



Testimony: Project Labor Agreements (PLAs)

INTRODUCTION

Good morning Mr. Chairman and members of the House Republican Policy Committee and thank you for hosting this public hearing on a very serious and important topic.

My name is John "Jack" R. Zimmer, CAE, and I am the President and CEO of Associated Builders and Contractors, Inc., the Keystone Chapter (hereinafter "ABC").

The Keystone Chapter is a construction trade association representing the commercial, industrial, and institutional construction markets. We have nearly 800 member companies. In total, over 1800 companies are members of ABC throughout the state. We are the only construction association that represents equally the entire construction team. It is our mission to be the leading authority in the construction industry by promoting, protecting and defending free enterprise in construction; promoting, protecting and defending principled competition for our members; providing education and training opportunities, and expanding business development opportunities.

As you can see, this issue is one that evokes passionate feelings from both union and non union groups. I would like to state that we have a great deal of respect for all of the good things the labor movement in America has achieved. In fact, organized labor has done such a good job securing laws and setting up federal and state regulations and agencies; they have essentially made themselves obsolete. They are no longer needed and have contributed to their own declining numbers. A worker today is very well protected and safeguarded and much of that is attributable to the labor movement. Additionally, the attitude of modern management and owners today has changed since the 1920's and 30's--- they

see their workers as their most important asset. Attracting and retaining the best workforce is now goal number one for any business and construction is no exception. These two factors are the two key contributors to the fact that unions in ALL private sectors have been on a rapid decline for the past 50 years. In construction, it is perhaps the most dramatic. In Pennsylvania, only 20% of the private construction workforce is unionized—meaning that 80% of the private construction workforce has elected to not belong to a union. In the 1950s, those numbers were reverse—80% was unionized. Construction unions have failed to evolve with the times and as a result, their only tool remaining to hold on to the 20% is to use their political leverage. They have failed in the competitive market place but are still a force politically. Instead of using their resources to helping their rank and file be more competitive, they invest heavily to get legislators and legislation to perpetuate their out-dated ways and PLAs are a shining example of what’s good for a few and terrible for everyone else.

So, I am here before you, on behalf of ABC members and all the open shop workers employed by ABC members. ABC speaks out for the entire 80% of non-union workers. ABC doesn’t claim to speak for every non-union worker; however, we certainly speak on their behalf and in their defense. A Project Labor Agreement (PLA) directly and negatively impacts non-union workers and I would be very much surprised if any non-union worker would take issue with our position for fighting for them and their jobs. A great deal of testimony has already been given but I want to make just a few salient points.

Point #1: ABC’s position is quite simple: NO ONE whether they are union or non-union should be discriminated against. EVERY worker should have an opportunity to work on a job in the Commonwealth regardless of their union affiliation or lack thereof and NO ONE should be forced to pay dues or become signatory to a union in order to work on publicly funded construction projects that those very same open shop workers paid taxes to make that project possible..

Point #2: PLAs sound harmless to the unschooled ear but they are a very expensive and un-necessary Pandora’s Box. What could be wrong with an “agreement” that promotes safety and promises that

work will be done on time and under budget? What's wrong with getting union assurances that there will be no work stoppages due to strikes or labor strife? Unions will also promise they will provide skilled workers who will do top quality work. Who could object to that? ABC not only agrees with all of those conditions—but that's what ABC members deliver every day without the encumbrance of a union-only PLA. ABC and its members—in fact, all competent and competitive construction companies-- promote safety, quality work done on time and within agreed to budgetary provisions. Their contract with their owner demands that. And open shop workers don't need a contract to promise that will not strike, nor do they need an agreement to do top quality work. They are highly skilled and well trained. They are motivated workers and all they ask for is a level playing field and let them compete.

