



April 15, 2010

Dear Supporter of Free and Open Competition in Government Contracting,

ABC National's Open Competition Committee (OCC) needs your help to fight against discriminatory and costly government-mandated project labor agreements (PLAs) that deny you the right to work on public works projects.

Taxpayers deserve accountability and the best quality construction product at the best price. Despite our best efforts, on Tuesday the Obama Administration published a final rule implementing President Obama's Feb. 16, 2009, pro-PLA Executive Order 13502 into federal procurement regulations. This final rule, which takes effect May 13, will give federal agencies the power to mandate the use of costly, wasteful and anti-competitive PLAs on federal construction projects costing more than \$25 million. Taxpayers will now pay more and get less.

This executive order and final rule advance Big Labor's underhanded political strategy of utilizing government cronyism and corruption to thwart competition and regain lost market share from skilled, qualified merit shop contractors like you.

ABC will not take this decision lying down. With the merit shop construction community's leadership, financial support and political activism, we have been able to delay the release of this final rule while limiting the number of government-mandated PLAs on federal and federally funded construction projects.

To date, investment in ABC's OCC anti-PLA fund has produced the following returns:

- Increased newspaper, Internet, radio and television coverage on local, state and federal government-mandated PLAs and Executive Order 13502 like the attached *Wall Street Journal* editorial, "Crony Contracts" (all coverage posted at www.TheTruthAboutPLAs.com).
- More than 1,000 comments filed by ABC members and employees with the Federal Acquisition Regulation Council in opposition to Executive Order 13502.
- A legal challenge and defeat of the first government-mandated PLA imposed on the U.S. Department of Labor's future Job Corps Center in Manchester, N.H.
- Defeat of the General Services Administration's (GSA) government-mandated PLA on the Chavez Federal Building in Denver, Colo.
- A legal bid protest and defeat of the GSA's PLA on the Lafayette Building in Washington, D.C.
- Ongoing education and outreach to federal procurement officials and politicians about the damaging effects of PLAs, as well as three new studies evaluating the impact of PLAs.
- Legislation introduced in the House (H.R. 983) and Senate (S. 90) that would prohibit government-mandated PLAs on federal and federally assisted construction projects.
- No federal legislation containing PLA mandates in 2009.
- No new federal projects executed with government-mandated PLAs in 2009 and up to today in 2010.

- No expansion of government-mandated PLAs on federally assisted state and local construction projects via Section 7 of Executive Order 13502.

These are incredible accomplishments considering the pro-Big Labor political environment inside the beltway and the ability of union bosses to spend hundreds of millions of dollars of workers' dues money on politics.

Make no mistake about it – we could not do it without you.

However, we are not satisfied with these victories. With your financial assistance and political activism, we can end the administration's unethical practice of rewarding their political benefactors at the expense of hardworking taxpayers and quality merit shop contractors like you and your skilled workforce.

The OCC will continue to fight for free, fair and open competition on federal construction contracts. We are evaluating a legal challenge to this executive order and/or the feasibility of project-by-project legal challenges to government-mandated PLAs.

ABC is the leader in the fight against government-mandated PLAs, but we cannot achieve these bold objectives without the merit shop community's continued support. Urge your employees, competitors, customers and colleagues to become engaged in this fight. Whether writing federal and local elected officials or getting involved in ABC's grassroots action team and political activities, together we can end the PLA kickback scheme.

To learn more about how you can help fight government-mandated PLAs, contact me directly, or visit www.abc.org/pla or www.TheTruthAboutPLAs.com.

Regards,



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P.S. Please consider supporting ABC's fight against discriminatory and costly PLAs by completing the attached OCC donation form and making a corporate or personal contribution to maintain free and open competition in government contracting in 2010.

Please make checks payable to:
ABC PLA Fund
Attn: Ben Brubeck, Open Competition Committee
4250 North Fairfax Drive, 9th Floor
Arlington, VA 22203



OPEN COMPETITION COMMITTEE

YES, I want to join ABC's **fight against union-only project labor agreements (PLAs)** and make a contribution to support free and open competition.

The Open Competition Committee (OCC) can accept both corporate and personal contributions. Contributions to OCC are not tax deductible.

