



January 17, 2013

The Honorable Chris Christie
Governor of New Jersey
PO Box 001
Trenton, NJ 08625

RE: Proposed expansion of state authorization of project labor agreement mandates onto Superstorm Sandy relief construction projects and additional future public construction projects. (S.2425/A.3679).

Dear Governor Christie:

Associated Builders and Contractors (ABC) is a national construction trade association representing 22,000 individual employers in the commercial and industrial construction industry, including nearly 200 New Jersey-based general contractors, subcontractors and construction-related firms. We strongly urge you to uphold your 2009 campaign promise to oppose the use of wasteful and discriminatory government-mandated project labor agreements (PLA) and veto any attempt authorize or expand the use of PLAs on any future public construction projects – including Superstorm Sandy relief projects.

Construction contracts subject to PLA mandates almost always are awarded exclusively to unionized contractors and their all-union workforces at the expense of taxpayers and qualified union and nonunion contractors and employees discouraged by the PLA mandate from competing for taxpayer funded projects. According to the most recent data from the U.S. Department of Labor's Bureau of Labor Statistics, only 14 percent of America's construction workforce belongs to a union. In New Jersey, 23.1 percent of the construction workforce chooses to join a labor organization. As a result, if this proposal is enacted and PLAs are mandated on Sandy relief projects, it would ensure the vast majority of New Jersey's hardworking and well-trained construction workforce will not have an opportunity to compete effectively for critical recovery projects in their own communities.

Requirements under government-mandated PLAs can be so burdensome that many qualified contractors are deterred from even bidding on PLA projects. Although PLAs are replete with provisions that cut competition, there are four provisions of PLAs that are particularly objectionable to nonunion companies:

- PLAs require nonunion companies to pay their workers' health and welfare benefits to union trust funds, even though these companies have their own benefit plans. Companies thus have to pay benefits twice: once to the union and once to the company plan. Nonunion contractors have to factor this double payment into their final bid and their workers never see any of the benefits sent to the unions unless they decide to leave their nonunion employer and remain with the union until vested. In addition, nonunion contractors paying into underfunded multi-employer pension plans managed by construction unions can lead to contractor withdrawal liability that can cripple the financial health of a company in certain circumstances.
- PLAs require nonunion companies to obtain their workers from union hiring halls. This means a nonunion company has to send its workers to the union hiring hall or be forced to use an unfamiliar union-only workforce for that jobsite, at the expense of its existing workforce.

- PLAs require nonunion companies to obtain apprentices exclusively from union apprenticeship programs. Participants in state-approved nonunion apprenticeship programs cannot work on a job covered by a PLA. This means that young people enrolled in nonunion apprenticeship programs can find themselves excluded from work in their hometowns.
- Nonunion workers must pay union dues and/or fees and/or join a union.

This discrimination is particularly harmful to minority-owned and women-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.

In the wake of the Sandy disaster, it is critical that taxpayer funds be used as efficiently as possible to ensure they do the most good for communities impacted by the storm. Unfortunately, as a result of their discriminatory requirements, PLAs have an established history of increasing construction costs on taxpayer-funded projects. New Jersey Department of Labor and Workforce Development annual reports on PLA activity in the state, produced as required by N.J. P.L.2002, c.44, have repeatedly found that PLA mandates lead to construction cost increases averaging approximately 30 percent. Numerous other studies support the department's findings that PLA mandates result in dramatic increases in construction costs on taxpayer-funded projects. At a time where every recovery dollar is critical, PLA mandates will result in waste New Jersey communities cannot afford.

In addition, contrary to claims by PLA proponents, expanding these mandates to Sandy relief efforts will do nothing to ensure a local workforce on these projects. It is not uncommon for a city or state to experience a lack of job creation for local residents when Big Labor has control of an urban or regional construction market. Union membership and hiring hall rules can't guarantee a local workforce for public projects. In fact, most union hiring hall dispatch procedures dispatch non-local union workers to jobs before local nonunion workers. PLA advocates claim special language within PLAs can help establish local hiring goals (not mandates) that can help with local hire. But so can clauses in contracts without all of the discriminatory and costly provisions contained in typical PLAs.

ABC and its members stand ready to help New Jersey recover from this devastating storm. Our members in the area are ready and willing to perform the important construction work necessary to help put communities back on their feet. We strongly urge you to guarantee them the opportunity to help by vetoing any legislation that would deprive them of the opportunity to compete for Sandy relief projects in their own communities.

Please do not hesitate to contact me, any of my staff or the local ABC chapter if we can be of further assistance concerning matters related to government-mandated PLAs, or any other issue that may impact ABC members in New Jersey or nationwide.

Sincerely,



Michael D. Bellaman
President and CEO
Associated Builders and Contractors, Inc.