



## **UNEMPLOYMENT COMPENSATION JOINT COMMITTEE HEARING TESTIMONY**

**September 15, 2016**

***Submitted by the***

***Associated General Contractors of Ohio and Ohio Contractors Association***

The Associated General Contractors (AGC) of Ohio and Ohio Contractors Association (OCA) would like to share some of the concerns they expressed with House Bill (HB) 394.

Collectively, AGC and OCA represent over 600 union and open shop (non-union) commercial contractors who employ tens of thousands of tradespeople. Our members construct a wide variety of vertical and horizontal nonresidential structures.

We were extremely disappointed that during the drafting of HB 394, no one considered the unique impacts to the construction industry – its employers or workforce. The industry is a major economic catalyst for Ohio. Contractors build the roads and bridges that transport goods; buildings designed for commerce, medical care and education; wastewater treatment plants that provide safe drinking water; energy, industrial and manufacturing facilities where power is distributed and products are made.

Private nonresidential spending in Ohio totaled \$8.3 billion in 2014. That number does not include Ohio's biennial \$7 billion transportation and \$ 2.38 billion capital budgets, nor the construction dollars spent by local governments. And, every \$1 billion spent on nonresidential construction adds about \$3.4 billion to Gross Domestic Product (GDP) and \$1.1 billion to personal earnings, and creates or sustains 28,500 jobs.<sup>1</sup>

The lack of understanding when identifying the ramifications to the construction workforce was both troubling and perplexing, especially when considering construction association executives participated in a meeting about unemployment compensation with the Administration several years ago, and one of the House Unemployment Compensation Debt Study Committee hearings was held at a construction apprenticeship training center.<sup>2</sup>

Ohio's construction industry is seasonal – the ground cannot be excavated, roads paved, nor concrete poured during much of Ohio's cold, frozen winters. Owners rarely break ground for new buildings, and ODOT's construction program essentially shuts down during the winter months. The seasonal nature of construction in Ohio makes it challenging to recruit and retain

1. Analysis from Professor Stephen Fuller of George Mason University for AGC of America on the impact of construction on the economy
2. *Gongwer Ohio*, Volume #83, Report #192, Article #5--Friday, October 3, 2014

a skilled labor force. During the down time, the industry is reliant on reasonable unemployment compensation benefits to aid its workers and keep them in construction. Like many other industries dependent on skilled labor, contractors have identified their ability to fill craft labor positions their top concern.<sup>3</sup> Some of the changes to benefits contained in HB 394 would have pushed the industry's skilled workers and future workforce into other areas of employment, exacerbating the need for qualified workers.

The commercial construction industry's areas of concern with HB 394 included:

1. **Reduction of benefit weeks to a sliding scale based on economic conditions:** Ohio's winter weather, especially in the northern part of the state, lasts months. Rain also delays work. (In the spring of 2015, jobs were delayed for nearly a month due to rain.) And, certain tradework cannot begin work until other tradework is completed, which can delay some tradespeople from going back to work for weeks. Lastly, Ohio's weather does not abide by the state's economic conditions, and the construction industry's economy tends to lag most other economic indicators.
2. **Earnings in at least three of four quarters - three quarters in their individual base periods:** As mentioned above, the seasonal nature of the construction industry may not allow for workers to be employed three of four quarters.
3. **Additional waiting week to claimants whose earnings exceed their individual weekly benefits:** There are instances when contractors need manpower for a limited duration, often referred to as a "short call." Short calls are common for contractors that perform work in industrial or manufacturing settings during a facility shut-down, or for those that need someone with a very specialized labor skill or to operate piece of equipment for a brief time during a project. The industry has a difficult time finding skilled tradespeople willing to work short calls; an additional waiting week would further penalize those workers and impact a contractor's ability to staff short calls and perform work over a short duration.

The vast majority of Ohio's construction workers want to work – they are paid only for hours worked and work as much as possible during the construction season. They do not abuse the system; the cyclical nature of the industry forces them to use unemployment compensation benefits when they're off work. And, many use the time off to update work requirements, hone their skills or learn new ones (i.e. OSHA training, certifications, new technology, etc.).

We sincerely hope this committee considers the concerns of the commercial contractors and their workforce. We hope you approach any unemployment compensation reforms in a manner that is fair and does not decimate the workforce of an industry so vital to this state.

3. AGC of America and Sage Construction and Real Estate survey, conducted as part of *The Challenges Facing a Growing Industry: The 2016 Construction Industry Hiring and Business Outlook*; [www.agc.org](http://www.agc.org).