

Meeting Notes

Construction Underground Economy Advisory Committee (CUEAC)

April 25, 2017

10:00 am – 12:00 pm

Tumwater, WA

Attendees: Elizabeth Smith, Melissa McBride, Dean Simpson, Annette Taylor, Dean Simpson, Jane Nesbit, Josh Swanson, Mark Martinez, Noe Castillo, Cory Elliott, Kerry Cox, Tim Bushnell, Debby Abe, Tim Church, Clarissa Olivia, Gary Schenk, Jerry Vanderwood, Tom Kwieciak, Ed Holmes, Stan Harris, Evelyn Shapiro, Patrick Connor

Agenda Item	Discussion
Opening Remarks Introductions	Elizabeth Smith- L&I <ul style="list-style-type: none">• Welcome, introduction of Melissa McBride (L&I) and her new role.• Went over the agenda and objectives. Melissa McBride-L&I <ul style="list-style-type: none">• Safety Topic: Dangers of driving with the sun
Media Efforts Raising concerns on uncertified plumbers	Tim Church-L&I <ul style="list-style-type: none">• The objective for the media efforts are to raise awareness of the resources that L&I provide.• Went over the difference between media to drive people to the website<ul style="list-style-type: none">- Paid Media- Using the budget to pay media outlets to get information out to the public.- Earned Media – working to create stories based about L&I’s efforts and results and working with media to get those stories publicized for no cost.• Referenced an ad (last year) that was a testimonial- the department actively sought after a family to talk about their experience with a paving scam. The family felt strong armed and over charged. The ad communicated that this can happen to anyone. Results: drove up the amount of people to the website to learn about legitimate construction businesses. Promo Ad- regarding plumbers 30 seconds <ul style="list-style-type: none">• The ad was to promote awareness to consumers about the harms of hiring uncertified plumbers

<p>Media Efforts Raising concerns on uncertified plumbers (Continued)</p>	<ul style="list-style-type: none"> • The department decided not use a testimony. • The ad will show in three different spots, west, east and Spokane. <p>Debby Abe- L&I</p> <ul style="list-style-type: none"> • Referencing the promo ad, this will drive people to the protectmyhome.net site. Which has plenty of resources, links and verify tool. <p>Tim Church-L&I</p> <ul style="list-style-type: none"> • Went over statistics on commercials on Hulu, YouTube and sporting events. Ad will show early May and through June and July. • Opened the floor for questions. <p>Clarissa Olivia - BBB</p> <ul style="list-style-type: none"> • Shouldn't there be an emphasis on "schemers"? Explained that schemers are cunning and savvy, which will trick consumers. Can schemers just make their own fake cards and registration numbers and trick consumers? <ul style="list-style-type: none"> ○ Debby Abe-L&I responded- explaining online will show who is certified. ○ Tim Church-L&I responded – examples of registered cards are online <p>Gary Schenk - WABO</p> <ul style="list-style-type: none"> • What do consumers do if they find someone that is not certified? <ul style="list-style-type: none"> ○ Dean Simpson-L&I responded – this campaign is to make the consumer aware-next steps will be a number to call ○ Elizabeth Smith-L&I responded- If you have unregistered contractor there is online reporting which goes to detection and tracking staff, there are tools for consumers to see who is legit and pathways to report them. <p>Tom Kwieciak – BIAW</p> <ul style="list-style-type: none"> • Questioned why is the ad geared towards plumbers? Will there be another on other jobs? <ul style="list-style-type: none"> ○ Tim Church-L&I responded – this is a new focus for the campaign, and consumer education piece. Last year we focused on driveway paving scam contractors. Potentially there will be others after research. <p>Elizabeth Smith- L&I</p> <ul style="list-style-type: none"> • Stated -this is the first commercial out of public affairs that was done in house. The benefits to the tax payers are that the department can run the ads as long or as frequent as they want. L&I has to pay for media rights if we chose to go external for producing ads.
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<p>Media Efforts Raising concerns on uncertified plumbers (Continued)</p>	<p>This is a good benefit for Washington tax payers; by building it from scratch we save money.</p> <ul style="list-style-type: none"> • Gave recognition and kudos to Tim Church and his team for the research, work and dedication to this ad.
<p>Suspect Fraud Multi agency referral campaign</p>	<p>Curtis Wilson- ESD</p> <ul style="list-style-type: none"> • Went over the history and involvement of Employment Security Department, Labor and Industries and Department of Revenue. Explained that all 3 agencies collaborated their efforts to help combat fraud in Washington. <p>PowerPoint presentation –Combat Fraud in Washington State</p> <ul style="list-style-type: none"> • Going over collaborative efforts that focused on consumers • Creating awareness about fraud and what it looks like. • Encourage businesses leaders to report other businesses if they suspect fraud. <p>Curtis Wilson- ESD</p> <ul style="list-style-type: none"> • Explained there was a survey – the goal of the survey was to see which campaign slogan to pick on educating, creating awareness in government and the private sector. <ul style="list-style-type: none"> ○ Report Fraud ○ You pay, so should they ○ Stop business fraud ○ End business fraud <p>Poll was taken in room –“You pay, so should they” with 13 votes.</p> <ul style="list-style-type: none"> • Opened the floor for questions <p>Evelyn Shapiro – NW Carpenters</p> <ul style="list-style-type: none"> • Why is there clearly only one option that was catchy? <ul style="list-style-type: none"> ○ Curtis Wilson- ESD responded- the point was to have different options, the options were surveyed by 60 different businesses-which resulted with what was offered. ○ All types of businesses were surveyed but mostly construction <p>Josh Swanson – IUOE – Local 302</p> <ul style="list-style-type: none"> • Where will the emphasis be on the 2017 campaign, is there going to be a commercial? <ul style="list-style-type: none"> ○ Curtis Wilson-L&I responded- this PowerPoint is intended for different audiences.

