



October 2013



## Update: Construction Underground Economy

The Construction Underground Economy Advisory Committee (CUEAC) has been hard at work over the last few months. The committee is made up of representatives from business and labor groups as well as other state agencies. CUEAC continues the tradition of the 2007 Underground Economy Taskforce.

Since meetings started in July, the group has compiled a comprehensive list of problems and issues that are encountered with the Underground Economy. The diverse group of representatives in the committee has led to a lot of new ideas as well as some new perspectives on long standing issues. Upcoming meetings will begin the process of prioritizing which problems to address first as well as developing solutions.



## Educating Consumers Across the State

When it comes to remodeling, hiring a qualified contractor can mean the difference between a home improvement and a renovation nightmare.

Experts from L&I recently visited home shows throughout the state offering tips on achieving the remodeling project of your dreams. This fall we've presented at nine different home shows throughout the state with over seven thousand attendees. We know that hiring a contractor registered with the state is an important component of remodeling success.

Homeowners may not realize it, but when they protect themselves by hiring an upstanding contractor, they are also contributing to the fight against the underground economy.



## Sweeping Up Violators On the Weekends

This summer L&I continued its surprise sweeps of construction sites during the busy building season. L&I construction compliance inspectors checked out another 276 contractors at 156 job sites in 19 Washington cities. There were 12 contractors cited for being unregistered.

Since the initiative began last year, 346 job sites have been checked. L&I inspectors are getting good feedback from the licensed contractors they encounter during the weekend inspections. By nature, the Underground Economy doesn't operate on a nine to five Monday through Friday schedule. Our surprise sweeps are proving to be an effective new tool in combatting the Underground Economy.



## **Fraud Blotter: Randall R. Goins**

When former Snohomish County resident, Randall R. Goins, flight landed at Seatac airport he was greeted by ten of his former employees. While they may have been waving signs and cheering, you wouldn't confuse them with Seahawks fans greeting the returning football team. These employees had come to see the man who hadn't paid them their fairly earned wages. Goins owes \$198,889 in back wages and interest to his former employees.

While Randall Goins may not have been part of the construction industry, wage theft is an issue prevalent in the Underground Economy. Workers who are paid under the table make themselves easy targets for unscrupulous employers. If a contractor is willing to cheat in order to gain a competitive advantage over other business, they may view wage theft as just another option.

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*DELIVERING VALUE*

*IT'S OUR BOTTOM LINE*

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## **Improving Customer Value – Prevailing Wage Job Site Referrals**

L&I's Prevailing Wage and Contractor Compliance programs recently worked together to take a hard look at contractor referrals from prevailing wage job sites. By reviewing the process together, the two programs increased collaboration to develop a standard process for compliance inspectors while on prevailing wage job sites. As part of this work, the programs developed a new goal of forty prevailing wage job site visits a month for each compliance inspector.

The two programs were participating in of the many "kaizen" events that make up a yearlong Lean process improvement pilot lead by Assistant Director Liz Smith. Lean is a process improvement system that looks for and eliminates waste. Lean focuses organizations on squeezing waste from their processes. Waste is defined as any activity that does not produce value for the customer. People often comment that Lean improvements just "make sense" as a way of doing business.