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Suite 4E-009  
Washington, DC 20004**

November 29, 2016

The Honorable Mike Pence  
Chairman  
Trump Transition Team  
725 Fifth Avenue  
New York, NY 10022

**Re: Infrastructure Investments and Labor Needs**

Dear Vice President-elect Pence:

Congratulations on President-elect Trump and your election, and thank you for your commitment to addressing the country's infrastructure needs in your first 100 days in office. This letter follows up on our October 6, 2016, letter to Governor Christie encouraging the Transition Team to focus on building our economy through infrastructure investments and providing opportunities for blue collar, quality construction jobs.

The Construction Employers of America and our six specialty construction associations look forward to working with the Trump Administration to address important infrastructure and labor policy issues that will help American small businesses prosper. From investing in the country's transportation and energy infrastructure to ensuring we are training and preparing the next generation of craftsmen through innovative and proven apprenticeship programs, we stand ready to work with your Administration and strengthen the American economy through smart investment.

We greatly appreciate the commitments President-elect Trump made during the campaign to focus on sustaining and increasing wages, which is vital to strengthen the middle class. Construction employment is key to achieving these goals. The average union construction wage is \$33 per hour; when retirement, health, and welfare benefits are included, union employees are receiving \$54.36 per hour in wages and benefits.

We are pleased to detail issues supported by the Construction Employers of America for your review. We urge President-elect Trump and his Administration to strongly consider the policies outlined below. We look forward to working with the Trump Administration to enact these common sense policies that will strengthen our industry and create fair-wage, skilled jobs.

**Promote Sound Infrastructure Policies** - Providing sufficient federal funds to invest in our nation's aging building, transportation, energy, and water infrastructure is vital to the country, the economy, and the construction industry. Recent studies have demonstrated that every \$1 billion invested in

nonresidential construction would add \$3.4 billion to gross domestic product (GDP), add \$1.1 billion to personal earnings, and create or sustain 28,500 jobs. One-third (9,700) of these jobs would be on-site construction jobs. In addition, one-sixth (4,600) of the jobs would be indirect jobs from supplying construction materials and services. Most jobs would be in-state, depending on the project and the mix of in-state suppliers. Lastly, about half (14,300) of the jobs would be induced jobs created when the construction and supplier workers and owners spend their additional incomes. These jobs would be a mix of in-state and out-of-state jobs. In addition, federal procurement policy should continue to allow federal agencies to utilize project labor agreements (PLAs) in projects where they determine a PLA would provide the best value and highest quality for federal and federally assisted projects.

**Modernize Retirement Plan Options** - The multiemployer pension system needs to be modernized through federal authorization of composite plans, which would provide employees lifetime annuity benefits while ensuring predictability for employer contributions. Composite plans would revitalize the multiemployer pension system by creating a third pension plan that combines the best attributes of defined benefit plans that employees favor and defined contribution plans that employers prefer. Once authorized by Congress and signed by the President, employers and employees would have the voluntary option of selecting composite plans that would provide employees lifetime annuity retirement benefits while providing long-term certainty for employers who contribute to the plans.

**Prepare the Next Generation of Skilled Workers** - The construction industry is facing potential labor shortages in coming years with the retirement of a significant portion of our workforce and insufficient new, trained construction workers in our employment pipelines. Skilled labor is vital to the success of our industry, and we have invested heavily in apprenticeship training programs for well over 65 years. One recent study noted that there were approximately 19 times more apprentices in union construction apprenticeship programs than in nonunion programs. This is because CEA employers and their labor partners operate over 1,100 apprenticeship training centers nationally and make private investments of over \$1.3 billion annually in workforce training and apprenticeship programs. An additional benefit of our joint programs is that diverse applicants go through a rigorous screening program that works to the benefit of American workers and national security. Continued and expanded federal support for existing and well-established apprenticeship and training programs will yield long-term benefits to the construction industry and the millions of customers we serve.

**Protect Prevailing Wage Laws** - For over 80 years, Davis-Bacon prevailing wage requirements have ensured that companies pay fair wages and workers receive fair compensation for work based on regional wage rates actually paid on local, private projects. Prevailing wage discourages artificially low bids that undercut local workforce standards and frequently lead to claims, disputes, and project delays. Established industry and project owner practices in both the private and public sectors recognize that high workforce standards deliver superior project outcomes. Moreover, prevailing wage standards promote the use of local blue collar labor forces for public works projects and support hundreds of thousands of jobs that provide middle class family wages.

**Invest in Energy Efficient Buildings** - Buildings are the single largest energy users in the country, consuming 40% of our energy demand. Building more efficient buildings and retrofitting existing building stock will save consumers money, reduce energy-related pollution, and improve our quality of life. Energy efficient buildings demand highly-qualified construction workers and engineers. The federal government must invest in building efficiency research and development, set and enforce strong and attainable building codes, and promote innovation.

**Enhance Manufacturing Efficiency** - Combined heat and power (CHP) and waste heat to power (WHP) are proven and effective energy resources that can help address current and future energy needs and enhance manufacturing competitiveness while reducing environmental impacts. CHP and WHP projects create direct jobs in manufacturing, engineering, installation, operations, and maintenance, which increase the competitiveness of companies that install the systems and receive

the energy savings benefits. The federal government must support policies that advance the deployment of these important clean-energy technologies.

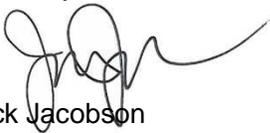
**Support Transparency in Government Contracting Through Bid Listing** - The federal government should prohibit the practice of post-award bid shopping on low-bid federal construction projects in order to restore equitable safeguards for subcontractors who submit their bids to prime contractors in good faith. Procurement policy should require prime contractors on low-bid solicitations over \$1 million to list all subcontractors with work over \$100,000 and require prime contractor project winners to use the listed subcontractor at the price listed.

**Reduce Tax Gap by Closing Employee Misclassification Loophole** - Misclassification and accompanying payroll fraud occurs when an employer improperly classifies an employee as an independent contractor to gain a competitive advantage at the expense of responsible, lawful companies. Misclassification deprives employees of benefits they deserve as well as federal, state, and local governments of money they are owed. It is estimated that between \$3-4 billion in federal income and employment tax revenue is lost each year due to worker misclassification. The federal government should reform existing tax law to identify bad actors so the government can recoup lost tax revenue and ensure all businesses compete under the same rules. This type of payroll fraud also includes paying workers "off the books", frequently involving undocumented workers.

Thank you for your time and for your consideration of these important national policies that will help spur employment across the country. Should you be interested in any additional information or to speak with Construction Employers of America or one of our small business owners, please contact me at [jack.jacobson@constructionemployersofamerica.com](mailto:jack.jacobson@constructionemployersofamerica.com) or at 202-637-6820.

The charter members of the Construction Employers of America include the International Council of Employers of Bricklayers and Allied Craftworkers, the Mechanical Contractors Association of America, the National Electrical Contractors Association, the Sheet Metal & Air Conditioning Contractors' National Association, the Signatory Wall and Ceiling Contractors Alliance, and The Association of Union Constructors. CEA firms and workers are best qualified to handle high-skilled projects in a cost-effective manner and are the predominant force in the high end sector of the construction industry.

Sincerely,



Jack Jacobson

CC: Reince Priebus  
Thomas Pyle  
Ado Machida