KAUFMAN DOLOWICH LLP

Goals vs. Reality: How the construction labor shortage is colliding with project hiring requirements, *Construction Dive, ft. Andrew Richards*

Andrew Richards, Co-Managing Partner at Kaufman Dolowich & Voluck, LLP in Long Island, was quoted in an article written by Kim Slowey for Construction DIVE, (October 18, 2016) -

She wrote:

When a massive construction project comes to town, it seems everyone scrambles to get a piece of the pie. Understandably, if public funding is at play, then the political pressure is on local officials, developers and contractors to make sure there is a visible, high-profile payoff for the community.

Sometimes that pressure comes with special hiring requirements. Public officials and residents would like to see as much of those taxpayer dollars reinvested back into the community in the most concrete form of economic opportunity there is, a weekly paycheck.

However, in an environment of ongoing construction labor shortages, are hiring requirements on publicly funded projects feasible, or do they set up contractors for major fines and penalties?

The potential pitfalls of requiring local workers

Whether it pertains to local or minority hiring requirements, 51% is abnormally high, according to Andrew Richards, co-managing partner at Kaufman Dolowich & Voluck. For example, he said the federal and state minority mandates in the New York area typically top out at 30%, "and they can't meet the goals here either."

Richards added, "They're not realistic. The government shouldn't be in business. It wants to wave a magic wand without any sense of reality."

Similar obstacles in minority hiring requirements

A similar paradox can also be found in minority hiring, according to Richards. He said mentoring programs would go the furthest in building up a reliable stock of minority contractors, but the laws simply don't permit the kind of relationship between minority and non-minority contractors that would be the most beneficial.

"Established companies work as mentors, but law enforcement has to back off," he said. Richards added that he believes a mentor should be able to provide tangible assistance by lending the smaller contractor equipment or providing supervisory assistance in a pinch, but those acts are often against the law.

"Any help they give them is deemed to violate requirements and constitute fraud. No company wants to get indicted," he said. Nevertheless, Richards said that mentors are a necessity because the typical small minority contractor "can't go from a $1 million to a $25 million contract" without one.

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