I'm supporting ABC's campaign against PLAs with a contribution of:

\$50,000 \$25,000 \$10,000 \$1,000 \$500 Other: \$ _____

CONTACT INFORMATION

Name _____

Title _____

Company Name _____

Company Address _____

City, State, Zip _____

Phone _____ Fax _____

Email _____

ABC Chapter Name _____

Type of Contractor _____ Do you do Federal work? Yes No

PAYMENT INFORMATION

Check Enclosed (payable to "ABC PLA Fund")

Credit Card Visa Master Card American Express

Amount: \$ _____ Card Number _____ Exp. Date _____

Name on Card (Print) _____

Authorized Signature _____

MAIL OR FAX YOUR CONTRIBUTION

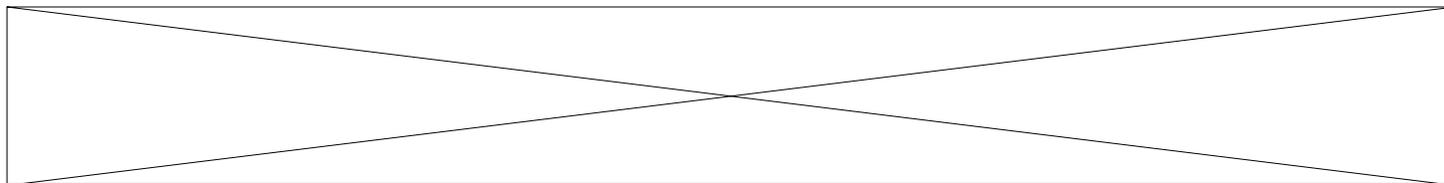
MAIL Open Competition Committee

ABC PLA Fund
Attn: Ben Brubeck
4250 North Fairfax Drive, 9th Floor
Arlington, VA 22203
(703) 812-2000

Payable to ABC PLA Fund

FAX Credit Card Payments Only

Fax: (703) 812-8202
Attn: Ben Brubeck



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THE WALL STREET JOURNAL

WSJ.com

REVIEW & OUTLOOK | APRIL 14, 2010

Crony Contracts

Want federal business? Better be a union shop.

There's almost a direct correlation these days between the Obama Administration's complaints about "special interests" and its own fealty to such interests. Consider its latest decree that federal contractors must be union shops.

The federal rule, which went live yesterday, implements an executive order President Obama signed within weeks of taking office. It encourages federal agencies to require "project labor agreements" for all construction projects larger than \$25 million. This means that only contractors that agree to union representation are eligible for work financed by the U.S. taxpayer.

Only 15% of the nation's construction workers are unionized, so from now on the other 85% will have to forgo federal work for having exercised their right to not join a union. This is a raw display of political favoritism, and at the expense of an industry experiencing 27% unemployment. "This is nothing but a sop to the White House's big donors," says Brett McMahon, vice president at Miller & Long Concrete Construction, a nonunion contractor. "We've seen this so many times now, and how many times does it have the union label? Every time."

It's also a rotten deal for taxpayers. White House economist Jared Bernstein blogged that these agreements "significantly enhance the economy and efficiency of Federal Construction projects." In fact, the carve-outs put an end to open, competitive federal bidding, which means higher project costs. They also mean taxpayers must finance the benefits and work rules of union members.

Mr. Bernstein could check all this with the Department of Veterans Affairs, which last year commissioned an independent study showing the Obama project labor agreements would likely raise the VA's construction costs for hospitals by as much as 9% in three of five markets—Denver, New Orleans and Orlando. In two others, New York and San Francisco, the study predicted a mixture of small cost increases and small cost savings.

The study reported "strong evidence to suggest that the result of a PLA [project labor agreement] that dictates work rules, double benefits, team structure and activities on non-union type contractors will be that production costs will increase—given these union-related requirements." It also rebutted a favorite liberal argument that such agreements lead to less labor strife, noting that there are "many examples for projects where there have been strikes but also no strikes—unrelated to whether or not a PLA is in place."

The Veterans study mirrors academic work showing that project labor agreements raise the costs of construction by 10% to 20%. The Beacon Hill Institute at Boston's Suffolk University in 2006 investigated the costs of building 126 Boston-area

schools. It found project labor agreements raised winning bids for school construction projects by 12% and actual construction costs by 14%.

Boston's Big Dig, Seattle's Safeco field, Los Angeles's Eastside Reservoir project, the San Francisco airport, Detroit's Comerica Park—all were built under PLAs marked by embarrassing cost overruns. We'd list more, but newsprint is expensive.

The White House went out of its way to note that the Supreme Court has upheld such agreements in the past, suggesting it has a guilty conscience. In fact, the High Court has never ruled on the legality of these agreements under federal competitive bidding laws. Industry groups are now threatening legal action to defend the rights of workers who will be denied employment for the crime of not sporting Obama-Biden bumper stickers. It's a fight worth having.

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