



Statement for the Record for Associated Builders and Contractors

The Local Impact of Economic Growth

Testimony of
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Before the
**U.S. House Small Business Committee Subcommittee on Economic
Growth, Tax and Capital Access**

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Chairman Brat, Ranking Member Evans and members of the U.S. House Small Business Committee Subcommittee on Economic Growth, Tax, and Capital Access, thank you for allowing me to be with you today to discuss the positive impacts that this Congress' and administration's policies have had on my small business, and businesses of all kinds. My name is Larry Lopez, and I am the president and chief executive officer of Green JobWorks.

I am testifying today on behalf of Associated Builders and Contractors (ABC), a national construction industry trade association established in 1950 that represents more than 21,000 members. Founded on the merit shop philosophy, ABC and its 70 chapters help members develop people, win work and deliver that work safely, ethically and profitably for the betterment of the communities in which its members live and work.

ABC and the construction industry are fueled by small businesses. According to the most recent census data, businesses employing fewer than 100 employees account for 99 percent of all construction firms. And in an industry of 7.8 million construction professionals, 89 percent of ABC member companies earn annual revenues of \$20 million or less.

One of those small businesses is my company, Green JobWorks, a construction staffing company headquartered in Baltimore Maryland. Founded in 2011, Green JobWorks provides both skilled and general labor to clients in Maryland, Washington, D.C., and Virginia. If you're a contractor in need of construction labor, you call Green JobWorks. We take away the burden of having to hire people on a per project basis and help our clients find the right worker for the right job. In addition to offering labor to the construction industry, Green JobWorks also has construction demolition and final cleaning divisions.

Today, I would like to share how my small business has benefited from the economic growth in my community to become more successful in a competitive market.

As the members of this subcommittee know, America is facing an enormous workforce shortage, which is drastically impacting our sector. Of the six million open jobs currently in the United States, an estimated 500,000 of those are in the construction

industry. And while an improved economy is good, it also tends to tighten the workforce. While it has been challenging recently to find qualified labor to hire and provide to clients, Green JobWorks is being proactive and setting ourselves apart as an industry leader by developing a process to attract workers in a competitive market. This process and my company's recent growth are in large part attributable to the impact of policies such as *H.R. 1, the Tax Cuts and Jobs Act*.

The Impact of Economic Growth

At Green JobWorks, and in the construction industry across the United States, confidence is high. In fact, according to ABC's most recent Construction Confidence Index (CCI), more than three in four construction firms expect that sales will continue to rise over the next six months, three in five expect higher profit margins, and more than seven in 10 expect to bolster staffing levels. All three key components measured by the CCI signal an ongoing expansion in construction activity.¹ This increased confidence has allowed Green JobWorks to not only reinvest in our business, but to implement new benefits for our employees. These investments would have not been possible without the Tax Cuts and Jobs Act, which has provided positive momentum for our business and the industry as a whole.

We have implemented annual raises, which are not typical for a staffing company because of the industry's transient nature. While our unskilled workers start at \$13.00 an hour, they are eligible for a raise to \$15.00 an hour after 60 days of good performance. Recently, we have shortened this period to 30 days. Green JobWorks promotes from within, also not typical of a staffing company, and hires crew leaders from our existing staff. All 18 of our crew leaders have been promoted from the employee ranks. We have been able to implement more advanced technology, like iPads to better communicate between jobsites, utilize analytics and increase efficiency. These investments, which were made possible by recent economic growth in the industry, have set us apart from our competition in the industry and created new opportunities for our employees.

On top of implementing raises and new technology, my small business is growing

¹ <https://www.abc.org/News-Media/News-Releases/entryid/15803/contractors-remain-upbeat-in-q2-according-to-abc-s-latest-construction-confidence-index>

alongside the improved economy. In June 2018, we opened a Washington D.C. office to expand on increased opportunities in the region. We were able to budget for the opening of this office because of the added revenue and savings we received through the Tax Cuts and Jobs Act.

With an increased number of construction projects, my demolition and final cleaning divisions are winning more work. Traditionally accounting for only 10 to 20 percent of our business, these divisions have increasingly become a larger percentage of our revenue. As a result, I was able to promote an in-house worker to manage all aspects of the final cleaning division who will further expand the division.

Green JobWorks' next expansion will be to hire a full time on-site trainer to develop new hires with limited skills or experience. Employers who hire our workers want them to be fully trained and ready to work, so we are excited to create a new position to develop the skills of our workforce through on-the-job training. This development will allow our business to take the training burden off our clients while creating more opportunities for our employees.

Despite recent economic gains, finding workers and addressing the skills gap remain very serious problems for Green JobWorks and the construction industry as a whole. ABC members invest \$1.1 billion on workforce development to educate more than 475,000 industry employees annually, and ABC chapters have set up more than 800 apprenticeship, craft and safety programs across the United States. Yet more than 80 percent of ABC members report they have trouble finding skilled labor, which impacts construction firms of all sizes.

One of the best things Congress can do to help shrink the skills gap is to empower organizations to recruit and develop a workforce with the education that is necessary to succeed in the construction industry. Soft skills are important, but it's the hard skills that are key to filling the construction jobs that are currently vacant. To keep the economic momentum moving, Congress and the administration should continue to pass and sign into law legislation like *H.R.2353, the Strengthening Career and Technical Education for the 21st Century Act*, and encourage all forms of workforce development, including Department of Labor-registered and industry-recognized education programs.

