



Testimony in Support of HB2515 by Mr. Daniel Murray
Kansas State Director, National Federation of Independent Business
House Commerce Committee
Thursday, January 26, 2012

Good afternoon Chairman Brown and members of the Committee. My name is Dan Murray and I am the State Director of the National Federation of Independent Business/Kansas. NFIB is the state's leading small business organization representing small and independent businesses. A non-profit, nonpartisan organization founded in 1943, NFIB represents the consensus views of its over 4,100 members in Kansas.

NFIB strongly supports HB2515 which would prohibit parties to publicly funded state construction projects from being forced to enter into a Project Labor Agreement. In April 2010, the president signed an executive order requiring all federal government contracts worth over \$25 million to adhere to project labor agreements (PLAs), or accords specifying that the contractor must hire only workers represented by the union for the defined job. We don't want this practice to spread to Kansas state and local government contracts.

Insistence on PLAs will not only deny many opportunities for small businesses to bid for jobs, but will unnecessarily increase spending. NFIB believes that PLAs are costly, unfair and should be eliminated.

The use of Project Labor Agreements is a discriminatory tactic that prevents non-union construction companies from working on government construction projects. PLAs make it much more difficult for a small business to bid on projects. Typically, PLAs are pre-hire contracts that require projects to be awarded only to contractors and subcontractors that agree to:

- Recognize unions as the representatives of their employees on that job;
- Use the union hiring hall to obtain workers;
- Obtain apprentices exclusively from union apprenticeship programs;
- Pay into union benefit plans; and,
- Obey costly, restrictive and inefficient work rules.

The U.S. Department of Labor's Bureau of Labor Statistics found in their annual report on union membership, that from 2009 to 2010 union membership fell from 14.5 percent to 13.1 percent of the U.S. private construction work force. If 86.9 percent of construction workers are non-union, the vast majority of construction companies are shut out of the bidding process. In addition, these PLAs increase the cost of construction by unfairly reducing the number of companies which can competitively bid. Consider the fact that the construction industry currently has an unemployment rate of over 20 percent: with one-fifth of workers in the industry unemployed. PLAs and other regulations only serve as impediments to job creation.

I want to be clear: I am not necessarily unsupportive of labor unions. They have played a meaningful role in our nation's history. However, the any government insistence that all government contracts must use union labor – when a shrinking portion of the workforce consists of union members – is nothing more than a payoff to union-organized companies, and a slap in the face of small businesses who are responsible for creating two-thirds of American jobs and keeping the market competitive.

The economic climate for small businesses is still very tough, especially in the construction industry. Again, the national unemployment rate in the construction industry hovers around 20%, and we see few signs of things improving. For small business owners it is the increased regulations and discriminatory hiring tactics like PLAs that make it impossible to have confidence to hire, make capital investments and grow my company. We must put a stop to practices that prevent small businesses from growing. Eliminating and preventing discriminatory PLAs is a good place to start.

Thank you for the opportunity to testify today on behalf of small business.

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