



The Research Bureau

*Where Have all the Bidders Gone:
The Impact of “Responsibility” on Public Construction*
Report 08-01, February 25, 2008

**Testimony to Worcester City Council
March 11, 2008
Roberta R. Schaefer, Ph.D.
President & CEO
The Research Bureau**

For the record, let me begin by saying that The Research Bureau is not anti-union or anti-anything – We are PRO-Worcester.

The case for abolishing Worcester’s REO is simple and has two parts. First, by requiring that contractors on City construction projects operate apprenticeship programs for *all* trades that they employ and thereby excluding all nonunion contractors, the REO reduces the number of bidders on such projects and thus raises construction costs at the expense of Worcester taxpayers. Second, that same requirement unfairly **denies the opportunity to work** on City-financed projects to the roughly 80% of the construction work force who are employed by nonunion firms – even though those workers pay taxes like everyone else.

The two objections that have been raised to the Research Bureau’s report are unpersuasive. First, from the fact that it is impossible to determine the precise amount by which REO’s raise public construction costs, since we cannot isolate their effect from that of such factors as the state’s Prevailing Wage law, it hardly follows that the effect doesn’t exist. Any time that competition in the marketplace is artificially reduced, it necessarily follows as a law of economics that **costs will increase** – and numerous public officials as well as construction executives have confirmed to the Bureau that the REO **does** reduce the number of bidders. Second, it isn’t true that the REO is necessary to ensure proper training of construction workers. Not only are 19% of apprenticeship programs in the Commonwealth operated by nonunion firms; participation in an apprenticeship **is not required** to become a certified journeyman. The reason that nonunion contractors cannot meet the apprenticeship requirement is that most of them are too small to operate a program for **every single** trade that they employ. Since unionized firms “meet” the requirement simply by paying a fee to the construction unions, not by operating an apprenticeship program themselves, the requirement is simply a tax levied by the unions on the taxpayers of Worcester.

Above all, in considering the so-called Responsible Employer Ordinance, public officials need to recall the **primary sense of “responsibility”** as it applies to public activities and

expenditures. It is the very meaning of republican or representative government that the task of elected and appointed officials is to be responsible, that is, answerable, to **the public at large** – not to some one particular constituency. **Every Worcester taxpayer suffers** from the burden of artificially inflated construction costs, just as every resident of the City suffers from the cost of construction and maintenance **needs that go unmet** – most obviously, the serious backlog of streets and sidewalks needing repair – because of a shortage of funds to address them. In addition, the principle of equal justice mandates that City government should not arbitrarily discriminate in favor of one class of people (such as unionized construction workers) over others (those who work for nonunion firms) in issuing public contracts. A truly “responsible” ordinance is one that puts the needs of the public, and the rights of all citizens to equal treatment, first.