

Knowing your interest in issues affecting our economy, I wanted to inform you that the Obama administration implemented a rule last week that encourages federal agencies to require contractors be unionized before bidding on federal projects. The specific requirement is that contractors use a "project labor agreement" (PLA), which allows unions to negotiate wages and hours up front in exchange for promises not to strike or disrupt work. The rule was drafted after President Obama issued an executive order that overturned Bush administration policy requiring neutrality on federal government contractors. It opens the door for agencies choosing to award construction contracts solely to unionized companies, granting projects to the 15% of the industry that is unionized while unfairly shutting out 85% of construction workers from projects funded by their tax dollars.

The Department of Veterans Affairs recently commissioned an independent study on the effectiveness of PLAs and found that they increase production costs but do not reduce the likelihood of a strike. During these difficult economic times when the construction industry is suffering from 27% unemployment, we should seek out policies that will increase the number of jobs available to all workers instead of a select group favored by special interests. Furthermore, we should not be encouraging contracts that studies show will drive up costs by as much as 10-20% as we face trillion dollar budget deficits. The Obama administration should focus on reviving the economy for everyone rather than promoting overpaid contracts at taxpayer expense.