net programs by construction workers and their families as a result of the low-road practices that are becoming more and more commonplace in the industry.

Data and Definitions

We examine construction workers' and their families' utilization of the five largest means-tested safety net programs for which data are available: Medicaid; Children's Health Insurance Program (CHIP); basic household income assistance under Temporary Aid for Needy Families (TANF); Earned Income Tax Credit (EITC); and Supplemental Nutrition Assistance Program (SNAP). Responsibility for funding the health programs is shared by the states and the federal government. We include only the cash assistance portion of TANF, and this program too receives funding from both the states and the federal government. While there are state-level EITC programs in over half of the states, in this analysis we include only the federal EITC. The federal government alone funds SNAP. We analyze only programs that function as income supplements, omitting job-training, housing cost assistance, educational, and other programs that indirectly assist low-income families.

To calculate the numbers of working families who participated in safety net programs, we restrict the sample to those who work 27 or more weeks per year and 10 or more hours per week in all industries. We exclude workers who live in institutional group quarters. To identify construction workers, we further use the 1990 Census Bureau industrial code All Construction (60), and the 2010 Census Bureau occupation codes from First-Line Supervisors of Construction Trades and Extraction Workers (6200) to Construction Workers, n.e.c. (6765), and we include W2 workers and the not-incorporated self-employed but exclude the incorporated self-employed.

Results

Table 1 shows the annual enrollment in safety net programs of construction workers and their families between 2015 and 2019. We estimate that 39% of construction working families are enrolled in at least one program, significantly more than the 31% of all working families. Construction working families have higher enrollment than all working families in every program except TANF, where both groups have a low enrollment of 1%.

Nationwide, construction working families are overall 26% more likely than all working families to participate in one or more means-tested safety net program. These families are 36% more likely to be enrolled in Children’s Medicaid and 38% more likely to be enrolled in EITC.

Table 1. Annual Enrollment in Safety Net Programs for Working Families, United States, 2015-2019

Program	Number of Construction Working Families Enrolled	Share of Construction Working Families Enrolled	Share of ALL Working Families Enrolled
Adult Medicaid	1,321,000	17%	15%
Children’s Medicaid/CHIP	1,218,000	15%	11%
EITC	2,288,000	29%	21%
TANF	61,000	1%	1%
SNAP	1,173,000	15%	12%
Any program	3,087,000	39%	31%

Source: Authors’ calculations based on the 2015–2019 American Community Survey, 2016–2020 March Current Population Survey, 2019 Occupational Employment Statistics, and administrative data from Medicaid, CHIP, EITC, SNAP, and TANF programs.

Note: The analysis is restricted to workers who work at least 27 weeks in a year and 10 or more hours per week.

Table 2 presents the combined annual expenditures by states and the federal government on the safety net programs for construction working families and all working families, again averaged over the years 2015-2019. In total, \$28 billion is spent on safety net program utilization annually by construction working families in the United States, compared to \$275 billion for all working families.

Construction working families account for 10% of the total safety net expenditures for all working families nationwide.

Table 2. Annual State and Federal Spending on Safety Net Programs for Working Families, United States, 2015-2019 (2019 dollars)

Program	Amount Spent on Construction Working Families	Amount spent on ALL Working Families
Adult Medicaid	10,808,000,000	116,867,000,000
Children's Medicaid/CHIP	7,766,000,000	63,400,000,000
EITC	6,212,000,000	60,682,000,000
TANF	210,000,000	2,696,000,000
SNAP	2,933,000,000	31,269,000,000
All Programs	27,930,000,000	274,913,000,000

Source: Authors' calculations based on the 2015-2019 American Community Survey, 2016-2020 March Current Population Survey, 2019 Occupational Employment Statistics, and administrative data from Medicaid, CHIP, EITC, SNAP, and TANF programs.

Notes: The analysis is restricted to workers who work at least 27 weeks in a year and 10 or more hours per week. Numbers may not add due to rounding.

Table 3 presents the health insurance coverage status of construction workers and all workers. Almost one-third (31%) of construction workers lack insurance coverage. **The rate at which construction workers lack health insurance is three times the rate for all workers nationally (10%).**

Table 3. Health Insurance Coverage of All Workers and Construction Workers, United States, 2015-2019

	Construction Workers	All Workers
No health insurance coverage	31%	10%
With health insurance coverage	69%	90%

Source: Authors' analysis of 2015-2019 IPUMS American Community Survey (ACS) data.

Note: The analysis is restricted to workers who work at least 27 weeks in a year and 10 or more hours per week.

Determining the full cost of uninsurance, let alone the cost for uninsured construction workers, is beyond our scope. But in addition to causing hardship for uninsured construction workers, uninsurance creates significant expenses for states, counties, and the federal government. The Kaiser Family Foundation reports that in the years 2015-2017, uncompensated health care costs for the uninsured nationwide averaged \$42.4 billion per year, with the public picking up around 80% of these costs.³²

Discussion

Construction was once an industry that could reliably provide family-supporting jobs to its blue-collar workforce. Conditions in the industry have deteriorated so much that construction workers are now more likely than the average worker to utilize public safety net programs. Importantly, the numbers provided in this analysis do not fully reflect the deprivation among this workforce. Undocumented immigrants currently comprise 13% of the construction workforce (compared to 5% of the overall US workforce),³³ and with rare exceptions they are ineligible for state and federal assistance.³⁴ Their working conditions, among the worst in the industry, are not reflected in this analysis.

The low wages and exploitative practices in the construction industry that cause profound hardship for many workers and their families also cost the public. When employers misclassify their workers or pay them under the table, they are defunding and defrauding government programs, including workers' compensation, Social Security, and Medicare. Ormiston et al. (2020) conservatively estimate that fraud in the construction industry yields Social Security and Medicare shortfalls of between \$1.36 and \$4.28 billion annually; federal income tax losses of \$319 million to \$1.26 billion; and state income tax revenue losses of \$160 to \$552 million.³⁵ Overall, misclassification is estimated to cost state and federal coffers at least \$3,000 annually for every worker that is misclassified.³⁶ The lack of both employer-provided insurance and access to workers' compensation leaves many construction workers unprotected and uninsured. And, as found in this analysis, low-road employment practices cause above-average utilization of safety net programs by construction working families.

The labor standards enforcement void created by declining unionization in the industry has not been filled. Without government intervention, construction workers should expect to continue to be exploited and cheated, and lawful contractors should expect to find it more and more difficult to remain in operation.

Appendix: Methods

We mainly rely on four sources of data: the US Census Bureau's American Community Survey (ACS), the March Supplement of the US Bureau of Labor Statistics Current Population Survey (CPS), the US Bureau of Labor Statistics Occupational Employment Statistics (OES), and administrative data from the Medicaid, CHIP, TANF, EITC, and SNAP programs. Medicaid figures exclude aged, blind, and disabled enrollees. The ACS surveys a large number of respondents and asks them about their work history, income, and family structure. The March Supplement of CPS, also known as the Annual Demographic Supplement, asks respondents about receipts of cash and noncash transfer payments during the past year and includes questions about the programs we examine in this analysis.

Survey databases like the ACS and CPS frequently have safety net program utilization counts that differ from program administrative data. We adjusted the CPS so that its program utilization estimates match the program administrative data. The CPS does not provide a large enough sample size to accurately estimate program utilization for construction workers at the state or county levels. The ACS does have sufficient sample size for this analysis but lacks specific questions about program utilization, and its occupational employment counts differ from more accurate data like the OES. On the other hand, while the OES has accurate employment counts for wage workers, it does not include independent contractors. To overcome these issues, we built a model using CPS data to predict program utilization based on income, demographics, and family structure. We then used that model to impute program utilization onto the ACS data. We calculated the ratio of wage workers to non-incorporated self-employed workers based on the ACS and used it to adjust the OES data for non-incorporated self-employed workers, and then adjusted the employment counts in the ACS to match the adjusted OES data. Finally, we used that imputed and adjusted ACS data to analyze safety net program utilization in families of construction workers.

For a detailed explanation of methodology, please see Appendix A: Methodology from *Fast Food, Poverty Wages: The Public Cost of Low-Wage Jobs in the Fast-Food Industry*.³⁷

Endnotes

- 1 US Census Bureau, ACS 2019 1-year estimates, table [C24070](#), Industry By Class Of Worker For The Civilian Employed Population 16 Years And Over. "People employed in the construction industry" excludes self-employed in own incorporated business workers. Accessed 12/2/2021.
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- 4 Russell Ormiston, Dale Belman, and Mark Erlich, "An Empirical Methodology to Estimate the Incidence and Costs of Payroll Fraud in the Construction Industry," January 2020, 2, <https://stoptaxfraud.net/wp-content/uploads/2020/03/National-Carpenters-Study-Methodology-for-Wage-and-Tax-Fraud-Report-FINAL.pdf>.
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- 6 "Union Membership and Coverage Database from the CPS," <http://www.unionstats.com>; 1971 figure from Andrew Elrod, "Built Trades," *Phenomenal World* (blog), August 11, 2021, <https://www.phenomenalworld.org/analysis/built-trades/> When considering only blue-collar construction workers, the numbers are significantly higher, though the trend of deunionization remains: the Bureau of Labor

Statistics found that in 1971, fully 60% of blue-collar construction workers were covered by a collective bargaining agreement (Elrod, "Built Trades") compared to 18.1% in 2016 (CPWR – The Center for Construction Research and Training, "The Construction Chart Book: The U.S. Construction Industry and Its Workers, Sixth Edition," February 2018, https://www.cpwrr.com/wp-content/uploads/publications/The_6th_Edition_Construction_eChart_Book.pdf.)

