

June 26, 2024

Hon. Nancy Mace
Chair, Subcommittee on Cybersecurity,
Information Technology, and
Government Innovation
House Oversight Committee
Washington, DC 20515

Hon. Gerald E. Connolly
Ranking Member, Subcommittee on
Cybersecurity, Information Technology,
and Government Innovation
House Oversight Committee
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Chair Mace and Ranking Member Connolly:

The Sheet Metal and Air Conditioning Contractors' National Association (SMACNA), supported by more than 3,500 construction firms engaged in industrial, commercial, residential, architectural and specialty sheet metal and air conditioning construction throughout the United States, **endorsed the final rule issued by the Biden Administration that is designed to address the skilled workforce crisis shortage by requiring private developers to comply with Project Labor Agreement's (PLA), Prevailing Wage and Apprenticeship requirements on federal projects.** The Biden Administration's long overdue regulatory actions were taken to address a workforce skills crisis and shortage due almost entirely to the predictable and avoidable result of intentional underinvestment in skill and workforce quality over decades.

The PLA Executive Order and IRA labor standards rule will help ensure that large-scale federal projects are completed professionally and timely, while also supporting high skilled and high paying jobs. Importantly, PLAs and PWAs level the playing field by allowing **all** union and non-union contractors to bid using the same high quality workforce standards. These necessary new construction rules were needed to counter a skill shortage created by too many industry firms and organizations badly shortchanging the industry's obvious workforce needs for decades, not political calculations.

SMACNA has long championed nearly identical **"high road" workforce quality** enhancements the IRA now has enacted across the construction industry, especially for registered apprenticeship. Those who have opposed a widely recognized necessity for such high-quality workforce standards perhaps now will reconsider their decade's long neglectful underinvestment in skilled apprenticeship training. SMACNA has long advocated, along with quality driven contractor allies, these National Apprenticeship, wage and benefit standards as well as investments in retraining. We have many decades supporting and investing far above the industry standard in registered apprenticeship programs (RAPs) to build an industry able to complete ever more complex private and public mega projects. High road contractors now successfully bid these IRA created projects every week. Along with other quality contractors, these extraordinary IRA driven workforce investments already are helping to boost construction markets to record levels and alleviate the shortage of highly skilled workers. Thankfully these elevated standards arrived just in time to build an increasing number of highly complex national construction mega projects for national security facilities and CHIPS and Science Act projects.

Decades ago, it was abundantly clear to the construction industry that a skilled labor crisis was coming and was directly caused by an insufficient commitment to registered apprenticeship programs (RAPs) or any serious training investment across too much of the construction industry for far too long. The PLA EO and the IRA rules seek to restore workforce quality and boost the number of apprenticeship training efforts in the marketplace. In addition, the IRA and related rules seek to rectify an all too widespread and persistent aversion to investing in job training in any formal or consistent manner outside the organized construction employer sector. Simply put, shortchanging workforce training has been greatly harmful to the industry's ability to respond to a more complex building portfolio. These corner-cutting and improvised sham training efforts by non-union contractors opposing the registered apprenticeship model

have noticeably and negatively impacted workforce supply and quality. Private and public owners and developers have noted this burgeoning workforce crisis for decades and tried to incentivize contractors to do the right thing by the industry and its current and future workforce.

Without question, the industry's ability to meet ever changing design complexities, and owner demands for project excellence have been and continue to be compromised. Simply put, DOL has reviewed this crisis in the skilled labor marketplace and considered owner-developer concerns and proposed long overdue RAP reforms. PLA and prevailing wage and registered strict apprenticeship (PWA) requirements are valuable tools and key elements to ensure fair wages, skilled labor, and contracting transparency throughout a project to create the conditions needed for highly complex and often exceptionally large projects. This final rule that was developed by the Treasury Department, in conjunction with the Department of Labor, provides clarity and certainty on the PWA workforce quality requirements to ensure the clean energy transition is completed with the quality taxpayers expect and owners' demand.

When taxpayers pay prevailing wages to laborers and mechanics and hire registered apprentices for projects supported by most of the Inflation Reduction Act's clean energy tax incentives, then taxpayers can claim an increased credit equal to five times the base incentive. This includes projects utilizing the investment and production tax credits that help finance utility-scale wind, solar, and battery storage projects, as well as for credits for carbon capture, utilization, and storage and clean hydrogen projects. Owners and taxpayers wishing to undercut the widely supported quality and workforce standards in the IRA may do so but forfeit the generous tax incentives designed to address a skilled workforce shortage as well as reduce harmful industry practices.

The intent of the PWA requirements is to spur more clean energy projects that lead to good-paying, high-quality jobs – like projects that are already underway across the country. This Final Rule ensures when seeking highly skilled contractors paying prevailing wages and utilizing registered apprenticeships bidding on project labor agreement (PLA) large projects, that the work meets the highest possible quality standards. This has been a long-standing private sector preference on private sector projects, especially in the tech sector where no margin for error is acceptable. Sophisticated owners in both the public and private sectors know they need PLAs to recruit the best contractors meeting PWA requirements to complete the facility on time and within budget at the highest quality.

It is important to remember, it is owners in the private sector who most frequently demand the use of PLAs and PWA's to attract the top-quality driven contractors best able to meet owner demands on highly complex projects. Not surprisingly, these same high-profile owners often avoid bidding to firms widely acknowledged as responsible for the crisis level skilled labor shortage due to years of underinvesting in registered apprenticeship training and other workforce incentives.

While the federal government has rarely issued PLAs in the recent decade, they are commonly found at every level and type of construction project in the private sector where budget conscious owners, investors and developers are free to choose the workforce quality they need and scrupulous and dependable contractors they prefer. PLAs are also most frequently found at the local, county and state government levels where officials are free to bid to a high-quality contractor pool employing a skilled, trained and experienced workforce.

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