<p>Suspect Fraud Multi agency referral campaign (Continued)</p>	<ul style="list-style-type: none"> ○ Tim Church-L&I responded- protectmyhome.net and Suspect Fraud are for different areas. Also went over the budget and what the department can do to address individual groups and getting head way. ○ Debby Abe-L&I responded- that amongst 3 different departments we decided to work as a group. ○ Curtis Wilson-L&I responded- that the agencies are trying to dissect the audience. <p>Evelyn Shapiro – NW Carpenters</p> <ul style="list-style-type: none"> ● The consumer focus seems shifted- is the task bigger for the bigger picture? Mission perspective where is the focus on business fraud versus the focus on consumer fraud? <ul style="list-style-type: none"> ○ Annette Taylor-L&I responded- we work to create an agenda that addresses both of them, and perhaps this information can be discussed during the sub-committee work. <p>Tim Church-L&I</p> <ul style="list-style-type: none"> ● Addressed questions above regarding focus on plumbers – LNI and sister agencies have different laws and types of frauds – which require making different messages for specific vs. general audiences. Explained that talking with other agencies about general fraud and developing a common message is an effort but doing so saves each agency money.
<p>Underground Economy in the News</p>	<p>Debbie Abe-L&I</p> <ul style="list-style-type: none"> ● Explained that one of the objectives was to notify the public about the worst violators that are scamming consumers and taxing agencies. (Referenced several News Tribune articles in handout) That talks about the consequences of fraudulent behavior. <p>KOMO News reports are reviewed about a case regarding fraud</p> <p>Debbie Abe-L&I</p> <ul style="list-style-type: none"> ● Went over the behind the scene work to make the news report possible. Example: Debbie reached out to KOMO with the story. Collaboration between Don Moyer and Investigations to convey clear information for the report. ● Mentioned that customers- although finding a contractor on websites (Groupon) or Expo (Home and Garden) does not ensure that the contractor is registered. ● Went over a program named TV Eyes a provider that will track key words with the broadcast service. <ul style="list-style-type: none"> ○ 1st KOMO report – aired twice, and seven times on KOMO radio, 10,000+ hits ○ 2nd KOMO report – aired five times, and eight times on KOMO radio, 100,000 hits