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8 Ormiston et al., "Rebuilding Residential Construction," 2020.

9 Elrod, "Built Trades."

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13 CPWR – The Center for Construction Research and Training, "The Construction Chart Book, Sixth Edition."

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- 33 CPWR – The Center for Construction Research and Training, "The Construction Chart Book, Sixth Edition."
- 34 Undocumented immigrants have long been excluded from receiving assistance from federal benefit programs, except under specific circumstances. For more information see: National Immigration Law Center, Overview of Immigrant Eligibility for Federal Programs, https://www.nilc.org/issues/economic-support/table_ovrw_fedprogs/.
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University of California, Berkeley
2521 Channing Way
Berkeley, CA 94720-5555
(510) 642-0323
laborcenter.berkeley.edu



UC Berkeley Labor Center

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Acknowledgements

We would like to thank Dale Belman for reviewing a draft of this report. We also thank Laurel Lucia for help understanding medicaid data and Scott Littlehale for guidance on industry data sources.

The United Brotherhood of Carpenters provided funding for this research.

Suggested Citation

Jacobs, Ken, Kuochih Huang, Jenifer MacGillvary, and Enrique Lopezlira. *The Public Cost of Low-Wage Jobs in the US Construction Industry*. UC Berkeley Labor Center, January 2022. <https://laborcenter.berkeley.edu/the-public-cost-of-low-wage-jobs-in-the-US-construction-industry/>.

The analyses, interpretations, conclusions, and views expressed in this brief are those of the authors and do not necessarily represent the UC Berkeley Labor Center, the Regents of the University of California, the United Brotherhood of Carpenters, or collaborating organizations or funders.

Subsidizing Abuse:

How Public Financing Fuels Exploitation
in Affordable Housing Construction



NorthStar
POLICY ACTION

ABOUT THE AUTHORS

Jake Schwitzer is the Executive Director of North Star Policy Action. He leads North Star Policy Action's research and communications initiatives. He holds a B.S. in Political Science from American University.

Lucas Franco is the Research Manager for LIUNA Minnesota & North Dakota. He holds a Ph.D. in Political Science from the University of Minnesota, a M.A. of Philosophy from the University of Oslo and a B.A. in Political Science from Seattle University. He has published numerous articles and reports on market trends and employment practices in the construction industry.



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Executive Summary

Minnesota faces a significant shortage of affordable housing. Middle and low income Minnesotans are finding it increasingly difficult to rent or buy a home. The supply of low-cost rental housing in Minnesota has actually fallen by a quarter over the last decade, while the cost of buying a home has more than doubled between 2012 to 2022.

In recent years, state and local governments have taken steps to fund new affordable housing while promoting development of market-rate housing to help ease a shortage that is pushing up prices for all Minnesotans. Yet without stronger oversight over the use of Low Income Housing Tax Credits and Tax Increment Financing programs, there is a danger that new housing projects will be built on the backs of vulnerable workers who earn too little to live in the homes they build.

This report 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.

Key Findings:

- ◆ Minnesota faces a severe housing crisis caused by a shortage of affordable homes, and the problem is getting worse. The supply of low-cost rental housing in Minnesota has decreased by a quarter over the last decade, from 408,599 affordable units in 2011 to 308,733 units in 2021.
- ◆ State and local governments are making unprecedented investments in new housing development. In 2023, lawmakers earmarked a record \$1 billion for housing affordability.
- ◆ Unfortunately, use of contractors that have a record of cheating workers or face allegations of exploitation is far too common on affordable housing projects.
- ◆ While some sources of affordable housing development funding include robust labor standards, two leading sources of funding, the Low-Income Housing Tax Credit (LIHTC) program and local use of tax increment financing (TIF), often lack robust labor standards. Our research found evidence that, since 2016, workers on 25 projects that received approximately \$31 million in LIHTC funding were potentially at risk of exploitation by problem contractors.
- ◆ Our research further uncovered that, since 2018, workers on 14 projects that received approximately \$53 million in TIF subsidies were potentially at risk of exploitation by problem contractors.

- ◆ In total, we have documented the use of contractors tied to proven or alleged exploitation of workers on affordable housing projects that have received over \$84 million in taxpayer subsidies.
- ◆ Three of the largest for-profit recipients of LIHTC and TIF funding - Dominion, MWF and Roers - repeatedly used contractors that have records of labor law violations or face serious allegations of worker exploitation.
- ◆ Affordable housing projects sponsored by Dominion, MWF and Roers were awarded over \$47 million in taxpayer-funded subsidies across the Twin Cities metropolitan area between 2016 to 2021 to build 30 projects. This includes housing tax credits issued by Dakota County, Washington County and Minnesota Housing Finance Authority; TIF funding from the cities of Richfield and St. Louis Park; and gap funding from Dakota County.

Wage theft and exploitation remain persistent problems in the construction industry. This report highlights widespread use of contractors that have a record of wage theft or other abuses on publicly financed affordable housing projects. We can prevent exploitation by increasing transparency, adopting responsible contractor standards, holding project owners accountable for abuses that occur on their watch, and investing in enforcement and worker education.

Introduction

Minnesota faces a significant shortage of affordable housing. Middle and low income Minnesotans are finding it increasingly difficult to rent or buy a home. The supply of low-cost rental housing in Minnesota has actually fallen by a quarter over the last decade, while the cost of buying a home has more than doubled between 2012 to 2022.¹ In recent years, state and local governments have taken steps to fund new affordable housing while promoting development of market-rate housing to help ease a shortage that is pushing up prices for all Minnesotans. Yet without stronger oversight over the use of Low Income Housing Tax Credits and Tax Increment Financing programs, there is a danger that new housing projects will be built on the backs of vulnerable workers who earn too little to live in the homes they build.

Worker advocacy organizations have documented cases of wage theft, disturbing safety lapses, and the use of irresponsible contractors on affordable housing projects. While tax incentives and direct public financing are critical tools for addressing our housing shortage, we cannot afford to allow public dollars to fund worker exploitation. We can better protect vulnerable workers by tying robust labor standards to eligibility for grant and tax incentive programs.

This report seeks to fill a significant gap in our understanding of the prevalence of worker exploitation in affordable housing construction. Our goal is to document the extent of worker exploitation in the industry, examine how public investments inadvertently exacerbate the problem, and to provide a roadmap for policy changes to ensure that affordable housing is not built on the backs of vulnerable workers.

¹ Greta Kaul, "Why home prices in the Twin Cities keep going up," *MinnPost*, April 7, 2022, <https://www.minnpost.com/economy/2022/04/why-home-prices-in-the-twin-cities-keep-going-up/>.

Section 1: Minnesota's Housing Crisis

Minnesota is in the midst of a severe housing crisis and the problem is getting worse. According to the Joint Center for Housing Studies of Harvard University, the supply of low-cost rental housing in Minnesota has fallen by a quarter over the last decade, while demand for affordable housing grew.² In 2011, there were 408,599 units available for less than \$1,000 a month. In 2021, that number decreased to 308,733.³

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.⁴ Over 250,000 children live in these cost-burdened households.⁵ As Minnesota's population ages, this problem will only get worse. Nearly two in every three seniors who rent are cost burdened.⁶

As costs continue to rise, the number of Minnesotans who are evicted from their homes has increased substantially compared to pre-COVID-19 levels. In 2022, 22,455 evictions were filed around the state, which is a 33% increase over pre-pandemic historic

state filings.⁷ Of those evictions, 13,137 were filed in Hennepin and Ramsey counties, which accounts for 53% of the statewide total.⁸

The pain isn't only being felt by renters in the Minneapolis-St. Paul metro area either. According to the Minnesota Housing Project, Minnesotans need to earn a salary of \$85,620 in order to afford the median-priced home,⁹ while the median household income in the state is \$77,706.¹⁰ One in five Minnesota homeowners (19%) is currently considered cost-burdened.¹¹ Minnesota also has a large racial disparity in homeownership: 78% of white Minnesotans are homeowners while only 31% of black Minnesotans own their home.¹² This is particularly damaging because of the historic role of homeownership in generational wealth-building.

