February 4, 2021

The Honorable Joseph R. Biden Jr.
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear President Biden:

Associated Builders and Contractors, a national construction industry trade association with 69 chapters representing more than 21,000 members,[1] stands ready to be a constructive partner with the Biden administration as we tackle rebuilding America's infrastructure while ensuring safe workplaces, creating jobs and leading America's economic recovery.

ABC believes our roads, bridges, schools and water, energy and transportation systems need to be overhauled to accelerate a strong economic comeback and keep America competitive in a global economy. A recent industry report estimates that the U.S. infrastructure spending deficit will total $2.6 trillion by 2029 and more than $5.6 trillion by 2039.[2]

As we work together to address funding solutions that speed investments in transformational infrastructure projects, one of ABC's top priorities is to ensure that all of the construction industry is welcome to participate in building all of America's taxpayer-funded infrastructure projects. ABC is concerned about the expansion of existing policies that needlessly limit competition and increase costs on taxpayer-funded federal and federally assisted construction projects.

For example, federal policies that encourage the use of government-mandated project labor agreements on federal[3] and federally assisted construction projects stand to increase construction costs by 12% to 20%,[4] resulting in the funding and construction of fewer projects and reduced jobs and opportunities for small businesses, minorities and women in the construction industry.

Real-world examples, experience and a survey of our membership[5] has found that government-mandated PLAs discourage competition from quality contractors and the 87.3% of the U.S. construction workforce who are not affiliated with construction unions,[6] which are given preferential treatment in typical government-mandated PLAs.

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[1] Associated Builders and Contractors is a national construction industry trade association representing more than 21,000 members. Founded on the merit shop philosophy, ABC and its 69 chapters help members develop people, win work and deliver that work safely, ethically and profitably for the betterment of the communities in which ABC and its members work. ABC's membership represents all specialties within the U.S. construction industry and is comprised primarily of firms that perform work in the industrial and commercial sectors. Our diverse membership is bound by a shared commitment to the merit shop philosophy in the construction industry, which is based on the principles of nondiscrimination due to labor affiliation and the awarding of construction contracts through open, competitive bidding based on safety, quality and value. Learn more at abc.org.

[2] See ASCE's 2021 report, *Failure to Act: Economic Impacts of Status Quo Investment Across Infrastructure Systems.*

[3] On Feb. 6, 2009, President Obama issued Executive Order 13502, which encourages federal agencies to require PLAs on federal construction projects exceeding $25 million in total cost on a case-by-case basis and permits state and local recipients of federal dollars to mandate PLAs. See FAR Case 2009-005, Use of Project Labor Agreements for Federal Construction Projects, published April 13, 2020.

[4] Most recently, a study published in February 2020 found Connecticut school projects subject to government-mandated PLAs were 19.8% more expensive compared to school projects not built with PLA mandates. Multiple studies measuring the impact of government-mandated PLAs on school construction in California, Massachusetts, New Jersey, New York and Ohio (all states with prevailing wage laws) made similar conclusions and are available at TheTruthAboutPLAs.com, *Research on Government-Mandated Project Labor Agreements*, updated in March 2020.

[5] *Survey: ABC Members Strongly Oppose Government-Mandated Project Labor Agreements* Jan. 30, 2019, abc.org

[6] See U.S. Department of Labor, Bureau of Labor Statistics, *Labor Force Statistics from the Current Population Survey, Table 3. Union affiliation of employed wage and salary workers by occupation and industry*. Accessed Jan. 21, 2021. https://www.bls.gov/news.release/union2.t03.htm.

Problematic, anti-competitive terms in government-mandated PLAs require contractors to use union hiring halls to obtain most or all workers instead of their existing workforce; obtain apprentices exclusively from union apprenticeship programs; follow inefficient union work rules; and pay into union benefit and multi-employer pension plans that any limited number of nonunion employees permitted on the project will be unlikely to access unless they join a union and vest in these plans. Research estimates that nonunion employees on PLA projects suffer an estimated 20% reduction in compensation and contractors pay an extra 25% in benefits costs to cover this PLA wage theft to union plans, making firms less competitive against unionized firms.[7]

ABC supports fair and open competition and opposes government-mandated PLAs on federal and federally assisted projects because taxpayers deserve more efficient and effective policies that will encourage all qualified contractors and their skilled workforce to compete to build long-lasting, quality projects at the best price.