<p>Underground Economy in the News (Continued)</p>	<p>Ed Holmes</p> <ul style="list-style-type: none"> • Does the state have any rights to run this link? Can we direct people to the website? <ul style="list-style-type: none"> ○ Tim Church-L&I responded- Yes – though often stories do not last on the KOMO website. ○ Debbie Abe-L&I responded – protectmyhome.net has a link to news reports
<p>2017 Legislative Session Updates</p>	<p>Tammy Fellin-L&I</p> <ul style="list-style-type: none"> • Explained that it is day 2 of special session. • Informed that the department’s dedicated fund bill did not pass. • Went over what dedicated account funds are and the difference between the general fund • The Class B elevator bill- fiscal note regarding \$1.1 million did not pass. • Elevator study from 2015 showed that the current computer system will need to be updated. The department requested a separate amount to the Governor’s budget. Making an effort if the bill does not pass the department could get funding for technology permits. <p>Josh Swanson</p> <ul style="list-style-type: none"> • Why did the department separate the bills? <ul style="list-style-type: none"> ○ Tammy Fellin-L&I responded- it was a funding strategic move. <p>Tammy Fellin-L&I</p> <ul style="list-style-type: none"> • The OSHA penalties bill did not pass. The department will try again, this will demonstrate to OSHA that the department did make an effort. • The senate has decided to fund a quarter of the amount that was asked for from the department, regarding preventative, helping to recover and support those functions. Still hopeful to ask the house to fund fully. • Proviso- allowed half a million for a study for injured janitors. (SHARP STUDY) • Senate- allowed hundred thousand for a rule on occupational disease amongst teens. Rate allowance. <p>Patrick Connor</p> <ul style="list-style-type: none"> • States that there is a senate version of the tax number for contractors and home owners that may require home owners to report sub-contractors. If the goal is to get an underground economy reported to the Department of Revenue-can L&I weigh in?

<p>2017 Legislative Session Updates (Continued)</p>	<ul style="list-style-type: none"> ○ Tammy Fellin-L&I responded- No the department will not weigh in on this. <p>Tom Kwieciak - BIAW</p> <ul style="list-style-type: none"> ● Residential only applies, he stated he felt this was driving others in the ground giving advantages to people to cheat. <p>Tim Bushnell</p> <ul style="list-style-type: none"> ● Is the dedicated fund, written for plumbers? Knowing they can sweep funds? <ul style="list-style-type: none"> ○ Tammy Fellin-L&I responded- explaining that the department provides services while collecting fees. Example- the elevator program software needs to be replaced, which if L&I had a separate fund, the permit fees could be raised two percent to cover IT needs. <p>Elizabeth Smith-L&I</p> <ul style="list-style-type: none"> ● If there was a dedicated fund for Contractor Registration, the department could have more discretion in spending money that was left over, and would make it a practice to work with stakeholders to ask about spending and enforcement priorities.
<p>Detecting the Underground Economy-what is and isn't working? Discuss & explore possible sub committees. Training for contractors-what is offered now? How should we do things differently? Consumer protection Other areas of specific interest</p>	<p>Elizabeth Smith-L&I</p> <ul style="list-style-type: none"> ● Went over history of the advisory committee to lay out a foundation to discuss scope and structure for going forward ● Core focus of the group is to bring together industry, worker and consumer advocates, along with government (local, ESD, L&I and DOR) to discuss problems relating to the underground economy in construction, understand current efforts, and identify and implement opportunities for greater effectiveness. ● Transparency is a priority. ● Asked the group about interest in coming together in future and reviewing scope and purpose, and exploring ideas around structure and governance, and receiving feedback- could a sub-committee move things more effectively, look at what is working and what is not working in specific areas of interest? ● Open the floor for questions on scope and possible sub-committee. <p>Mark Martinez - WSBCTC</p> <ul style="list-style-type: none"> ● Wants to go beyond a consumer protection focus; he feels that 1099 misclassified independent contractor issue is still a problem. He stated that this we are not getting to the root of that problem.

