

Union Contractors Urge Governor for Financial Relief on COVID Supplement Paid Sick Leave

A coalition of California's most prominent union signatory construction contractors are urging Governor Gavin Newsom and the state Legislature to fix a shortsighted law that harms tens of thousands of businesses - at a time they can least afford it.

On February 9, Governor Gavin Newsom signed Senate Bill (SB) 114 into law, which requires businesses with 26 or more employees to provide workers with up to 80 hours of COVID paid sick leave. It is retroactive to January 1, 2022, and will stay in effect through September.

SB 114 requires employers to provide additional COVID paid leave for employees who, specifically, did not get it at work, and (unlike last year's COVID Paid Leave Mandate, where employers received a tax credit through the Families First Coronavirus Response Act) it abandons employers with the heavy costs.

"Saddling California employers who voluntarily pay high wages and full benefits, with the heavy costs of paid leave, with no path for financial relief, is a gut punch to union-signatory contractors," says Emily Cohen, executive VP of United Contractors. "To be clear, we are not opposed to providing COVID-related sick leave, and applaud the California legislature and the Administration for their efforts to help reduce COVID cases across the state. We are simply urging the state to offer the same tax relief currently afforded to Big Tech, Big Pharma and Hollywood."

"Out of our company's 45 employees, 13 were out sick in January due to COVID-19 and not one of them was a job-related infection," says Bryn Burke, president of Dees Burke Engineering Contractors (based in Pasadena). "Our company runs seven job crews with up to five craft specialties in each crew, so any workers sitting home have to be replaced with a worker in the same trade to keep the crew and the project moving. Otherwise, the company faces liquidated damages up to \$33,500 per day for not meeting its schedule. As a small business, we are not sure how much longer we can continue to pay supplemental sick leave to employees, on top of the sick leave we already pay through our collective bargaining agreements, and have the cash to remain in business."

Union signatory construction contractors are united in their opposition to this policy unless additional state budget language includes a dollar-for-dollar tax credit to reimburse highroad employers who provide the leave and also pay their employees premium wages (at least 30% more than state minimum wage).

“Without a dollar-for-dollar tax credit, this law effectively makes union construction contractors less competitive than their non-union counterparts because our negotiated wages, which are significantly higher than non-union wages, take into account unpaid time off for illness and other unplanned time away from work,” said Joe Sostaric, Corporate Vice President for the Conco Companies (based in Concord) and President of United Contractors.

“We all value and care about our employees,” said Mike Ghilotti, President of Ghilotti Bros. Inc (based in Marin County). “And we want them to be compensated when bad times and bad things happen to them. But clearly, small business isn’t capable of weathering the storm and carrying the load when it comes to paying the benefits, especially when the state of California has a surplus that they can tap into.”

“Our industry can’t build roads and fix bridges remotely,” said Steve Concannon, President & CEO of Pavement Recycling Systems, Inc. (based in Jurupa Valley). “The industry is already facing staffing shortages and supply chain issues, and this law severely undercuts our ability to deliver critically needed infrastructure projects. The Governor and legislative leaders should apply a dollar-for-dollar state tax credit to any COVID-related sick leave to employers who provide premium wages to their employees.”

The coalition represents thousands of union contractors who employ hundreds of thousands of skilled and trained union construction workers.

About United Contractors

United Contractors represents more than 500 union-signatory heavy civil engineering and associated firms across the state. The organization’s contractors employ more than 30,000 tradespeople. Learn more at <https://www.unitedcontractors.org/>.