

February 16, 2011

United States House of Representatives
Washington, D.C. 20510

Dear Representative:

The diverse group of undersigned construction and business associations urges you to support the Government Neutrality in Contracting Act (H.R. 735), introduced by Congressman John Sullivan (R-Okla.). This legislation will curb waste and favoritism in the procurement of federal construction projects and ensure taxpayer dollars are spent responsibly. We ask that you take a stand against discrimination and special interest set-asides in government contracting and cosponsor this important legislation.

The Government Neutrality in Contracting Act protects taxpayers and ensures fair and open competition on government construction contracts by prohibiting government-mandated project labor agreements (PLAs) on federal and federally assisted construction projects.

A government-mandated PLA is a contract that typically requires construction projects to be awarded only to companies that agree to recognize unions as the representatives of their employees on that job; use the union hiring hall to obtain workers; obtain apprentices through union apprenticeship programs; follow archaic and inefficient union work rules; and pay into union benefit and multi-employer pension plans that nonunion employees will never be able to access, forcing non-signatory employers to pay twice for retirement and healthcare benefits.

Government-mandated PLAs can unfairly discourage competition from qualified nonunion contractors and their skilled employees—who compose almost 87 percent of the U.S. private construction workforce.

President's Obama's Feb. 6, 2009, Executive Order 13502 encourages federal agencies to require PLAs on federal construction projects exceeding \$25 million in total cost in order to allegedly "advance the economy and efficiency in federal contracting." The Obama order was widely criticized as a sweetheart deal for Big Labor as payback for generous political support in the 2008 presidential election and has resulted in federal agencies steering lucrative federal construction contracts to unionized contractors and their union workforces with little competition from open shop contractors.

The executive order has also resulted in increased costs. In December, an investigation by *The Washington Examiner* revealed that a recent PLA on a federal building in Washington, D.C., cost taxpayers an additional \$3.3 million on a \$52.3 million contract. The added cost of the PLA was unsurprising, as several independent and academic studies indicate that government-mandated PLAs in numerous markets increase the price of construction projects between 12 percent and 18 percent compared to similar non-PLA projects.

The Government Neutrality in Contracting Act puts an end to these special interest handouts and will result in more federal contracting opportunities for qualified small businesses and women- and-minority-owned businesses that traditionally are not unionized. It also will eliminate waste in federal contracting, which will create more construction jobs for all skilled tradespeople in an industry suffering from a 22.5 percent unemployment rate.

Congressman Sullivan's legislation will ensure that taxpayers get the best possible construction project at the best possible price. We strongly urge you to help eliminate waste and favoritism in federal construction procurement by cosponsoring Congressman Sullivan's Government Neutrality in Contracting Act (H.R. 735) in the 112th Congress.

To learn more about government-mandated PLAs, visit www.TheTruthAboutPLAs.com. For more information about this issue or legislation, contact Victoria Palmer in Congressman Sullivan's office at (202) 225-2211 or victoria.palmer@mail.house.gov.

Sincerely,

Associated Builders and Contractors (ABC)
Independent Electrical Contractors Association (IEC)
Construction Industry Roundtable (CIRT)
Electronic Security Association (ESA)
Merit Elevator Contractors Association of America
National Association of Minority Contractors (NAMC) – Philadelphia Chapter
National Black Chamber of Commerce (NBCC)
National Federation of Independent Business (NFIB)
National Ready-Mixed Concrete Association (NRMA)
National Utility Contractors Association (NUCA)
Small Business and Entrepreneurship Council
U.S. Chamber of Commerce
Women Construction Owners and Executives, USA (WCOE)