<p>Detecting the Underground Economy-what is and isn't working? Discuss & explore possible sub committees. Training for contractors-what is offered now? How should we do things differently? Consumer protection Other areas of specific interest</p>	<ul style="list-style-type: none"> • Gave a roofing example, individual workers all performing work purportedly as independent contractors, when that practice is illegal. <p>Evelyn Shapiro – NW Carpenters</p> <ul style="list-style-type: none"> • Echoed Mark's statement on the different impact of consumer and commercial issues and wanting to see more of focus on worker misclassification. • That Prevailing Wage fraud is still a problem as well. • Maybe a sub-committee concept to piece our common/consumer differences. Have committees that could focus on each issue, to allow participants to focus on their biggest area of concern. <p>Tom Kwieciak- BIAW</p> <ul style="list-style-type: none"> • Two underground economies, not sure if there is a relevant way to reach out to people who hire unregistered contractors. • How do we stay interesting and maybe we should meet regularly? <p>Elizabeth Smith-L&I</p> <ul style="list-style-type: none"> • Good questions and good concept to consider. Many participants are either experts in or have deep interest in a certain area or issue. The large group needs to maintain a comprehensive focus that brings together all of the elements, but subgroups could do a lot to focus on some of the unique individual areas of concern. <p>Tim Bushnell - PHCC</p> <ul style="list-style-type: none"> • Coming from the regulatory side, we try to ensure that things that cost less still meet up to regulatory expectations. • Stated that if the state allows the items to be sold it should be up to code. Wholesale places sell parts that are cheaper but how do people know it is something to trust. <p>Clarissa Olivia - BBB</p> <ul style="list-style-type: none"> • There should be a process to educate businesses to point out what is underground. Example, bank tellers deal with real money so when dealing with counterfeit money tellers can identify them immediately. <p>Ed Holmes - UA Local 32</p> <ul style="list-style-type: none"> • Gave an example of fraud that the individual has witness. • How do we support the agencies if fraud is obvious? How do we protect the legitimate contractors?
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<p>(Continued)</p>	<ul style="list-style-type: none"> ○ Elizabeth Smith-L&I responded- referred to Dean Simpson –L&I to speak after the meeting. Giving that there could be several possibilities of either successorship or an investigation in progress and unfortunately unable to disclose information. <p>Patrick Connor - NFIB</p> <ul style="list-style-type: none"> ● Agreeing with Elizabeth Smith- L&I, but stating he is unsure about how the efforts fit together. Would like to see consistent focus on scope and objective, metrics, and more regular follow-ups on what is achieved. ● Stated would like to see updates on what is achieved between meetings. <p>Elizabeth Smith-L&I</p> <ul style="list-style-type: none"> ● Asking the group if a metrics dashboard would be helpful? This could show how many job sites has been audited and break it down with job types. Possibly track prosecutions? ● Agrees that we need to share information that is already being tracked <p>Patrick Connor - NFIB</p> <ul style="list-style-type: none"> ● Would like to see the tracking of repeat offenders and the status of an issued fine. <ul style="list-style-type: none"> ○ Elizabeth Smith-L&I responded- This is all good information, may be possible, and is something that possibly a subcommittee could help develop. <p>Elizabeth Smith-L&I</p> <ul style="list-style-type: none"> ● Proposed the question to the group if creating a structure for subcommittees is something that the committee agrees on ● Would like to gather the committee’s thoughts on what type of work (scope) and boundaries that a subcommittee should have via email.
<p>Wrap-up & Feedback Ideas & interest for next meeting</p>	<p>Elizabeth Smith-L&I</p> <ul style="list-style-type: none"> ● Closing statement-expressed genuine appreciation for the committee’s time. ● Encouraged the committee that the meeting was productive and that we will move forward with these concepts. <p>Take away-</p> <ul style="list-style-type: none"> ● Idea around subcommittee concept and request for feedback around topics and scopes will be sent via email. ● Will revisit purpose, scope, and structure at next meeting, along with governance and rules of engagement at next meeting, ● Will work to make agenda value added and purposefully focused on engagement.

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| | <ul style="list-style-type: none">• If any other thoughts- participants may email new CUEAC coordinator, Melissa McBride, at Melissa.McBride@LNI.wa.gov . |
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