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. Unfortunately, in some cases government support also fuels abusive practices in affordable housing construction.

- 2 "MHP Releases Key Facts on Housing," *Minnesota Housing Partnership (MHP)*, September 2022, <https://mhponline.org/mhp-releases-key-facts-on-housing-2022/>.
- 3 "The Supply of Low-Cost Rentals Continues to Decline," *Joint Center for Housing Studies*, <https://www.jchs.harvard.edu/son-2023-low-cost-rentals>.
- 4 "2023 Minnesota State Housing Profile," *MHP*, March 2023, <https://mhponline.org/minnesota-state-housing-profile/>.
- 5 "2023 Minnesota State Housing Profile," *Minnesota Housing Partnership (MHP)*, <https://mhponline.org/minnesota-state-housing-profile/>.
- 6 Ibid.

- 7 "Minnesota | Eviction Tracking System," *Eviction Lab*, <https://evictionlab.org/eviction-tracking/minnesota/>.
- 8 "2023 Minnesota State Housing Profile," *n.d. Minnesota Housing Partnership (MHP)*, <https://mhponline.org/minnesota-state-housing-profile/>.
- 9 Ibid.
- 10 "U.S. Census Bureau QuickFacts: Minnesota," *U.S. Census*, <https://www.census.gov/quickfacts/fact/table/MN/INC110221#INC110221>.
- 11 "2023 Minnesota State Housing Profile," *Minnesota Housing Partnership (MHP)*, <https://mhponline.org/minnesota-state-housing-profile/>.
- 12 Ibid.

Section 2: Public Money Fueling Worker Exploitation

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,¹³ Eagan¹⁴ and Minneapolis.¹⁵ 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.

The high-profile conviction of Ricardo Batres revealed horrific practices that immigrant workers and advocates say are all too common in the construction industry. Batres – a labor broker and owner of American Contractors and Associates LLC – supplied workers and worked as a subcontractor for two prominent Twin Cities developers. In August of 2019, Batres's company was observed working on the TIF-subsidized Lyndale Gardens apartment project in Richfield, Minnesota. He was ultimately charged by the Hennepin County Attorneys' Office with "severe abuse of workers including threatening people with deportation when they complained about problems in the workplace, stealing wages by withholding them, failing to take basic

safety precautions, and more."¹⁶ In another high-profile case, a worker told members of the Minnesota House of Representatives Labor Committee in February of 2019 that a subcontractor on a major affordable housing project insisted on paying him in drugs instead of the wages they were owed.¹⁷

These abuses are unfortunately all-too-common in Minnesota's multi-family housing construction industry.¹⁸ Intense downward pressures on costs and extreme fissuring of the industry create pressure for developers and contractors to cut corners.¹⁹ While some developers assert that they have implemented internal controls to prevent exploitation, these measures have often proved to be insufficient according to worker advocates.²⁰

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

- 13 Annalise Johnson, "Rochester Wage Theft Law is First Investigation Under New Law," *KIMT 3 News*, July 9, 2019, <https://www.kimt.com/content/news/rochester-wage-theft-case-is-the-first-under-a-new-law-512502382.html>.
- 14 Dee DePass, "Subcontractors on Wilf's Viking Lakes project accused of wage theft," *Star Tribune*, May 6 2022, <https://www.startribune.com/subcontractors-on-wilfs-viking-lakes-project-accused-of-wage-theft/600171135/>.
- 15 Paul Walsh, "Charges: Twin Cities contractor threatened to report his undocumented workers if they complained," *The Star Tribune*, September 28, 2018, <https://www.startribune.com/charges-twin-cities-contractor-threatened-to-report-his-undocumented-workers-if-they-complained/494386221/>.

- 16 Penelope Kyritsis and Sean Sellers, "Building Dignity and Respect: The Case for Worker-driven Social Responsibility in the Twin Cities Construction industry," *Worker-Driven Social Responsibility Network*, November 2019, <https://indd.adobe.com/view/ef11f675-0a66-41fb-9146-f673cf999531>.
- 17 February 6, 2019, testimony by Arturo Hernandez in front of the Minnesota State House Legislature available here starting at 32 minutes and 25 seconds: https://youtu.be/wttVvPg_xIo.
- 18 See citations above including stories from Annalise Johnson, Dee DePass and Paul Walsh for examples.
- 19 Learn more about workplace fissuring, the challenges of labor law enforcement and the lack of employer accountability in: David Weil, *The Fissured Workplace: Why Work Became So Bad for So Many* (Boston: Harvard University Press, 2014), February 17.
- 20 Penelope Kyritsis and Sean Sellers, "Building Dignity and Respect: The Case for Worker-driven Social Responsibility in the Twin Cities Construction industry," *Worker-Driven Social Responsibility Network*, November 2019, <https://indd.adobe.com/view/ef11f675-0a66-41fb-9146-f673cf999531>.

fringe benefits.²¹ 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.

A survey of construction workers in the Twin Cities area by a worker advocacy non-profit, Centro de Trabajadores Unidos en la Lucha (CTUL), revealed the widespread nature of the abuse and exploitation in the Twin Cities construction market.²² Among those surveyed by CTUL, 48% reported experiencing wage theft, 44% reported that their employer does not provide them with proper safety equipment and 30% said that they fear retaliation if they complain to their supervisors.²³ The findings corroborate national research on wage theft,²⁴ workplace safety,²⁵ and workplace retaliation.²⁶ Unfortunately, the use of irresponsible contractors occurs far too often on publicly financed affordable housing projects.

2.1 FORMS OF EXPLOITATION

Construction employers are increasingly relying on multiple tiers of subcontracting, including the use of so-called “independent contractors” who are often nothing more than employees who have been illegally misclassified by employers’ payment of “piece rate” which can result in loss of overtime and safety lapses and the use of temporary staffing firms or labor brokers to meet short term labor needs. These employment practices obfuscate employment relationships, offload risk to individual workers and hinder enforcement of health, safety and employment laws.

The situation is made worse when project owners fail to take responsibility for labor abuses on their projects. Developers and other project owners frequently assert that any misconduct that occurs on projects that they control is the sole responsibility of contractors, while contractors often seek to displace responsibility to lower-tier subcontractors.

Yet it is intense downward cost pressure imposed by developers seeking to maximize profits that pushes contractors to offload responsibility through the use of multi-tier subcontracts and so-called independent contractors who are often nothing more than labor brokers. These employment practices lead to what experts describe as a fissuring of the workplace. This fissuring shifts the “basic terms of employment such [as] hiring, evaluation, pay, supervision, training [and] coordination” to multiple organizations, and thus “responsibility for [workplace] conditions [and worker safety] has blurred.”²⁷ These employment models shift risk off employers, while making it increasingly difficult to hold employers accountable for workplace standards.

21 Nathaniel Goodell and Frank Manzo IV, “The Costs of and Wage Theft Payroll Fraud in the Construction Industries of Wisconsin, Minnesota, and Illinois Impacts on Workers and Taxpayers,” *Midwest Economic Policy Institute*, 2021, <https://midwestepi.files.wordpress.com/2020/10/mepi-ilepi-costs-of-payroll-fraud-in-wi-mn-il-final.pdf>

22 The survey was conducted between January and March 2019. Researchers surveyed 76 construction workers on and off job sites about wages, benefits, training, and workplace health and safety. Respondents worked on a diverse range of project types including commercial buildings, multi-family residences (e.g. apartments, condominiums, senior housing, etc.), single-family residences (remodeling as well as new construction). Additional survey methodology details can be found on page 4 of the previously cited Building Dignity and Respect study: <https://indd.adobe.com/view/ef1f675-0a66-41fb-9146-f673cf999531>.

23 Ibid, pages 8-10.

24 David Cooper and Teresa Kroeger, “Employers steal billions from workers’ paychecks each year,” *Economic Policy Institute*, May 10, 2017, <https://www.epi.org/publication/employers-steal-billions-from-workers-paychecks-each-year/>.

25 Beth Braverman, “The 10 most dangerous jobs in America,” *CNBC*, December 28, 2019, <https://www.cnn.com/2019/12/27/the-10-most-dangerous-jobs-in-america-according-to-bls-data.html>.

26 Annette Bernhardt et al., “Broken Laws, Unprotected Workers: Violations of Employment and Labor Laws in America’s Cities,” Center for Urban and Economic Development, National Employment Law Project and UCLA Institute for Research on Labor and Employment, 2009, <https://www.nelp.org/wp-content/uploads/2015/03/BrokenLawsReport2009.pdf>.

27 David Weil, “The Fissured Workplace: Why Work Became So Bad for So Many” (Boston: Harvard University Press, 2014), February 17, 7.

