



Independent Electrical
Contractors



January 16, 2009

United States Senate
Washington, D.C. 20510

Dear Senator:

Equal opportunity and open competition in federal contracting is a critical issue to consider as the federal government explores various solutions, including infrastructure spending, to stimulate our ailing economy. Congress must ensure federal and federally funded infrastructure projects paid for by taxpayers are procured in a fiscally responsible manner that is free from favoritism and discrimination. These interests would not be served if Congress were to require union-only requirements, commonly known as union-only project labor agreements (PLAs), on construction projects.

A union-only PLA is a contract that requires a construction project to be awarded to contractors and subcontractors that agree to: recognize unions as the representatives of their employees on that jobsite; use the union hiring hall to obtain workers; pay union wages and benefits; obtain apprentices through union apprenticeship programs; and obey the union's restrictive work rules, job classifications and arbitration procedures.

Construction contracts subject to union-only PLAs almost always are awarded exclusively to unionized contractors and their all-union workforces. According to the most recent data from the U.S. Department of Labor's Bureau of Labor Statistics, only 13.9 percent of America's construction workforce belongs to a union. This means union-only PLAs would discriminate against almost nine out of 10 construction workers who would otherwise work on construction projects if not for a union-only PLA.

This discrimination is particularly harmful to women- and minority-owned construction businesses – whose workers traditionally have been under-represented in unions, mainly due to artificial and societal barriers in union membership and union apprenticeship and training programs.

Requirements under a union-only PLA can be so burdensome that many women- and minority-owned businesses are deterred from even bidding on construction projects. A union-only PLA could force these employers to abandon their own employees in favor of unknown union workers – or pay into underfunded union pension and health plans, even if they already have their own plans. Not being able to bid on a public project because of a

union-only PLA is extremely detrimental to small disadvantaged companies, which rely on these contracts for much of their growth.

Furthermore, union-only PLAs result in increased construction costs. Because non-union contractors are eliminated from competing, these project contracts are forced to adopt wasteful and inefficient work rules prescribed by union-only PLAs. Several academic studies indicate PLAs increase the cost of construction between 10 percent and 20 percent when compared to similar projects not subject to a PLA.

Taxpayers have been protected from costly government mandated union-only requirements as a result of an executive order that President-elect Obama pledged to repeal during his campaign. Executive Order 13202, signed by President George W. Bush Feb. 17, 2001, declares that neither the federal government, nor any government agency acting with federal assistance, shall require or prohibit construction contractors to sign union agreements as a condition of performing work on federal or federally funded construction projects.

The "Government Neutrality in Contracting Act" (S. 90), introduced by Sen. David Vitter (R-La.), would codify into law Executive Order 13202 and permanently protect taxpayers from costly and discriminatory union-only PLA requirements on federal and federally funded construction contracts.

Construction contracts should be awarded based on sound, credible criteria such as quality of work, experience and cost – not union affiliation. Including a union-only PLA on any project funded by federal legislation in the 111th Congress, or supporting the repeal of Executive Order 13202, undoubtedly would lead to inequitable and anti-competitive procurement on federal or federally funded construction projects. We strongly urge you to guarantee equal opportunity and open competition in federal contracting by cosponsoring S. 90, "Government Neutrality in Contracting Act."

To cosponsor this important legislation, please contact Andrew Levert in Sen. Vitter's office at andrew_levert@vitter.senate.gov or (202) 224-4623.

Sincerely,

Associated Builders and Contractors
Independent Electrical Contractors
National Association of Small Disadvantaged Businesses
National Black Chamber of Commerce
Women Construction Owners & Executives, USA