According to a model developed by Markstein Advisors,[8] every $1 billion in extra overall construction spending generates an average of at least 6,500 construction jobs, and every $1 billion in extra construction spending on infrastructure generates an average of at least 3,300 construction jobs. As the construction industry faces a 9.4% unemployment rate[9] due to the recession caused by COVID-19 and America's infrastructure remains critically underfunded, we need to be doing all we can to maximize taxpayer investments in infrastructure while helping all construction workers find quality jobs to rebuild their communities.

The construction industry is in a unique position to help build America's comeback, featuring careers with low barriers to entry, infinite opportunities for growth and family-sustaining salaries for people from all backgrounds and education levels, including women, minorities, veterans, students, non-graduates, and people seeking new careers, re-entry to the workforce or a second chance.

ABC delivers construction education through 800 ABC education programs at 1,400 locations nationwide, including innovative and flexible earn-while-you-learn models and industry-recognized apprenticeships in more than 50 professions—plus more than 300 U.S. Department of Labor-registered apprenticeship programs across 20 different occupations.

In 2019 alone, ABC members invested $1.5 billion to educate and upskill more than 1.1 million course attendees in craft, leadership and safety education to advance their careers in commercial and industrial construction. Safety education accounted for nearly half of the total workforce investment, averaging $1,147 per employee annually.[10] Ensuring the safety and health of the construction workforce in the workplace will continue to be a top priority as ABC members build America's hospitals, schools, manufacturing facilities, roads, bridges and power plants.

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[7] An October 2009 report by Dr. John R. McGowan, *The Discriminatory Impact of Union Fringe Benefit Requirements on Nonunion Workers Under Government-Mandated Project Labor Agreements*, finds that employees of nonunion contractors that are forced to work under government-mandated PLAs suffer a reduction in their take-home pay that is conservatively estimated at 20%. PLAs force employers to pay employee benefits into union-managed funds, but employees will never see the benefits of the employer contributions unless they join a union and become vested in these plans. Employers that offer their own benefits, including health and pension plans, often continue to pay for existing programs as well as into union programs under a PLA. The McGowan report found that nonunion contractors are forced to pay in excess of 25% in benefit costs above and beyond existing benefits costs as a result of this"double payment" of benefit costs. See TheTruthAboutPLAs.com, *New Report Finds PLA Pension Requirements Steal From Employee Paychecks, Harm Employers and Taxpayer*, Oct. 24, 2009.

[8] https://abc.org/News-Media/Newsline/entryid/17036/the-construction-industry-needs-to-hire-an-additional-550-000-workers-in-2020.

[9] BLS construction industry unemployment rate for January 2021, https://www.bls.gov/iag/tgs/iag23.htm.

[10] See the results from ABC's latest workforce development survey, *ABC Members Provided Education for 1.1 Million Course Attendees in 2019, New Survey Finds*, May 21, 2020, and forthcoming survey of 2020 data at abc.org/wfsurvey.

Unfortunately, tomorrow's construction industry workforce—those participating in government-registered apprenticeship and industry-recognized apprenticeship programs not affiliated with unions—would not be able to meaningfully participate on government-mandated PLA jobs, stifling a key pipeline of skilled labor needed to meet America's future infrastructure needs.

ABC members stand ready to fairly compete for the opportunity to safely and ethically build and maintain America's infrastructure. ABC would welcome the opportunity to discuss this issue further with your advisors.

We look forward to working with you and your administration to advance policies that that create quality jobs for all of America's workers to help the economy rebound from the COVID-19 crisis and Build Back Better.

Sincerely,

Ben Brubeck
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