GET THE FACTS: PREVAILING WAGE

Research overwhelmingly shows that prevailing wage requirements have little to no impact on project costs

- Three in four peer-reviewed studies conducted between 2000-2018 found that prevailing wage laws have no effect on the cost of public construction projects.²⁸
- A 2018 analysis by the Midwest Economic Policy Institute of 640 contractor bids on school construction projects in Minnesota found that winning bids based on the payment of prevailing wages are no more costly than bids that do not require prevailing wages.²⁹
- Prevailing wage laws increase apprenticeship training, boost worker productivity, and reduce injury rates – helping to address the skilled labor shortage in construction.³⁰ This may help explain why the cost of prevailing wage construction is comparable to non-prevailing wage construction: increased reliance on highly trained workers leads to fewer costly mistakes and greater efficiencies.

Prevailing wage policies support the development of a skilled construction workforce and provide pathways into the middle class and boost job opportunities for local workers

- Economic research finds that prevailing wage laws foster middle class careers that attract talented young workers to the construction trades.³¹
- Minnesota's prevailing wage law increases blue-collar construction worker incomes by 5.2 percent, expands health insurance coverage by 5.0 percentage points and increases the share of construction workers with pension plans by 5.3 percentage points.³²

- Minnesota's prevailing wage law reduces the share of construction workers who receive food stamp assistance by 2.1 percentage points.³³
- Compared to Indiana, which recently repealed its prevailing wage law, per-worker productivity has grown 7.7 percentage-points faster and worker turnover rates have fallen further in Minnesota.³⁴

Prevailing wage policies ensure work opportunities for local workers and contractors

- Prevailing wage laws set the wage and benefit floor based on local survey data of the going rate for particular crafts. This ensures that work on government financed projects do not undercut area standards. It levels the playing field for local workers and local contractors.
- For example, “when school districts in the Twin Cities area include prevailing wages on projects, local contractors account for a 10 percent higher market share– with tax dollars staying in the local economy.”³⁵

Prevailing wage policies boost the positive impacts of infrastructure investments

- “By protecting work for in-state contractors and their employees, Minnesota's prevailing wage law creates 7,200 jobs in Minnesota, improves the state economy by \$981 million, and generates \$37 million in state and local tax revenue every year.”³⁶
- By leveling the playing field for local contractors, prevailing wage policies increase opportunities for local workers. Local workers spend 3-4 times more in a local economy creating positive socio-economic ripple effects throughout regional economies.³⁷

²⁸ Frank Manzo and Kevin Duncan. “An Examination of Minnesota's Prevailing Wage Law Effects on Costs, Training, and Economic Development,” *Midwest Economic Policy Institute*, July 2018, <https://midwestepi.files.wordpress.com/2018/07/mepi-csu-examination-of-minnesotas-prevailing-wage-law-final.pdf>, 1.

²⁹ Ibid.

³⁰ Ibid.

³¹ Ibid.

³² Ibid.

³³ Ibid.

³⁴ Ibid.

³⁵ Ibid.

³⁶ Ibid.

³⁷ Katie Hatt and Lucas Franco, “Catching the Wind: The impact of local vs. non-local hiring practices on construction of Minnesota wind farms,” *North Star Policy Institute*, June 2018, <https://northstarpolicy.org/catching-the-wind-the-impact-of-local-vs-non-local-hiring-practices-on-construction-of-minnesota-wind-farms>.

Fortunately, 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 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 between contractors 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. Collection of certified payroll reports, which is a key feature of prevailing wage policies, helps to minimize the reliance on informal employment relationships and off-the-books payments on a construction site by requiring contractors to provide accurate data and monitor job sites.

Prevailing wage policies are effective tools to reduce the risk of worker exploitation and other misconduct on housing projects, but they require strong enforcement and additional tools may be needed to protect workers and taxpayers. In general, the public funding sources with prevailing wage requirements are built with responsible contractors adhering to high employment standards. On the other hand, we have found numerous issues on projects built without prevailing wage protections.

The most consistent issues occur on low-income housing tax credit (LIHTC) and tax increment financing (TIF) projects. These are two of the most common sources of public financing for affordable housing projects. They are also two programs that rarely include robust labor standards such as prevailing wage requirements.

2.2 PUBLIC FUNDING WITHOUT SAFEGUARDS

The Low-Income Housing Tax Credit (LIHTC) program 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.

There are certain federal requirements for the funding including requirements for how long a property must remain affordable. On top of the baseline federal requirements, state allocating agencies can establish additional criteria through the Qualified Allocation Plan process. In Minnesota, the Minnesota Housing Finance Agency is primarily responsible for determining which housing projects should receive credits and the dollar amount allocated. There are also a number of suballocators of LIHTCs, including Duluth, Minneapolis, Rochester, St. Paul and Washington and Dakota Counties, that apply their own conditions to projects.

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 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.³⁸

METHODOLOGY

This 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

³⁸ Julie Blaha, "Tax Increment Financing Legislative Report," *Office of the State Auditor*, 2021, www.osa.state.mn.us/media/fi2h1hdy/tiflegislative_21_report.pdf.

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 we also interviewed construction workers and worker advocates.

Over recent years, worker advocacy organizations including Centro De Trabajadores Unidos En La Lucha (CTUL), the North Central States Regional Council of Carpenters (NCSRCC) and the Laborers International Union of North America (LIUNA) have uncovered numerous cases in which public housing dollars have apparently fueled worker exploitation. While the focus of our analysis is on publicly funded projects, the scale of wage theft and other forms of abuse is often worse in non-subsidized segments of the industry. What we detail below is sadly just the tip of the iceberg.

THE DANGER OF WORKER EXPLOITATION ON PUBLICLY FINANCED AFFORDABLE HOUSING PROJECTS

In recent years, contractors that have a record of cheating workers or face serious allegations of exploitation have worked on 33 affordable housing projects across the Twin Cities metropolitan area, including 25 LIHTC-funded projects since 2016 and 14 TIF-funded projects since 2018.³⁹ In total, these projects have received taxpayer-funded subsidies in excess of \$84 million. The following are among the more egregious case studies that we have uncovered in the subsidized affordable housing industry.

Painting America Hudson, Wisconsin

Painting America is a drywall and painting contractor based in Hudson, Wisconsin. They have worked on commercial and residential projects in Minnesota and Wisconsin. The company also hired Douglas Drywall, a

labor broker, to supply and manage labor. On December 27, 2017, the Minnesota Department of Labor and Industry issued findings that Painting America violated Minnesota law, acting together with its labor broker, by misclassifying employees as independent contractors.⁴⁰

Painting America has a history of wage theft complaints. In 2019, construction worker Arturo Hernandez testified before the Minnesota House of Representatives Labor Committee alleging Painting America failed to pay him the full wages they owed him. Hernandez testified that he worked for Painting America for three weeks without pay, and when he demanded the money he was owed, the company offered to pay him in drugs.⁴¹

We have documented Painting America on the following publicly financed projects:

- ◆ Amundson Flats - MWF Properties (Edina)
- ◆ Ellie Apartments - United Properties (Eden Prairie)
- ◆ Legends of Minnetonka - Dominion (Minnetonka)
- ◆ Legends of Spring Lake Park - Dominion (Spring Lake Park)
- ◆ Legends of Woodbury - Dominion (Woodbury)
- ◆ Lexington Flats - MWF (Eagan)
- ◆ Preserve at Shady Oak - Dominion (Minnetonka)
- ◆ Red Rock Square - MWF (Newport)
- ◆ Rosemary Apartments - MWF (Hugo)
- ◆ Texa-Tonka - Paster Properties (St. Louis Park)

⁴⁰ State of Minnesota Department of Labor and Industry, Licensing Order with Penalty issued to Painting America. REG1608-00028/JOR. December 27, 2017. See also: State of Minnesota Commissioner of Labor and Industry, Consent Order issued to Painting America. REG1608-00028/JOR. January 8, 2019. ("[Painting America] acknowledges that it engaged in the conduct leading to the allegations herein"). Full consent order <https://lms.minneapolismn.gov/Download/FileV2/23097/416-420-Hennepin-Ave-E-REzoing-Public-Comment.pdf>.

⁴¹ February 6, 2019, testimony by Arturo Hernandez in front of the Minnesota State House Legislature available here starting at 32 minutes and 25 seconds: https://youtu.be/wttVvPg_xIo.

³⁹ Some of these projects had both TIF and LIHTC funding.

