



May 15, 2012

The Honorable Harold Rogers
Chairman, Committee on Appropriations
House of Representatives
Washington, D.C. 20515

The Honorable Norm Dicks
Ranking Member, Committee on Appropriations
House of Representatives
Washington, D.C. 20515

Dear Chairman Rogers and Ranking Member Dicks:

On behalf of Associated Builders and Contractors (ABC), a national association with 74 chapters representing 22,000 merit shop construction and construction-related firms, I am writing in regards to the full-committee markup of the Military Construction and Veterans Affairs Appropriations bill for FY 2013. ABC strongly supports an amendment offered by Representative Jeff Flake (R-Ariz.) which would ensure fair and open competition on federal construction contracts funded by this legislation.

We urge you to support Rep. Flake's amendment that will prevent federal agencies from requiring contractors to sign anti-competitive and costly project labor agreements (PLAs) 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.

In 2009, President Obama signed Executive Order 13502, which strongly encourages federal agencies to consider mandating anti-competitive PLAs on federal construction projects exceeding \$25 million. The Obama administration repealed President George W. Bush's Executive Orders 13202 and 13208, which had protected hundreds of billions of dollars' worth of federal and federally funded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. President Obama's pro-PLA executive order has led to waste, discrimination, favoritism and delays on federal construction projects.

When a government agency mandates a PLA, it typically forces federal contractors and subcontractors to recognize unions as the representatives of their employees on that jobsite; use the union hiring hall to obtain workers; pay into union pension and benefit plans even if businesses have their own plans; obtain apprentices exclusively through union apprentice programs; and obey restrictive and inefficient union work rules, in order to win a federal construction contract. In order to work on a PLA project, construction workers are forced to pay dues to a union and forfeit benefits accrued in union benefit plans during the life of a project unless they join a union.

In short, PLA mandates and PLA preferences discourage competition from qualified contractors and their skilled employees that only want to give taxpayers and the government the best possible construction product at the best possible price.

Congress must ensure construction projects funded by the Military Construction and Veterans Affairs Appropriations bill 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 work on taxpayer funded construction projects if not for government-mandated

PLAs and PLA preferences. The construction industry already faces an unemployment rate of 14.5 percent; everyone deserves a level playing field to compete for this work.

Taxpayers are harmed by government-mandated PLAs and preferences. Several independent and academic studies indicate government-mandated PLAs increase the cost of construction projects in numerous markets between 12 percent and 18 percent compared to similar non-PLA construction projects.

No language in Rep. Flake's amendment would prevent a federal contractor from voluntarily entering into a PLA on a federal construction project funded by the Military Construction and Veterans Affairs appropriations bill. Allowing the free market to determine if a PLA is appropriate, instead of federal agencies influenced by powerful special interests, ensures fair and open competition on federal construction contracts.

Rep. Flake's amendment will eliminate inefficiencies in the federal contracting procurement process, increase competition, reduce costs and create construction jobs while protecting the public interest. ABC strongly supports Rep. Flake's amendment and urges you to vote YES when the amendment is considered.

Sincerely,

A handwritten signature in black ink, appearing to read "Geoff Burr". The signature is stylized and cursive.

Geoff Burr

Vice President, Federal Affairs