Diversity and Inclusion

I have learned that attracting and cultivating a qualified and dedicated workforce has allowed my business to provide more value to our clients. At ABC and at Green JobWorks, we are taking proactive steps to give all Americans terrific opportunities in the construction industry. We strive to embrace diversity as an empowering competitive advantage through education, awareness and business practices.

As chairman of ABC's Diversity and Inclusion Committee, which was formed to better reach underrepresented communities within the construction sector, I help set diversity-focused goals for the association. In this role, I design the content for the Diversity & Inclusion Summit, an annual meeting for industry leaders and key stakeholders held in June in Washington, D.C. I also facilitate ABC's Diversity Resource Groups, which play an essential role in articulating, promoting and supporting the needs and goals of African Americans, Asians, Hispanics, LGBT, Native Americans, people with disabilities, veterans and women in construction. The committee also recognizes ABC members that display exemplary diversity leadership in their company, workforce, supply chain and community with best-in-class recruitment policies, retention practices and training and mentoring programs through the National Diversity Excellence Awards.

I strive to incorporate these principles at Green JobWorks. We partner with ABC Baltimore Metro Chapter's Project JumpStart, a 14-week construction training program that uses industry-recognized curricula to teach carpentry, electrical and plumbing skills to high school graduates and GED holders, including many individuals who were formerly incarcerated. Project JumpStart works with more than 150 area employers, including many ABC members, to hire graduates and set them on a career path beyond an entry-level position. Since 2006, Project JumpStart has graduated more than 800 Baltimore residents and has an 80 percent job placement rate.²

We also partner with Baltimore City's Job Opportunity Task Force, Center for Urban Families and other workforce organizations in the Maryland, D.C., and Virginia area. The emphasis that this Congress and administration have placed on reentry programs is bringing potential workers from the shadows into the light, which allows

² <http://projectjumpstarttraining.org/>

businesses like ours to develop more people and fill jobs. Diversity and inclusion needs to be a primary focus in combating the workforce challenge. Legislation like the bipartisan *FIRST STEP Act (H.R.5682)*, which recognizes the need for flexible workforce development by providing additional funding for industry-sponsored organizations like Project Jumpstart to develop the workforce that will help solve this shortage. These programs work, and I would encourage Congress to continue to support them.

When we are recruiting for our industry, it's important to seek out a diverse workforce and not to exclude anyone, including ex-offenders. We give people second chances, and we bring them up through training. My passion to build my company through diversity also has led me to commit additional resources to recruit more women into our industry and put them in leadership positions. While there may still be a stigma that construction is a man's job, nothing could be farther from the truth at Green JobWorks. Eleven out of 18 of the crew leaders that we have promoted from within, are female.

Green JobWorks has only been certified as a minority business enterprise (MBE) firm for the Baltimore City MBE and the Metropolitan Washington Airport Authority. Although I am Hispanic and African American, I am only now in the process submitting applications to the remaining local and state agencies to achieve certification. People ask me what took so long, and I say that I just wanted to be known for the quality of work that I do. I didn't want to become successful because I simply met a requirement on someone else's contract. I changed my tune because I realized that if my business had the designation, then we could help our business partners accomplish more and win more work—not because of the designation, but because of the quality of service we are providing already.

As the chief executive of a small construction business in a rapidly changing industry, I see that it's critical to remain engaged on a local and national level in order to succeed. As a member and volunteer leader of ABC, I had the opportunity to meet with President Trump and Linda McMahon, administrator of the Small Business Administration, at a 2017 White House event celebrating small businesses as "The Engine of the American Dream." The event highlighted the administration's commitment

to instituting policies that allow small businesses to flourish in America and spotlighted the important contributions they make to the American economy. The contributions that this Congress and the administration have made since that event one year ago on tax reform and regulatory relief has unlocked the potential of my small businesses to spur growth and create opportunities for my employees.

Regulatory Relief

This Congress' and administration's actions to roll back regulations like the Joint Employer rule provides certainty for small businesses like Green JobWorks, while clarifying protections for our workers and making a positive difference in the construction industry. Many members of this subcommittee supported *H.R. 3441, the Save Local Business Act*, which passed the House last fall. The bill would have reversed the National Labor Relations Board's (NLRB) Browning-Ferris Industries decision that greatly expanded joint employer liability under the National Labor Relations Act during the Obama administration. Earlier this month, the NLRB issued a proposed rule that established an updated standard for determining joint-employer status under the National Labor Relations Act. Under the new proposed rule, "an employer may be found to be a joint-employer of another employer's employees only if it possesses and exercises substantial, direct and immediate control over the essential terms and conditions of employment and has done so in a manner that is not limited and routine."³ ABC and Green Jobworks are supportive of this proposed rule.

For the construction industry and Green JobWorks, harmful regulations can result in fewer construction projects and can hinder businesses' ability to hire and expand. Green JobWorks is proud to be a growing small business that has built on the opportunity in front of us and reinvested in our business and community.

Chairman Brat, Ranking Member Evans and members of the Subcommittee: thank you once again for inviting me to participate in today's hearing. I look forward to answering any of your questions about how my small business has benefited from the economic growth in my community to become more successful in a competitive market.

³ <https://www.federalregister.gov/documents/2018/09/14/2018-19930/the-standard-for-determining-joint-employer-status>