ARTURO'S STORY

House Labor Committee Testimony ⁴²

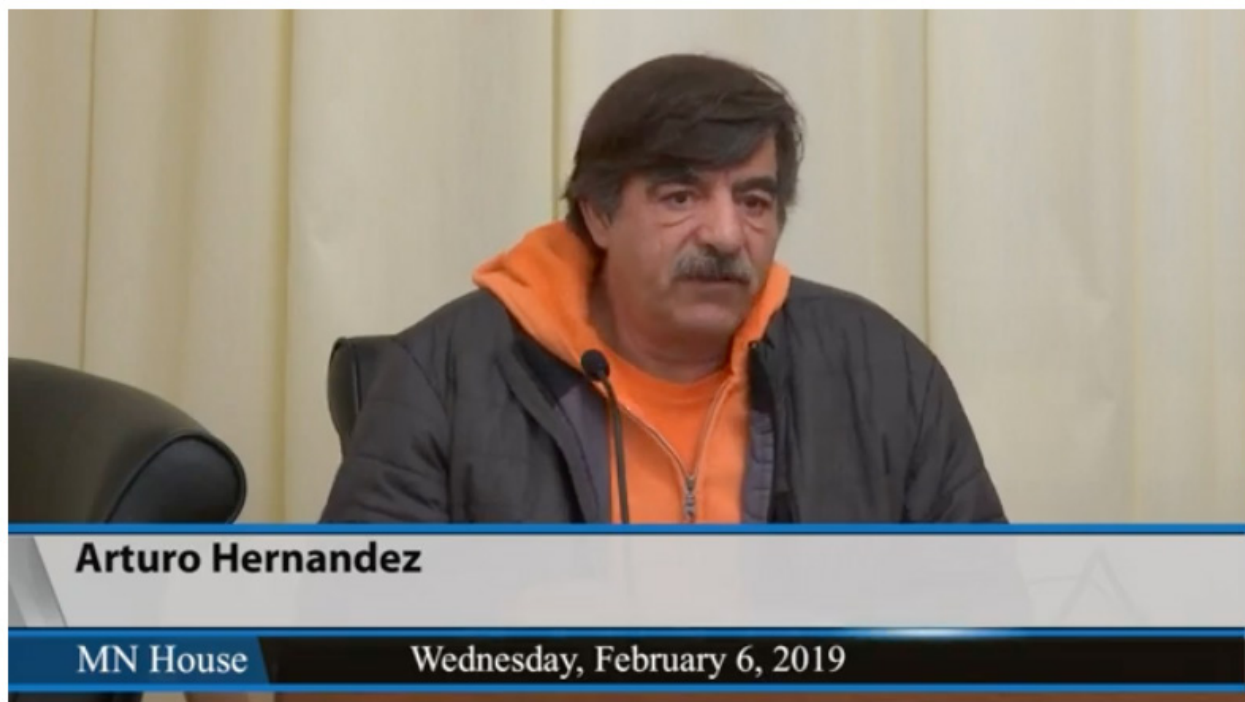
"Last year I worked for Painting America. A supervisor drove me to the jobsite [and] put me in contact with Eduardo Venezuela, my Foreman. I worked for these guys for almost three weeks. I showed up to get paid and he gave me the address to get to his home. The guys don't want to pay me in money. He wants to give me drugs to sell. He says we make way more money if we sell these drugs. I say no way. I need the money because I need to feed my family. I'm a worker.

[This] basically happened to the Spanish [speaking] people because we don't know the laws...we workers. We work hard to make our money to feed the family and pay the rent.

I reported these guys to the [Department of Labor]. This isn't supposed to happen. This thing. The company supports these guys to do this. To steal the money from these people.

[I spoke to Painting America] to give me an application. They don't do it. They told me Eduardo is in charge. I don't fill out any job application because the guys don't give me any. This case, this doesn't only happen to me. It happened to other guys, other Spanish guys. The guys don't want to make the report or anything because they are scared. I hope you pass the law and help the Spanish people because they are scared to report they stole the money."

⁴² February 6, 2019, testimony by Arturo Hernandez in front of the Minnesota State House Legislature available here starting at 32 minutes and 25 seconds: https://youtu.be/wttVvPg_xIo.



Absolute Drywall Lakeville, Minnesota

Absolute Drywall is a drywall construction company based in Lakeville, Minnesota.

Government investigations have found that Absolute Drywall deprived workers of more than \$126,000 in wages, violated child labor laws, misclassified workers, and submitted false and misleading information during the course of an investigation.⁴³

In 2022, Norma, a former Absolute Drywall worker, told investigators that she had been sexually assaulted on multiple occasions by her co-worker, Juan Diego Medina Cisnerso, on the job at construction sites where Absolute Drywall had been hired to install drywall. Norma reported that, on May 20, 2021, she was sexually assaulted while working for Absolute Drywall on a construction project in Eagan, Minnesota. Norma reported that she was again assaulted on another construction project in Roseville, Minnesota.

Norma shared her story of abuse with her supervisor, Absolute Drywall's owner, Daniel Ortega, according to an original report published in the Minnesota Reformer article.⁴⁴ Ortega claimed that the relationship was consensual. Norma "told police Ortega threatened to fire her if she continued complaining."⁴⁵ Shortly after reporting the incident, Ortega laid Norma off, informing her there was no more work available.

⁴³ All relevant documentation: 1. Minnesota Department of Labor and Industry Licensing Order issued to Absolute Drywall. REG1505-00021/MG. August 18, 2016. 2. Case ID 1794218. 3. Child Labor, Wage and Hour Division Overview. U.S Department of Labor. Case ID 1800777. Investigative period between August 20, 2014 to July 19, 2016. 4. Minnesota Department of Labor and Industry Licensing Order issued to Absolute Drywall. REG1702-0083/MG. May 21, 2018.

⁴⁴ Max Nesterak, "She reported sexual abuse on the job. The boss told her it was consensual," *Minnesota Reformer*, October 4, 2022, <https://minnesotareformer.com/2022/10/04/she-reported-sexual-abuse-on-the-job-the-boss-told-her-it-was-consensual/>.

⁴⁵ Ibid

We have documented Absolute Drywall on the following public projects:

- ◆ Birdtown Flats - The Beard Group (Robbinsdale)
- ◆ Oaks Landing - Dominion (New Brighton)
- ◆ Legends of Apple Valley - Dominion (Apple Valley)
- ◆ Legends of Cottage Grove - Dominion (Cottage Grove)
- ◆ Twin Lakes Family Apartments - Dominion (Roseville)

Environmental StoneWorks (ESW) North Branch, Minnesota

Environmental StoneWorks is a national stone manufacturer and installer. Environmental StoneWorks is owned by CornerStone Building Brands, one of the largest manufacturers of exterior building products in North America. CornerStone was acquired by private equity firm Clayton, Dubilier & Rice in 2022.

In September 2021, a worker named Marco fell off a six-foot stepladder while installing stone veneer on an Environmental StoneWorks project and broke his ankle. Marco's boss reportedly told him to go to the hospital and present himself as the boss in order to receive treatment.

Marco explained that, after he refused to participate in the scheme, his boss was outraged and threatened to call immigration enforcement and police if Marco or his coworker Mario ever showed up on one of his projects. The boss later told Mario that he could charge them \$10,000 for alleged defects in past stone installation work.

Only after Marco obtained the assistance of a workers' compensation lawyer who intervened did Environmental StoneWorks take responsibility for paying Marco's medical bills through the company's insurance provider.

Marco's mistreatment is just the tip of the iceberg for immigrants that make their living on Environmental StoneWorks projects according to workers interviewed. For example, Mario reported that a previous boss shorted him on pay and had a stated practice of paying immigrants who could not provide a social security number less per square foot of stone installed.

We have documented Environmental StoneWorks (ESW) on the following public projects:

- ◆ Legends of Blaine - Dominion (Blaine)
- ◆ Risor of Apple Valley - Roers (Apple Valley) - subsidized through Dakota County gap financing⁴⁶

Wolf Construction Services, LLC West Des Moines, Iowa

Lower tier Wolf Construction Services subcontractors and/or labor brokers have been charged, and in some cases convicted, for conduct that ranges from misclassification⁴⁷ to retaliation⁴⁸ to sex trafficking.⁴⁹ As recently as March 30, 2023, a lower tier subcontractor for Wolf Construction, Giron Construction LLC, was charged with insurance fraud.⁵⁰

We have documented Wolf Construction Services on the following publicly financed projects:

- ◆ Amundson Flats - MWF (Edina)
- ◆ Ellie Apartments - United Properties (Eden Prairie)
- ◆ Legends of Cottage Grove - Dominion (Cottage Grove)
- ◆ Legends of Minnetonka - Dominion (Minnetonka)
- ◆ Legends of Spring Lake Park - Dominion (Spring Lake)
- ◆ Legends of Woodbury - Dominion (Woodbury)
- ◆ Preserve at Shady Oak - Dominion (Minnetonka)
- ◆ Rosemary Apartments - MWF (Hugo)
- ◆ Twin Lake Apartments - Dominion (Roseville)
- ◆ Wooddale Apartments - Real Estate Equities (St. Louis Park)

⁴⁶ The Risor of Apple Valley received "\$2.4 million in gap financing to help subsidize the affordable component" according to the following source: Brian Johnson, "Roers pays \$3 million for housing site in Apple Valley," *Finance and Commerce*, April 27, 2021, <https://finance-commerce.com/2021/04/roers-pays-3-million-for-housing-site-in-apple-valley/>.