Point #3: PLAs increase cost without sufficient return on that investment. We can talk studies all day long. We have our studies and big labor has their studies. But, you don't need a study to recognize common sense. The world recognizes that free and open competition is the best method of ensuring the best product at the most competitive price. This nation was built on that premise. I find it very ironic that one of the 13 original colonies now needs to pass a bill to enforce that the free enterprise system will still be used for state funded work. Proponents for PLAs will argue there are plenty of PLA jobs that DO come within budget and there are non-PLA jobs that didn't come within budget. The fact remains, the entire universe understands that prohibiting, restricting or eliminating the list of qualified bidders that employ 80% of the workforce already has handicapped the ability of that project to produce the most competitive bids. Just look at the Billions of Dollars of State funded Construction that has built in the past 10 years without a PLA. They were successful jobs—built to owner satisfaction and built by the lowest qualified bidder--- some were union and most were open shop but every contract was won fair and square. The Commonwealth understands free enterprise system works very well except “politics” sometimes gives them amnesia...

Point # 4: The problem with studies is they never can tell the whole story—but they do help cover up the half truths, the unions love to tell... The one thing that no study shows, is that PLAs prohibit non-union workers from working on a job unless they pay union dues or somehow become signatory to a union. This is a fact. Any open shop company can bid and win the job with a PLA; however, a non-union worker cannot work on a PLA job unless he wants to give up that freedom. The proponents of PLAs understand this very clearly. They use the rhetoric of all the “good things” a PLA promises and for all the bad things, they simply hide behind half truths or fabricated scenarios that are conceivable but would never happen.

One of those compromising half truths is that non-union companies who bid and win a job containing a PLA can use some of their supervisors or management level employees. That part is true—open shop can keep its “management team” together but all field workers must come from the union hiring hall. Proponents will say, the open shop worker doesn’t have to JOIN the union—and some PLAs stipulate that---- but he still pays dues, contributes to union funds, including retirement funds (many of which are failing and the open shop worker will never see a dime in return). Again—the arguments for a PLA are built on the premise of half truths and the hope that people somehow think this is not discriminatory.

Point # 5: Regardless of the pros and cons, a PLA tells 80 % of the private construction industry that they are not welcome to work on projects funded by their own taxpayer dollars. What a PLA does is either secure all of the work for union workers only or ensures that non-union workers pay union dues or join a union. Here’s a fact: anyone is FREE to join a union. An open shop worker could decide tomorrow, he wants to leave his open shop employer and go be part of a collective bargaining unit. The fact that 80% have not only chosen NOT to go down to the union hall but many union workers are leaving each year, pretty well explains how undesirable it would be for an open shop worker to be forced to be part of a union just so he could work on a state funded project that had a PLA.

Point # 6: PLAs DO cost taxpayers more money and are helping to prop up a failing system. The quality of craftsmanship between union and open shop workers are similar. Both sides are well trained and both take pride in their work. The problem with unions is NOT the union workers—it's the system. With all of the union work rules in place and all of the posturing among the different union trades, less work gets done. I repeat, union workers are NOT the problem. This is an indictment of the system that union workers labor under. For example, non-union employees can be “cross-trained”, meaning they are free to learn skills of another trade that will be helpful in their chosen trade; therefore, when a non-union mason needs to frame a corner to continue his work, he does it and moves on. He's accomplished at a few important skills of a carpenter that makes him more productive and valuable. Under the union rules, that mason must stop, call in a carpenter, wait until the carpenter comes over to do the framing and then continue on his job. This WASTES time and money. String several hundred of those examples together and you can see how jobs would take more time and cost more money.

It is no secret that union pension plans are in financial trouble. They simply can not continue to operate with dwindling membership numbers. Every PLA mandates continued union dues, continued contributions to pension plans, continued money for political activities and continued efforts to keep the whole circle flowing.

