



Memorandum

To: Members of the House and Senate

From:

- American Subcontractors Association - Michigan
- Associated Builders and Contractors of Michigan
- Grand Rapids Regional Chamber of Commerce
- Home Builders Association of Michigan
- Michigan Association of Construction Academies
- Michigan Chamber of Commerce
- Michigan Infrastructure and Transportation Association
- Michigan Minority Builders Association
- Midland Business Alliance
- National Federation of Independent Business - Michigan
- Small Business Association of Michigan
- West Michigan Minority Contractors Association

Date: June 15, 2023

Re: Oppose House Bill 4231 and Senate Bill 170

We are writing to encourage opposition to House Bill 4231 and Senate Bill 170 which would repeal the Michigan Fair and Open Competition in Governmental Construction Act.

Current law protects all Michigan construction workers, apprentices, and businesses from being discriminated against and denied work opportunities based on their labor status. No one should be denied equal access to opportunity because they decide to affiliate with a labor union or not affiliate with a labor union.

Removing the safeguards would allow governments to mandate the use of discriminatory Project Labor Agreements (PLAs), which are controversial collective bargaining agreements on a specific construction project.

Government-mandated PLAs are problematic for numerous reasons including:

- **BLOCKING QUALIFIED APPRENTICES:** Because collective bargaining agreements only cover union apprenticeships, PLAs result in apprentices being utilized exclusively from union apprenticeship programs. Unfortunately, apprentices in U.S. Department of Labor registered programs through community colleges, universities, company training programs, and trade school programs are all excluded.

- **DOUBLE FRINGE BENEFIT COSTS:** Nonunion companies already paying employee healthcare and retirement costs for their employees must also pay union pension and healthcare plans as required by the terms of collective bargaining agreements. This forces employers of nonunion workers to pay “double benefits” into plans in order to keep their employees’ health coverage and retirement plan in place, as well as paying into the union plans.
- **WAGE THEFT:** Employees of nonunion contractors who are forced to perform under government-mandated PLAs must also cover employee contributions into union benefits plans that they can never access unless they join a union and vest in the union plans.
- **MANDATED UNION AGREEMENTS:** PLAs typically require companies to agree to recognize unions as the representatives of their employees on that job even though they never voted to form a union.
- **WORKER REFERRAL CONCERNS:** PLAs use the union hiring hall to obtain most or all workers, meaning non-union companies often have unfamiliar workers they never hired working for them on a jobsite instead of their employees being able to perform work.
- **INCREASED CONSTRUCTION COSTS:** Government, academic, and private research has shown government-mandated PLAs can increase the cost of taxpayer-funded construction by 12% to 20%.

Embracing government neutrality instead of mandating PLAs allows all contractors, workers, and apprentices, regardless of their union affiliation, to compete on a level playing field. This ensures that the most competitively priced, most qualified contractor is awarded the project. It also protects taxpayers from higher costs and lower quality work.

For the past 12 years, the Fair and Open Competition in Government Construction Act has protected Michigan’s public sector from unfair PLA provisions that ban apprentices, double the cost of fringe benefits, rob workers of take-home pay, fail to refer employees to jobsites alongside their employer, and infringe upon the integrity of the competitive bidding process.

Again, we ask you to oppose House Bill 4231 and Senate Bill 170 and welcome a greater conversation on the importance of fair and open competition to ensure that governmental construction does not discriminate against businesses, workers, and apprentices on the basis of union affiliation. Michigan taxpayers will also continue to benefit from having public construction completed by the most responsible and qualified bidder at the best price.