⁴⁷ MNDOLI Licensing Order: https://drive.google.com/file/d/1ayosyiTtDvHKXXKXrr3_KtZLibyiReDsP/view?usp=sharing.

⁴⁸ MNDOLI Administrative Order: https://drive.google.com/file/d/1v2ZweCuRz7jLRws_U2B6csC1zwmbiORm/view?usp=sharing.

⁴⁹ Charging documents for Humberto Rangel-Torres: <https://drive.google.com/file/d/1VnZdZMZ-RYZMAbcQfM8VkI7swDSDgJ2l-/view?usp=sharing>.

⁵⁰ Charging documents for Giron Construction LLC: <https://drive.google.com/file/d/1zAX-033ytdkHTphIJipiWxNHkSZ8N1oy8/view?usp=sharing>.

MARCO'S STORY ⁵¹

"My name is Marco Antonio Ramirez Jimenez. I come from Mexico. I have been in the U.S. for three years. I came here for a better life. I have two children, 10 and 15.

Being here in the U.S. is not what everyone tells us because once I was there everything was different. Things are different. I have worked with bosses that don't care. They don't worry if we don't eat. They don't worry if we aren't well.

They don't care if we are sick. They just want us to work. They obligate us to work because if we don't work they don't pay us. When I came here I had issues coming to the country because I came with people that sold me. They sold me to other people. When I got here I already owed \$11,000 that I had to pay from my salary.

I was living in Pennsylvania when I arrived (in the U.S.). I was there for three months. After that, I went to Ohio. I was working (for a woman). She required us to work. She exploited us. Sometimes she didn't give us any food, but she wanted us to work.

Also, she took our money. She wanted us to pay her taxes. She took 10% of our money. From our salaries, she took our money. Not if we wanted. She just took it. Sometimes she used to tell us that she didn't get paid and then she said she couldn't pay us.

After I was able to not owe her any money, I left and went to Chicago. I was there for four months. Once again, I worked for a Latino and the same thing, he didn't take care of us. He just wanted us to work and work and work. He'd spend all of the money on alcohol. Today he still owes us money. He didn't pay us and he's not thinking about paying us.



After that, I came to Minnesota. I have been here for approximately one year. I was working for Environmental StoneWorks. I had an accident with the contractor I was working for. I was working on a house. I fell from a ladder. I broke my foot. I called the boss so he could do something, but he didn't do anything.

He didn't take care of me. I called him. He threatened me saying if we look for him or if we go to his house to get him or if we went to his job sites he will call the cops on us.

He (former boss) hasn't done anything for what has happened. I have a plate on my foot (ankle) and I can't be in the cold or run. I cannot put weight (on it) when I walk. I had to stop doing heavy things because of it.

That is why I am fighting, so all of this can end. We need for this to end because we are only obligated to work, but they don't take care of us."

⁵¹ Transcription from April 2022 video.

Merit Drywall Clearwater, Minnesota

On November 23, 2020, the former owners of Merit Drywall, LeRoy and Joyce Mehr, were sentenced for a fraud scheme that bilked an insurance company out of more than \$300,000 in unpaid workers' compensation insurance premiums. The Mehrs were fined \$30,000 and ordered to pay Federated Insurance \$309,000. The couple was also sentenced to 180 days of electronic home monitoring and, five years of probation, and 30 days of community service.⁵²

The Minnesota Department of Commerce's Fraud Bureau found that the Mehrs and their company, Merit Drywall, fraudulently treated employees as independent contractors, allowing them to save hundreds of thousands of dollars in workers' compensation premiums. These practices, in turn, put Merit in a position to underbid honest contractors.⁵³

- ◆ Merit Drywall was observed on the TIF subsidized Moline Apartments - Doran (Hopkins)

Stone Pro Masonry Eau Claire, Wisconsin

For years, Stone Pro Masonry company has faced allegations of exploiting immigrant workers, including guest workers employed under the H-2B visa program. Use of H-2B visas has been described as rife with abuses and as a form of indentured servitude by the Southern Poverty Law Center, because immigrant workers are shackled to a single employer, have little recourse when they

are cheated or abused, and enforcement of program rules is lax.⁵⁴ The accounts of former Stone Pro employees seem to support the Southern Poverty Law Center's conclusions.

Over the past several years, Stone Pro has obtained permission to employ dozens of what the company referred to as "carpenter helpers" on H-2B visa workers in the Twin Cities and Western Wisconsin. The H-2B program requires employers to pay minimum wage rates based on the location and type of work performed in order to protect immigrant workers from exploitation and prevent the program from displacing local workers or eroding area wage standards. But worker testimony and field observations suggest that Stone Pro H-2B employees have been underpaid and mistreated.

For example, one H-2B visa worker interviewed by LIUNA described performing masonry and concrete work that evidently should have earned them roughly \$8 to \$12 in additional hourly pay.⁵⁵ The worker also indicated that company representatives were well aware that they were hiring skilled block masons and concrete laborers, but encouraged them to conceal that fact from the U.S. Consulate in Monterrey. The worker also detailed other pay irregularities, including being shorted pay for driving the company van and working in the shop and being paid in cash, and he described being cramped into a residential home in Eau Claire, Wisconsin, with more than a dozen other workers.

52 Kate Raddatz, Hennepin Co. Attorney Mike Freeman Announces Felony Charges Against Former Owners Of Merit Drywall, *WCCO News*, January 21, 2020, available here: <https://www.cbsnews.com/minnesota/news/hennepin-co-attorney-mike-freeman-announces-felony-charges-against-former-owners-of-merit-drywall/>.

53 Estefan Saucedo, Former owners of Merit Drywall charged with insurance fraud and theft by swindle, *Kare 11 News*, January 21, 2020, available here: <https://www.kare11.com/article/news/local/former-owners-of-merit-drywall-charged-with-insurance-fraud-and-theft-by-swindle/89-9541fc84-dc3b-4e7d-b219-eacfoad5515>.

54 "Close to Slavery: Guestworker Programs in the United States," *Southern Poverty Law Center*, Feb. 19, 2013, <https://www.splcenter.org/20130218/close-slavery-guestworker-programs-united-states>

55 Construction workers that place concrete are classified as Laborers under Federal and state prevailing wage laws, and have been consistently designated as Construction Laborers by other area concrete contractors that employ H-2B workers. The applicable rates can be found in U.S. Foreign Wage Certification Data Center Online Wage Library "Mean Wage (H-2B)" listing for the Minneapolis-St. Paul-Bloomington Metropolitan Statistical Area.: <https://flcdatadcenter.com/OesQuickResults.aspx?code=47-2061&area=33460&year=19&source=1>

Field observations by LIUNA indicated that workers who identified themselves as H-2B visas performed masonry or concrete work that clearly should have entitled them to much higher rates of pay. Another immigrant worker formerly employed by Stone Pro who was not on an H-2B visa confirmed that H-2B employees performed concrete work and said that workers referred to the H-2B lodgings as “Casa de los Espantos” (“Fright House”) due to the poor living conditions.

It should probably come as no surprise, given the company’s evidently poor treatment of immigrant workers, that Stone Pro owner Gerald Manning apparently has hostile views of immigrants based on a review of Facebook content.⁵⁶ It is troubling, however, given the worker accounts described above that Gerald Manning and Stone Pro are apparently benefiting from public housing subsidies.

We have documented Stone Pro Masonry on the following publicly financed projects:

- ◆ Lexington Flats - MWF (Eagan)
- ◆ Lake Isabel Flats - Stencil Group (Hastings)

Stone Pro is not the only contractor involved in apparent exploitation of H-2B visa workers in Minnesota. LIUNA have also identified H-2B guest workers employed by Rosales Masonry on a Roers multi-family housing project in Oakdale, Minnesota.

In the case of Rosales, workers who were observed setting block appear to have been misclassified as “mason helpers” rather than masons – a designation that potentially

allows the employer to substantially underpay H-2B employees for their work. Further, based on a search of the national H-2B visa database, Rosales apparently failed to obtain H-2B visa certifications to work in Minnesota, raising the possibility that the company is not only underpaying workers but also violating program rules and cheating local masons of job opportunities that should first be made available to them.

Ed Lunn Construction Rochester, Minnesota

Ed Lunn has been accused of misclassifying workers, failing to pay payroll taxes, and of systematically underpaying employees. According to a July 6, 2019, Star Tribune article, advocates allege that the company’s business model relies on wage theft and worker misclassification.⁵⁷

According to Nick Wille, with North Central States Regional Council of Carpenters: “Contractors like Ed Lunn Construction are hiring subcontractors and independent contractors and paying them off-the-books in cash and under the table.”

In some cases, workers allege that they simply weren’t paid for their work. For example, workers accused Ed Lunn of failing to pay thousands of dollars in back wages for work on the River Glen Apartments in Rochester. “Trouble began...when the men didn’t get paid and approached Lunn’s representative, Josh Tinker. Tinker told them they had to finish building garages first... but agreed to give the men \$1,000 each to tide them over. Later, the men were told they had to finish some porches, but when they finished the work, they still didn’t get their money.”

