



# Campaign for Quality Construction

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July 31, 2009

The Honorable  
U. S. House of Representatives / US Senate  
Washington, DC 20515 / Washington, DC 20510

**Re: Construction Industry Employer Groups Strongly Oppose Small Employer Exemptions in any Health Care Bill. It is time for Congress to act to stop irresponsible employers who do not provide coverage for their workers from shifting the cost of providing care to employers who do.**

Dear Representative/Senator:

The Campaign for Quality Construction (CQC), sponsored by six leading construction specialty trade associations which together represent the interests of approximately 27,000 construction employers, **strongly urges Congress to support small business employers that have been providing health care for employees for decades and to include an employer mandate on the “pay or play” model without exemptions in any health care bill.** Uninsured workers and their uncompensated health care result in higher premiums for those providing health insurance, for workers with health care and for government at all levels and for hospitals. Compounding the problem, employers not providing coverage have a competitive advantage over employers who do.

**We prove that small businesses can provide comprehensive, quality health care:** Our small firms have competed for decades against firms who have gained an unfair competitive advantage by not providing health care. Congress should not give in to the pressure from those who advocate that it is too hard and too expensive for small employers to provide health care. In fact, our employers have been able to remain profitable while providing health care but it is getting more difficult as the cost of health care premiums goes up and the competitive advantage to those not providing health care widens. It is widely acknowledged that significantly expanding coverage would bring health care costs down. A requirement for every employer to provide healthcare would create the widest possible coverage at the least cost to the government without disrupting the coverage of workers who now receive their health care benefits from their employers.

**Those providing health care have subsidized health care provided to the uninsured and those businesses not providing care for far too long:** We understand our contractors have provided better, affordable care than many other employers across many industries but it is time for all employers to do their share. The employer-based system has proved it works far better and cheaper than individual mandates. The CQC supports expanding coverage in the construction industry and we support the effort to ensure all Americans have comprehensive, affordable coverage. However, we are opposed to any provisions which would create disincentives to employer-provided health care.

**A small business exemption of \$500,000 would virtually exempt all but the largest construction employers:** Consider the following figures in the construction industry.

Estimates of Percentage of Establishments in Construction

	Under \$500,000 Payroll	\$500-750,000 Payroll
Tot Const	84.7%	3.9%
Building	87.1	3.2
Heavy/Highway	69.4	4.4
Specialty	84.1	4.1

*The percentage of industry establishments with fewer than 20 employees is 90.3.*

**Figures from the Construction Labor Research Council**

**Overall the small employer exclusion and proposed penalties do nothing more than excuse the status quo in the industry:** The proposed 8% of payroll penalty for those firms not providing benefits also falls woefully short of maintaining prevailing industry standards in the construction industry, where union-signatory employers overall pay fully 21.5% of payroll for health and welfare benefits nationwide (\$6.70/hour on a \$31.11/hour average wage). In many urban and other high health care cost areas, the per hour contribution for health benefits is considerably more. In New York City, for example, the specialty construction employer health and welfare contributions top \$13/hour." The relatively few responsible small employers who form a multiemployer benefit system and the even fewer very large employers subsidize the benefits for the vast majority that do not provide any benefits, and unfairly reap a competitive advantage by cost-shifting the irresponsibility as uncompensated care overhead to those responsible employers. That is not a remedy for providing health care in the construction industry.

**CQC Members:** Finishing Contractors Association (FCA), the International Council of Employers of Bricklayers and Allied Craftworkers (ICE), the Mechanical Contractors Association of America (MCAA), the National Electrical Contractors Association (NECA), the Sheet Metal and Air Conditioning Contractors' National Association (SMACNA), and The Association of Union Constructors (TAUC). According to Bureau of Labor Statistics figures, CQC associations and their members represent the vast majority of industry employment at 64% of employment overall in the industry. Our organizations represent the high-skill, leading edge sector of the industry, providing the top-tier training, wages, health and welfare and pension benefits necessary for a strong workforce skill base.

**The CQC and their labor partners have negotiated healthcare benefits in lieu of wages at the bargaining table to the mutual satisfaction of both parties:** These labor partners include: International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers; International Association of Heat and Frost Insulators and Allied Workers; International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers; International Brotherhood of Electrical Workers; International Brotherhood of Teamsters; International Union of Bricklayers and Allied Craftworkers; International Union of Operating Engineers; International Union of Painters and Allied Trades; Laborers' International Union of North America; Operative Plasterers' and Cement Masons' International Association of the United States and Canada; Sheet Metal Workers' International Association; United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada; United Brotherhood of Carpenters and Joiners of America; United Union of Roofers, Waterproofers and Allied Workers.

**It is time for Congress to act to stop irresponsible employers who do not provide coverage for their workers from shifting the cost of providing care to employers who do:** The legislative goal of providing our citizens with satisfactory, comprehensive health insurance coverage can be met only if Congress leaves in place the current non-taxed employer-based system and includes employer mandates with “pay or play” provisions. **Congressional action to include employer mandates and the 8% percent payroll penalties while at the same time exclude millions of small employers would only maintain the status quo in the construction industry and beyond and would do little to expand good quality affordable health care that hardworking American workers and their families deserve.**

Sincerely,

The Campaign for Quality Construction

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