

March 13, 2012

Senator Carolyn McGinn, Chair
Senate Ways and Means Committee
Kansas State Capitol
Topeka, KS

RE: SUPPORT House Bill 2515

Members of the Senate Ways and Means Committee:

On behalf of Straub Construction Company and Associated Builders and Contractors (ABC), Heart of America Chapter, I would like to voice our strong support for House Bill 2515. This legislation would prohibit public agencies from requiring the use of wasteful and discriminatory project labor agreements (PLAs) on projects funded by tax dollars in the state of Kansas.

A government mandated PLA is a contract negotiated between or on behalf of a government entity and labor unions. PLAs amount to a special interest carve out that denies taxpayers the accountability and transparency they deserve on public construction at the expense of the 93 percent of the Kansas workforce that chooses not to belong to a labor organization.

A typical PLA requires contractors to recognize the signatory unions as the sole representative of workers on the covered project; to hire workers through union hiring halls or force their employees to join the union; utilize apprentices only from union apprenticeship programs; contribute into union pension and benefit plans; and obey the union's restrictive work rules.

Government-mandated PLAs are never appropriate on taxpayer-funded projects. Taxpayers deserve the best product for the best price, and numerous studies show that PLAs increase construction costs by nearly 20 percent because of reduced competition and inefficient work rules. PLA proponents often attempt to justify this cost increase by stating that PLAs guarantee high quality work, delivered on-time and under budget. There is simply no empirical evidence to support these claims.

Government-mandated PLAs on state construction will not increase the economy or efficiency of the government's procurement of construction, but instead achieves only the opposite results - increasing costs, exposing government agencies to legal challenges and delaying construction. This is the kind of waste and inefficiency that government should seek to eliminate.

Senate Ways and Means
Date: 3-13-2012
Attachment: 2

ABC has collected more than a dozen examples from around the country of projects that were bid both with and without PLAs. In every instance, fewer bids were submitted under the PLA than were submitted without it; or the costs to the public entity went up; or both.

The construction industry is struggling to confront a national unemployment rate of about 17 percent. In addition, hundreds of Kansas construction companies are struggling everyday to find work to keep their current workforce employed. Government policies should be making it easier to keep people working and put more people to work, not place unnecessary and artificial barriers in the way of job creation.

My company, my employees, my vendors and my industry need more opportunities for jobs, not fewer!

With this in mind, we strongly urge you to support House Bill 2515 prohibiting government-mandated project labor agreements on publicly funded projects.

Respectfully,

A handwritten signature in black ink, appearing to read "Ernest Straub III". The signature is written in a cursive style with a large, circular flourish at the end.

Ernest Straub III

President

Straub Construction Company