Think about this: union membership is shrinking throughout the country. Union membership (except for the public sector employees) continues to lessen. Yet, who are the prominent groups driving legislation that is crippling this nation? The union movement favors bailing out the auto industry, they favor socialized medicine, they favor vast sums for stimulus packages, they favor Card Check, and they favor cap and trade. It goes on and on. There is a reason that an ever-shrinking group has ever-growing political influence and it must not continue to steer this nation.

Point # 7: Let's set the record straight that PLAs are supposed to ensure “local workers” get all the jobs. You've heard various half-truths and misleading arguments. A PLA does not and cannot guarantee any such thing. It's impossible. It encourages local participation but it allows and relies on

the fact that unions can bring workers in from a wide area. It's amazing how unions hope people can't put 2 + 2 together. On one hand, they will tell you they have the ability to pull from locals all over the state so an owner does not have to worry that there are only a small number of local union workers and on the other hand, they say PLAs protect local jobs. How can both statements be true? They're not—they only protect local union jobs while ignoring the 80% local open shop workers.

Point # 8: Another argument is that PLAs protect wages, they provide labor stabilization and ensure workers are paid a "living wage". This is another misleading argument. State-funded jobs must pay prevailing wages to all workers on the job whether they are union workers or not. Therefore, wages are not an issue because everyone must be paid the prevailing wage rate.

Point 9: Big labor argues that they work safer and deliver a better quality product. This is simply false. Non-union companies are safe, provide training and deliver high quality products or they would not be in business. ABC training programs are reviewed and audited by the state. The same way the union training programs are monitored.

Point 10: At one time, a PLA was an economic tool and may have had some justification for its existence. That was 60 years ago. Today, a PLA is a political tool wielded by the unions and anyone who takes a PAC check from a building trades union is an accomplice in this crime. I realize this is an inflammatory statement and it implicates mostly those in the Democratic Party. Let me explain because those who have received PAC contributions most likely never realized they are indeed an accomplice. Within the Building Trades collective bargaining agreement is a statement of the base wage and a fringe benefit package. Inside the fringe benefit package are dollar and cents amounts for medical, vacation, dues, etc. and an involuntary contribution to the union's PAC fund. A PLA essentially is GIVING work to the union building trades; thereby replenishing their PAC coffers so that the unions then can contribute those PAC funds to the public officials of their choice—most of which belong to one party. A PLA, based on that information, is a taxpayer funded contribution back to the same politicians who support union initiatives, such as a PLA....

So, I have made 10 points. Take away all of the arguments for doing a PLA and you are left with three things:

1. PLAs discriminate against non-union workers.
2. PLAs cost taxpayers more money.
3. PLAs are political paybacks to ensure continued union membership and patronage.

This legislation does not give an unfair advantage to non-union companies. It does not require the state to hire only workers that do not belong to a union. This legislation ensures that no worker will be discriminated against and that every worker, union and non-union alike should have an opportunity to work on jobs funded by our taxpayer dollars.

What would big labor say and do if a public entity signed an agreement saying that only non-union workers were welcomed to work on a certain job? What would their reaction be if the Commonwealth entered into an exclusive agreement with ABC members only and agreed to give all prison work to only members of ABC? We all know the answer to those questions AND the big labor would be justified in opposing such measures.

I would like to end by saying that we agree on many points included in some PLAs. We agree that there should be no strikes or other work slowdowns or stoppages. We agree that workers should be United States citizens. We agree that work should be done with skilled craftsman. We agree that good wages should be paid. We agree that viable and sustainable pensions or 401(k) s should be in place. We agree that the highest quality work should be delivered on time and on budget.

An agreement containing these provisions could be a very good thing if properly crafted.

We do not think the Commonwealth should be in the business of discriminating against workers, of gouging taxpayers, or promoting political paybacks. I believe agreements can be crafted to contain all of the good provisions and keep out the “union only” discriminatory provisions.

I invite the building trades to work with us to craft a “Pro Construction” project labor agreement, a PC PLA, which will guarantee quality work and not guarantee discrimination against 80% of the industry.