⁵⁶ See examples from a Facebook page identified as belonging to a Gerald Manning of Eau Claire, Wisconsin and listed as the owner of Stone Pro Masonry, including, among others, a video titled “Father’s Story About His Son Is A Perfect Example of Why We Need A Wall”; a purported photo of a sign in Dearborn Michigan that reads “Advancement Of Islamic Agenda For America; Allah Be Praised. American We Will Kill You All And Nothing You Can Do To Stop It. Allah Be Praised.”; and a statement that reads “If you cross the U.S. border illegally you get a job, a drivers license, food stamps, a place to live, health care housing & child benefits, education, & a tax-free business for 7 yrs ...No wonder we are a country in debt. Re-post if you agree!!!!”

⁵⁷ Matt McKinney, “Rochester case is first test of new wage theft law,” *Star Tribune*, July 6, 2019, <https://www.startribune.com/workers-claim-they-were-shorted-wages-on-rochester-apartment-project/512305452/>.

“You know they kept kind of saying ‘Oh, you know your check will come later, oh we’ll pay you,’ but that was a lie. It didn’t come on time,” Adalid Zavala said through translator Ruth Schultz, with Centro de Trabajadores Unidos en la Lucha.

- ◆ Ed Lunn was observed on the TIF subsidized River Glen Apartments - Village Capital Corporation (Rochester)

PUBLIC MONEY FUELING THE GROWTH OF CONCERNING BUSINESS PRACTICES

Our research highlights a troubling lack of oversight or accountability for recipients of public funding with respect to labor standards on affordable housing projects. Dominion, Roers and MWF are three of the largest private recipients of LIHTCs and frequent recipients of TIF. All three have used contractors that have a record of cheating

workers or face allegations of exploitation on multifamily housing projects.

Since 2016, these three developers have received at least \$47 million to build affordable housing projects across the Twin Cities metropolitan area. The total includes housing tax credits backed by Dakota County, Washington County and Minnesota Housing Finance Agency; TIF funding from the City of Richfield and the City of St. Louis Park; and gap funding from Dakota County.

Project developers have the power to select the contractors they want to use on their projects.

Public financing should not flow to developers that consistently use irresponsible contractors. Developers that receive public funding should be held to the highest standards.

BAD FOR WORKERS, BAD FOR TENANTS

Discussion of labor conditions in affordable housing construction can pit workers against tenants, but all too often, projects that are built using exploitative practices end up being managed in ways that exploits tenants. Dominion, one of the largest developers of affordable housing in the country, also manages more than 30,000 apartments in 22 states. In Minnesota, Dominion managed one of the largest apartment complexes in the state until it was sold in 2019. A MinnPost article about that sale found that “residents for years have reported safety issues, unfair treatment from management and poor living conditions, including mold and asbestos in the walls.”⁵⁸

Last year, residents of senior-living apartments complained about a 12.5% rent hike and sued Dominion, alleging they were illegally charging parking fees after using federal tax credits to cover the cost of building the parking lot.⁵⁹ Other news reports have alleged “bed bugs, a lack of heat and hot water and unsafe living conditions” at Dominion managed properties.⁶⁰ We believe this is an area ripe for further investigation.

⁵⁸ “Why the Possible Sale of a Massive Brooklyn Park Apartment Complex Matters,” *MinnPost*, November 21, 2019. <https://www.minnpost.com/metro/2019/11/one-of-the-states-largest-and-most-controversial-apartment-complexes-is-expected-to-be-sold-why-it-matters/>.

⁵⁹ “KARE 11 Investigates: Affordable Senior Apartment Developer Accused of ‘Double-Dipping,’” *Kare 11*, 2022, <https://www.kare11.com/article/news/investigations/kare-11-investigates-senior-apartment-developer-accused-double-dipping/89-5256e3b1-8106-44d2-8c6e-f2ad8b7d6464>.

⁶⁰ “Unsafe Living Conditions Reported at Senior Living Apartment Complex,” *KSDK*, February 14, 2018, <https://www.ksdk.com/article/news/local/unsafe-living-conditions-reported-at-senior-living-apartment-complex/63-518992827>.

Section 3: 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.

TIF “clawback” policies are another critical tool in the fight against worker exploitation on publicly financed projects. These allow local units of government to force recipients to repay TIF subsidies when the terms of the TIF agreement are violated. For example, in Richfield, “fail[ure] to comply with labor laws” is considered an Event of Default for a TIF agreement.⁶¹ This is a critically important policy and should serve as a model for other TIF authorities. This creates a substantial disincentive for exploitation.

Prevailing wage and TIF clawback policies are vital tools in the effort to root out exploitation, but they are not enough. Contractors that violate the law frequently go unpunished because many workers are too afraid for their jobs or residency status or, in the worst cases, their safety

to file a complaint or provide testimony. Further, developers that routinely employ such contractors almost never face legal consequences for the mistreatment of workers on their projects. Exploitation of vulnerable workers is unlikely to end until state and local governments begin to hold project developers accountable for conduct that occurs on their jobsites.

While our policy recommendations primarily focus on increasing standards tied to public financing, we also suggest important actions municipal leaders can take to prevent wage theft on all construction projects. Minor policy changes at the permitting level to increase transparency and oversight of projects could have a major impact on preventing crime on multi-family housing projects.

3.1 PREVENTION AT THE STATE LEVEL

Affordable housing developers that repeatedly allow wage theft and human trafficking and fail to maintain safe workplaces need to be held accountable. It is far too easy for them to pass the buck to construction contractors on publicly financed projects where labor exploitation occurs. Additionally, we should not allow contractors that cheat or exploit workers to profit from publicly financed projects.

To increase public transparency on publicly financed projects and to prevent wage theft and exploitation, the legislature should make modifications to increase transparency and create a framework for disqualification from receiving funds for egregious behavior.

⁶¹ Article IX 9 from example TIF agreement under Events of Default, *City of Richfield*, document https://drive.google.com/file/d/17oLQeoSxj2G7rZY6R55DApPM7CvaxQSO/view?usp=drive_link.

TRANSPARENCY

First, the Project Owner should be required to disclose incidents of wage theft, human trafficking, misclassification fraud, child labor and workplace safety violations on all past projects. This would provide critically needed transparency to disincentivize the use of contractors with a track record of issues.

Second, the project owner should maintain and make available, directly or via the General Contractor, a list of all contractors and subcontractors that have been or are expected to be employed, is currently employed, or is expected to be employed on a housing project. Many elected officials and members of the public are surprised to learn that project owners are not typically required to provide local officials, agency funders, or interested members of the public with lists of contractors and subcontractors that are employed on construction projects. This lack of transparency makes it easy for contractors to misclassify workers as third- and fourth-tier subcontractors, and difficult for workers to prove or sometimes even know who employed them – leaving the public and sometimes even the developer in the dark. A requirement to list contractors would help to prevent misclassification by making it easier to recognize the illegal use of independent contractors.

RESPONSIBLE CONTRACTING

Irresponsible contractors that cheat workers or engage in other serious misconduct should not be allowed to work on taxpayer-funded housing projects any more than they should be allowed to participate in public works construction projects. Minnesota's Responsible Contractor Act (RCA) establishes clear guidelines for determining contractor responsibility that could also be applied to taxpayer financed projects to minimize the risk of publicly-subsidized misconduct.

PREFERENCE FOR HIGH-ROAD CONTRACTING

MHFA uses a wide range of criteria to evaluate funding proposals, including applications for LIHTC funding. But these criteria do not currently include any metrics related to the past performance or present commitments to contracting practices designed to maximize the benefits of construction jobs and careers to low-income communities and residents, or to minimize the risk of wage theft and other forms of exploitation on subsidized projects. MHFA should consider incorporating metrics that recognize the value of family-supporting jobs, health and retirement benefits, registered apprenticeship career pathways, and worker protections resulting from collective bargaining and worker-driven social responsibility programs.

3.2 PREVENTION AT THE LOCAL LEVEL

Municipalities also have a vital role to play in wage theft prevention on multi-family housing construction projects since local governments grant permits and zoning approvals for new development. Municipal leaders often adopt policies designed to prevent other types of criminal activity in their cities, and they should take wage theft just as seriously. Municipalities could require applicants for construction permits to disclose information on a developer's track record with respect to wage theft and other forms of misconduct, and they could also require transparent reporting on the contractors and subcontractors used during construction.

Finally, cities should look for creative ways to increase their enforcement capacity. This is a critical need at the local level. Policy changes alone are insufficient alone without more robust investment in enforcement. One way to increase enforcement capacity is to expand cooperation with neighboring

communities through joint enforcement efforts and co-enforcement models. Another approach is to empower workers to know their rights and establish effective reporting avenues through a worker-driven social responsibility framework such as the Building Dignity and Respect (BDR) Program.

