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Before Committee on Labor and Public Employees

SB 987 - An Act Requiring Community Workforce Agreements for Construction Projects at the Connecticut State University System

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My name is Matthew Curtin and I provide legal counsel to the Associated Builders and Contractors, Inc., Connecticut Chapter. Thank you for the opportunity to testify in opposition to SB 987.

As you likely know, the use of project labor agreements on public construction projects is a hotly contested issue. Each side in this debate is fiercely committed to a way of doing business that it believes provides the best construction results for their employers, employees and, ultimately, for the public – which, of course, will bear the cost, and benefit from the results, of these projects.

As someone who represents merit shop contractors, I bring a definite point of view to this discussion. Having familiarized myself with the issues and the competing claims of each side, I am convinced that the type of government-mandated PLAs that are commonly used in Connecticut limit competition, greatly increase costs, and do nothing to enhance the quality of the construction projects on which they are used.

Unfortunately, SB 987 contains a so called "Community Workforce Agreement" – a creatively titled PLA requirement – that promotes government sponsored anti-competitiveness in state university construction projects that would result in higher costs to the taxpayer without realizing corresponding enhancement in quality of the construction project. Moreover, the PLA required by SB 987 on all state university projects is anti-competitive in that it will prevent merit shop construction companies from staffing state university projects paid for by their own tax dollars. Importantly, merit shop construction companies represent more than 80% of the workforce; however, so called "Community Work Force Agreements" would be utilized at the expense of the merit shop craftsmen.

The issue of utilizing a PLA on all state university construction projects is really a matter of fundamental unfairness and competitive inequality. The alarming use of a mandated PLA on such projects should concern any state official who is responsible for ensuring that construction projects meet the standards for quality and cost that their constituents expect and are entitled to. Obviously the exclusion of a substantial majority of the state's contractors from the bidding process can only have a negative impact on the competitive level of the project bids.

But, according to the proponents of project labor agreements, the terms of a PLA apply equally to union and non-union contractors. Therefore, they argue, what is the big deal?

First, the big deal is that a "Community Workforce Agreement" or PLA prevents a merit shop contractor from using its own workers. These are the people whose experience, competence and knowledge of the owner's methods allow a merit shop owner to do what the public bidding statutes require – that is, to deliver the best product at the lowest reasonable cost. But with a PLA, nearly all hiring must be done through the union hiring hall. Although a typical PLA will state that the hiring halls may not discriminate on the basis of union membership, it is clear, at the very least, that a merit shop contractor will not be able to bring its own workforce to the project. That in itself is enough to deter the merit shop contractor from even submitting a bid.

Second, a mandated PLA presents serious financial issues to merit shop contractors that want to participate in the PLA project. Specifically, when subject to a PLA the merit shop contractor either has to stop making benefit contributions under its own plan or make double contributions due to the plan set forth in the applicable labor agreement governing the PLA project. This is a financial penalty levied on merit shop contractors that practically creates an unfair competitive advantage for union contractors.

The typical union pension plan has a long vesting period -- perhaps as long as five or six years. In addition, under most union medical plans, an employee typically has to wait as long as three or four months to become eligible for benefits. As a result, the merit shop owner is forced to keep its existing coverage in place and, on top of this, make contributions to the union-sponsored plans. And, because of the vesting and waiting period requirements, the typical merit shop employee will never benefit from those contributions.

Finally, there is the effect of public project PLAs on individual workers who would otherwise choose not to join a union. A PLA imposes the union security provisions of the collective bargaining agreements. This means that whether or not an employee joins the union, he or she must pay union dues or agency fees in order to work on the project. Obviously, merit shop employees will see little or no benefit from these dues payments. In fact, their dues and fees go to support the salaries of local union employees, including those who worked tirelessly to exclude these same employees -- and their merit shop employers -- from public construction projects.

In summary, the "Community Workforce Agreement" requirement in SB 987 would be detrimental to Connecticut by decreasing competition, needlessly increasing project costs and discriminating against local merit shop contractors. SB 987 in effect would promote government-approved discrimination among contractors which is directly in opposition to the free enterprise spirit that is integral to the American economic spirit.

For the foregoing reasons, I urge you to oppose SB 987.