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TESTIMONY TO THE CONNECTICUT GENERAL ASSEMBLY

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

Labor and Public Employees Committee

March 1, 2011

Presented by: Michael Kolakowski, President & CEO of KBE Building Corporation

Position: Opposed

My name is Michael Kolakowski. I am the President and Chief Executive Officer of KBE Building Corporation, a general contractor, construction management and design-build firm based in Farmington, Connecticut that has been in business for approximately forty years. I personally have over 25 years of experience in the construction business. KBE is one of the largest contractors in Connecticut, and we are proud to have a longstanding relationship with the State of Connecticut on numerous public works projects. In the last ten years, KBE's resume' includes over \$ [REDACTED] Million of successful construction projects for the State university system, including the University of Connecticut, Central Connecticut State University, Southern Connecticut State University, and Western Connecticut State University. Typically, KBE has provided the State with competitive pricing through the use of both union and non-union subcontractors. I am here today to speak in opposition to Senate Bill 987 regarding controversial Community Workforce Agreements (or Project Labor Agreements as the term is known in the industry). This bill, if passed, will inevitably destroy competition, increase prices, pander to unionized special interests, and cost the State of Connecticut taxpayers millions, if not billions, of unnecessary expense.

The proponents of Project Labor Agreements – or PLAs for short - attempt to justify such agreements by arguing that such agreements can provide for labor peace, safer projects, and an more readily available workforce – all through the use of exclusively union labor. They also claim that cost and competition do not suffer under PLAs. Nothing could be further from the truth.

There is no lack of skilled labor or qualified subcontractors in the Connecticut construction market, especially given the economic reality that many construction workers, whether union or non-union, are currently unemployed. Since large areas of population density in Connecticut, New York, Rhode Island and Massachusetts are proximate to the state university project sites, there are plenty of qualified trade subcontractors and workers in the geographic region from which to draw necessary resources.

The opportunity for both union and non-union contractors to participate on university projects increases the level of competition among qualified contractors and allows the construction market to dictate the best price for the State of Connecticut and the taxpayers. A

union-only PLA, on the other hand, only serves to eliminate competition and exclude more than 80% of the eligible workforce.

Use of union labor typically comes at a substantial premium cost due to the union dues structure, administrative overhead, work rules and jurisdictional limitations. Absence of a PLA encourages union subcontractors – with the support of the labor unions - to be more competitive in order to obtain the work, instead of giving labor unions a monopoly on the work.

There is no merit to claims by labor unions that non-union contractors are less trained, less safe, or less compliant of the law. To the extent there are issues in the industry, they are equally shared among union and non-union contractors. Substantial training opportunities are available to both union and non-union workers, and Connecticut already requires all major subcontractors to be prequalified. Also, state licensing requirements largely provide the mechanism to ensure such training has been successfully completed. Connecticut has more trade license categories than most other states. A PLA provides no insulation from issues of training and safety. It is ultimately incumbent upon the contractor to select qualified subcontractors, regardless of union affiliation. State law also requires the contractor to provide performance security to the State in the form of a surety bond.

Small and minority business participation is also a substantial challenge under a PLA. Most small business contractors are non-union. It is always a challenge to find qualified small business contractors to meet small and minority business utilization goals. A PLA would serve to substantially inhibit the ability to meet those goals, as well as severely limit competition among those firms eligible for the work. Ultimately, a PLA would undermine the initiative behind maximizing work opportunities for these small businesses and substantially increase costs.

I believe that requiring PLAs on all Connecticut State University projects would be detrimental by decreasing competition, significantly increasing the costs, and shutting out the majority of eligible contractors – including small businesses - from participating. To consider such a requirement in these difficult economic times would be to ignore the growing national recognition regarding the inherent wastefulness and unfairness of PLAs. Many states and municipalities that have prohibited their use. For the sake of fiscal responsibility and fairness, I respectfully request that your committee vote against this bill.

Thank you.

Michael Kolakowski
President & CEO
KBE Building Corporation