BDR requires developers to enter into legally binding participation agreements that require all contractors and subcontractors at every tier of a project to abide by basic

standards that protect against wage theft and payroll fraud and guarantee the rights of workers to fair treatment, a safe workplace, and a voice in their working conditions. In addition to providing independent monitoring to verify compliance, workers are educated and empowered as frontline monitors and defenders of their own rights, with protections against retaliation. This type of worker education and compliance monitoring could be a vital tool to ensure compliance.

Conclusion

We have seen too many instances of publicly-subsidized affordable housing projects that were built with the help of workers who could not afford to live in them due to low pay, lack of benefits, and wage theft by unscrupulous employers. Beyond undermining efforts to address Minnesota's affordable housing crisis, awarding public subsidies to developers that facilitate or allow wage theft, misclassification fraud, or other forms of worker exploitation that disproportionately affect vulnerable Latino and immigrant workers encourages the spread of abusive practices in the construction industry and undermines the State's commitment to equity.

This report has shown how the failure to condition access to key affordable housing financing sources on responsible conduct allows taxpayer money to flow to unscrupulous developers and contractors. This fuels abuse not only on publicly financed projects, but it fosters low-road practices

throughout the multi-family housing industry.

Minnesota can meet its ambitious affordable housing development goals without sacrificing worker dignity and safety. The use of irresponsible contractors should not be tolerated on publicly financed projects. 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 and appointed officials can take at all levels of government to ensure high-road affordable housing development.



Subsidizing Abuse: How Public Financing Fuels Exploitation in Affordable Housing Construction

Minnesota faces a significant shortage of affordable housing, and too often, new housing projects are being built on the backs of vulnerable workers who earn too little to live in the homes they build. Our “Subsidizing Abuse” report details the extent of taxpayer support for construction practices that exploit immigrants and other at-risk workers, and reveals how public financing flows to a handful of private for-profit housing developers who employ contractors that have been charged with or face allegations of exploitation. Examples of worker exploitation include **wage theft, payroll fraud, lack of safety equipment and standards, threats of deportation, and fear of retaliation.**



MINNESOTA HOUSING CRISIS

- Minnesota faces a severe housing crisis caused by a shortage of affordable homes, and the problem is getting worse.
- The supply of **low-cost rental housing in Minnesota has decreased by a quarter** over the last decade.
- In 2022, **evictions rose 33%** from historic pre-pandemic numbers, and over half of those evictions were in Hennepin and Ramsey counties.
- State and local governments are making unprecedented investments in new housing development, with a record **\$1 billion earmarked for housing affordability** in 2023.



PUBLIC MONEY FUELING WORKER EXPLOITATION

- Two leading sources of affordable housing development funding (LIHTC and TIF) often lack robust labor standards.
- Since 2016, workers on 25 projects that received approximately **\$31 million in LIHTC funding** were at risk of exploitation by problem contractors.
- Since 2018, workers on 14 projects that received approximately **\$53 million in TIF subsidies** were at risk of exploitation by problem contractors.
- In total, **over \$84 million in taxpayer subsidies** have gone to contractors with **proven or alleged labor violations.**



A ROADMAP TO HIGH-ROAD AFFORDABLE HOUSING

- We can prevent exploitation by increasing transparency, adopting responsible contractor standards, holding project owners accountable for abuses that occur on their watch, and investing in enforcement and worker education.
- Legislation is being proposed in the 2024 legislative session that would:
 - Expand **prevailing wage policies** to LIHTC and TIF projects.
 - **Increase transparency** by requiring developers to report who is actually working on their projects and disclose incidents of wage theft, human trafficking, misclassification fraud, child labor and workplace safety violations on past projects.
 - **Increase developer accountability** for abuses committed by contractors on their projects, including disqualifying them from further public assistance for up to three years after multiple egregious cases of wage theft.



To view the full report, scan the QR code, or visit northstarpolicy.org.

QUESTIONS? CONTACT EXECUTIVE DIRECTOR JAKE SCHWITZER AT [JAKE@NORTHSTARPOLICY.ORG](mailto:jake@northstarpolicy.org) OR 651-300-9974.

CC Work Session**Meeting Date:** 07/28/2026**Primary Strategic Plan Initiative:** Enhance City's communication through transparency and accountability.

Information**Title:**

Waterfront Park

Purpose/Background:

The purpose of this discussion is to provide updates on the temporary measures in place at the Waterfront Park, and provide updates on permanent improvements to improve safety and user experiences.

Recommendation:

No formal consensus is being requested.

Outcome/Action:

No formal action at this time.

Attachments

No file(s) attached.

Form Review**Inbox**

Brian Hagen

Reviewed By

Brian Hagen

Date

07/23/2026 03:10 PM

Form Started By: Brian Hagen

Started On: 07/23/2026 12:39 PM

Final Approval Date: 07/23/2026

CC Work Session**Meeting Date:** 07/28/2026**Primary Strategic Plan Initiative:** Strive for high organizational morale and employee retention.**Information****Title:**

Discussion Regarding Union Contract Negotiations (Discussion Closed to the Public)

Purpose/Background:

The purpose of this discussion is to update the City Council on the status of negotiations for the City's five contracts and to gather Council feedback to guide the next phase of negotiations.

Per Minnesota Statutes 13D.03, which states: "The governing body of a public employer may, by a majority vote in a public meeting, decide to hold a closed meeting to consider strategy for labor negotiations, including negotiation strategies or developments or discussion and review of labor negotiation proposals, conducted pursuant to sections 179A.01 to 179A.25, staff is requesting that the City Council go into closed session to discuss the City's labor negotiations strategy for its five union contracts.

At this time, City staff will have met the American Federation of State, County, and Municipal Employees (AFSCME), Law Enforcement Labor Services (LELS) Patrol group and the LELS Crime Data Analysts groups. Other groups include LELS Sergeant and LELS Captains.

Supporting documentation will be distributed and recollected at the meeting.

Time Frame/Observations/Alternatives:

Up to 20 minutes

Funding Source:

Not applicable at this time.

Recommendation:**Outcome/Action:**

For the City Council to provide staff with direction regarding how to proceed with contract negotiations.

Attachments*No file(s) attached.***Form Review****Inbox**

Brian Hagen

Form Started By: Colleen Lasher

Final Approval Date: 07/23/2026

Reviewed By

Brian Hagen

Date

07/23/2026 03:10 PM

Started On: 07/23/2026 10:52 AM

CC Work Session**Meeting Date:** 07/28/2026**Primary Strategic Plan Initiative:** Enhance City's communication through transparency and accountability.

Information**Title:**

Review Future Topics/Calendar

Purpose/Background:

The attachment is the current list of future topics for work session discussions. Items are drawn from Council requests at meetings, or are related to topics that have been identified in the City's strategic plan.

Recommendation:

For Council review - no formal action necessary.

Outcome/Action:

For Council review.

Attachments

Future Topics List

Form Review**Inbox**

Brian Hagen

Reviewed By

Brian Hagen

Date

07/23/2026 11:02 AM

Form Started By: Katie Schmidt

Started On: 07/21/2026 11:11 AM

Final Approval Date: 07/23/2026

	<u><i>Tentative City Council Future Work Session Topics</i></u>	
Proposed Date	Topic	Minutes (Estimate)
2026		
08/10	Budget	90
08/25	Budget	90
08/25	Union Negotiations – Closed to the Public	
09/08	Budget	90
10/27	Quarterly Police & Fire Update	
TBD	Wage Theft Enforcement Policy/Project Labor Agreement Policy follow up	
TBD	City Facilities Tour	
TBD	Discuss Commercial Property Public Utility Connection Program	
TBD	Subdivision Code	

CC Work Session**Meeting Date:** 07/28/2026**Primary Strategic Plan Initiative:** Enhance City's communication through transparency and accountability.**Information****Title:**

Update on Outside Committees

Purpose/Background:

This case will be added to the second work session meeting every other month. This provides an opportunity for the full Council to receive an update on outside committees from the Councilmembers who serve on those committees.

Outside Committees:

Anoka County Fire Protection Council (ACFPC)
 Anoka County Joint Law Enforcement Council (JLEC)
 Fire Relief Association
 Lower Rum River Watershed Management Organization (LRRWMO)
 North Metro Mayors Association
 Twin Cities Gateway Board
 Quad Cities Cable Communications Commission (QCTV)

Recommendation:

For Council Discussion - no formal action necessary.

Outcome/Action:

For Council Review.

Attachments*No file(s) attached.***Form Review****Inbox**

Brian Hagen

Reviewed By

Brian Hagen

Date

07/23/2026 11:02 AM

Form Started By: Katie Schmidt

Started On: 07/21/2026 11:09 AM

Final Approval Date: 07/23/2026