



**Independent Electrical
Contractors**

Independent Electrical Contractors

4401 Ford Avenue, Suite 1100

Alexandria, VA 22302

Ph 703.549.7351 ■ 800.456.4324 ■ Fx 703.549.7448

www.ieci.org

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The Honorable Jason Chaffetz
Chairman
Committee on Oversight & Government Reform
United States House of Representatives
Washington, DC 20515

The Honorable Elijah Cummings
Ranking Member
Committee on Oversight & Government Reform
United States House of Representatives
Washington, DC 20515

Dear Chairman Chaffetz and Ranking Member Cummings:

On behalf of the Independent Electrical Contractors (IEC) I write in strong support of Fair and Open Competition Act (H.R. 1552), sponsored by Rep. Dennis Ross (R-Fla.).

The Independent Electrical Contractors is a national trade association of over 50 affiliates and training centers, representing over 3,200 member businesses nationwide. While IEC membership includes many of the top 20 largest firms in the country, most of our members are considered small businesses. Our purpose is to establish a competitive environment for the merit shop – a philosophy that promotes free enterprise, open competition and economic opportunity for all. IEC and its training centers conduct apprenticeship training programs under standards approved by the U.S. Department of Labor’s (DOL) Office of Apprenticeship. Collectively, in the 2017 school year, IEC will train more than 10,000 electrical apprentices.

The Fair and Open Competition Act would prevent federal agencies and recipients of federal assistance from requiring contractors to sign an anti-competitive and costly project labor agreement (PLA) as a condition of winning a federal or federally assisted construction contract. It also would eliminate discriminatory PLA preference policies that discourage competition and result in needless waste and favoritism in the procurement of taxpayer-funded construction projects.

A PLA is a collective bargaining agreement unique to the construction industry that typically requires general contractors and all subcontractors to agree to recognize unions as the representatives of their employees on that job; use the union hiring hall to obtain workers; follow union work rules; and pay into union benefit and multi-employer pension plans that nonunion employees will be unlikely to access. This forces employers to pay “double benefits” into existing plans and union plans, and it places them at a significant competitive disadvantage. In addition, PLAs typically force construction workers to pay union dues or join a union if they want to receive union benefits and work on a PLA project.

When mandated by government agencies, PLAs can interfere with existing union collective bargaining agreements and unfairly discourage competition from nonunion contractors and their employees, who comprise 86.1 percent of the U.S. private construction workforce. Studies have also found that PLA mandates increase the cost of construction between 12 percent and 18 percent compared to similar non-PLA projects. Recent government-mandated PLAs on federal and federally assisted projects have resulted in litigation, reduced competition, increased costs and needless delays.

President Obama’s 2009 Executive Order 13502 encourages federal agencies to require PLAs on federal construction projects exceeding \$25 million in total cost on a case-by-case basis “in order to promote the economy and efficiency in federal procurement.” This rescinded Executive Orders 13202 and 13208 issued by

The association for electrical and systems contractors

President George W. Bush, which prohibited government-mandated PLAs on federal and federally assisted construction projects. President Obama's executive order and related FAR regulations have exposed agency procurement officials to intense political pressure from special-interest groups and politicians to mandate PLAs on federal projects even when they are not appropriate.

While the Fair and Open Competition Act will prohibit federal agencies and recipients of federal assistance from mandating PLAs and using PLA preferences, it will permit federal agencies to award contracts to businesses that voluntarily enter into PLAs, which is protected by the National Labor Relations Act and related case law.

Ultimately, the Fair and Open Competition Act will create a level playing field in the procurement of government construction contracts, increase competition, help small businesses grow, curb construction costs and spread the job-creating benefits of federal and federally funded contracts throughout the entire construction industry.

Sincerely,

Jason E. Todd
Vice President, Government Relations
Independent Electrical Contractors

cc: House Oversight and Government Reform Committee Members