

Contact: Joan Racki

REQUIREMENTS FOR REGENT CONSTRUCTION CONTRACTORS

Action Requested: Discuss making a recommendation to the Board regarding health insurance for employees of contractors on Regent construction projects.

Executive Summary: At the June meeting of the Property and Facilities Committee, Board members requested that information and data be collected regarding the possibility of requiring contractors on Regent construction projects to provide health insurance for their employees.

Regent university representatives surveyed contractors who work on Regent construction projects; the results of that survey are included in Table 1. The survey included general contractors and specialty contractors. Specialty firms are frequently subcontractors on construction projects and may include, among other trades, concrete, masonry, window, roof, elevator, mechanical, electrical, and plumbing contractors. The survey included firms of varying sizes; the responses are categorized by the maximum project size that a firm undertakes.

Forty-seven contractors responded to the survey, as outlined in the table. Of those contractors responding, 45 or 95.7% of the respondents provide health insurance for their employees. Thirty-one employers (68.9%) specified that the insurance is provided by the employer, 12 firms (26.7%) responded that it was provided through a union, and two respondents (4.4%) did not specify the source of the insurance.

In responding to the survey, contractors indicated that to be competitive in attracting and keeping quality personnel they needed to offer health insurance. According to Iowa Workforce Development, construction jobs increased from 71,100 (seasonally adjusted) in June 2005 to 76,100 (seasonally adjusted) in June 2006. This increase of 7.0% was the largest of any specific category for which data were reported.¹

The demand for employees in the construction industry is anticipated to continue. In June 2006, Iowa Workforce Development issued a report on occupational projections for the period 2002 – 2012. On a statewide level, for Construction and Extraction Occupations, projections are for total annual openings of 2,495 individuals (a yearly rate of 3.3% based on the 2002 estimated employment). (Total annual openings include projected annual new jobs plus projected annual replacements.)²

Representatives of the universities also surveyed public and private universities in other states. The survey included responses from eight institutions in the Big Ten, seven institutions in the Big 12, and 17 other public and private institutions. (In many cases, the response would also be applicable to other institutions in a higher education system.) None of the institutions required contractors working on their construction projects to provide health insurance.

¹ Iowa Trends, Iowa Economy – Iowa Workforce Development News and Trends, 7/20/06. <http://www.iowaworkforce.org/trends/emp.html>

² Iowa Workforce Development, Occupational Projections, Job Outlooks and Wage Surveys, <http://www.iowaworkforce.org/lmi/occupations/index.html>

Regent university officials will discuss with the Board the implications, including administrative costs, of requiring Regent contractors to provide health insurance for their employees. Public policy and potential legal issues will also be addressed.

Additional Information: Contractors on Regent construction projects are currently required to provide a performance and payment bond (unless the firm is a targeted small business and the contract amount is less than \$50,000), and carry worker's compensation (as required by law) and general liability insurance, including specific coverage for motor vehicles. The specific dollar amounts of the coverage are included in the construction contract documents. General contractors are to require that each subcontractor procure and maintain subcontractor's liability insurance or they can insure the activities of subcontractors in the contractor's policy.

**TABLE 1
CONTRACTOR HEALTH INSURANCE SUMMARY**

	# contractors responding	# providing and paying > 1% but < 50% of cost of medical plan for employee*	# providing and paying > 50% cost of medical plan for employee*	Number for which coverage provided by employer (E) or union (U)
<u>General Contractors</u>				
Maximum Project Size (contractor self-reported)				
< \$0.5 million	1			1-E
\$0.5 million - \$1.0 million	1			-----
\$1.0 million - \$5.0 million	4			3-E, 1- <u>unspecified</u>
\$5.0 million - \$10.0 million	1		1	1-E
\$10.0 million - \$15.0 million	2		1	1-E
\$15.0 million - \$30.0 million	5		2	5-E
> \$30.0 million	4		2	2-E, 2-U
differentiation by project size not available			6	
Total Respondents	18	0	12 *	13-E, 2-U, 1- <u>unspecified</u>
<u>Specialty Contractors**</u>				
Maximum Project Size (contractor self-reported)				
< \$0.25 million	3		1	2-E, 1-U
\$0.25 million - \$0.5 million	3			2-E, 1- <u>unspecified</u>
\$0.5 million - \$1.0 million	4		1	2-E, 2-U
\$1.0 million - \$5.0 million	8	1		7-E, 1-U
\$5.0 million - \$10.0 million	4			1-E, 3-U
> \$10.0 million	7	1	3	4-E, 3-U
differentiation by project size not available			15	
Total Respondents	29	2 *	20 *	18-E, 10-U, 1- <u>unspecified</u>
GRAND TOTAL	47	2 *	32 *	31-E, 12-U, 2-<u>unspecified</u>

*All respondents did not indicate type of insurance provided so details on type of health insurance provided do not necessarily equal the total number of contractors providing health insurance.

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