



May 30, 2012

KEY VOTE

U.S. House of Representatives
Washington, D.C. 20515

Dear Representative:

On behalf of Associated Builders and Contractors (ABC), a national association with 74 chapters representing more than 22,000 merit shop construction and construction-related firms, I am writing in strong opposition to an amendment likely offered by Rep. Grimm (R-NY) to strip Section 517 of the Military Construction, Veterans Affairs, and Related Agencies Appropriations Act for Fiscal Year 2013 (H.R. 5854). ABC strongly **OPPOSES** any amendments striking Section 517 from H.R. 5854 and will consider this vote a “**Key Vote**” for our 112th Congressional Scorecard.

Section 517 of H.R. 5854 ensures fair and open competition on federal construction contracts funded by this legislation. Specifically, it will prevent federal agencies from requiring contractors to sign an anti-competitive and costly project labor agreement (PLA) as a condition of winning federal construction contracts. It also will prevent federal agencies from implementing a discriminatory PLA preference policy that discourages competition and results in needless waste and favoritism in the federal procurement process. Section 517 prohibits federal agencies building projects funded by this bill from mandating PLAs and implementing PLA preferences as a result of President Obama’s Executive Order 13502.

Executive Order 13502 strongly encourages federal agencies to consider mandating union-favoring PLAs on federal construction projects exceeding \$25 million in total cost. The order repealed President George W. Bush’s Executive Orders 13202 and 13208, which had protected hundreds of billions of dollars’ worth of federal and federally funded construction projects from government-mandated PLAs since 2001.

When a government agency mandates a PLA, it requires contractors and subcontractors to sign a collective bargaining agreement with unions as a condition of winning federal construction contracts. PLAs typically force employers to recognize unions as the representatives of their employees on that jobsite; use the union hiring hall to obtain craft workers; pay into union pension and benefit plans even if businesses have their own plans; obtain apprentices only through union apprentice programs; and obey restrictive and inefficient union work rules. In addition, PLAs typically force qualified craft workers to pay union dues or join a union if they want to receive benefits and work on a PLA project.

In short, coercive PLA mandates and PLA preferences discourage competition from qualified contractors that want nothing more than to deliver to taxpayers and the government the best possible construction product at the best possible price.

Congress must ensure construction projects funded by H.R. 5854 are cost-effective and administered without favoritism or discrimination. According to the U.S. Department of Labor’s Bureau of Labor Statistics, only 14 percent of America’s construction workforce belongs to a union. This means government-mandated PLAs and preferences discourage competition from the

employers of more than eight out of 10 construction workers who would otherwise work on taxpayer-funded construction projects.

These special interest handouts also harm taxpayers. Several independent and academic studies of construction projects subject to prevailing wage laws found PLA mandates increase the cost of construction between 12 percent and 18 percent compared to similar non-PLA projects.

If contractors want to **voluntarily** enter into a PLA on a federal construction project funded by H.R. 5854, there is **nothing** in current law, Section 517 or H.R. 5854 **that would prevent them from doing so voluntarily**. In fact, the National Labor Relations Act has always permitted contractors to voluntarily enter into a PLA to build a project. What Section 517 of H.R. 5854 does is eliminate inefficiencies in the federal contracting procurement process, increase competition, reduce costs and create construction jobs while protecting the public interest.

Again, ABC strongly **OPPOSES the Grimm amendment or any other amendment striking Section 517 from H.R. 5854** and will consider this vote as a **“Key Vote”** for our 112th Congressional Scorecard.

Sincerely,

A handwritten signature in black ink, appearing to read "G. G. Burr", with a long horizontal flourish extending to the right.

Geoffrey G. Burr
Vice President, Federal Affairs