

Paid Sick Leave Executive Order

Background:

Executive Order (EO) 13706, *Establishing Paid Sick Leave for Federal Contractors*, signed by President Barack Obama on September 7, 2015, requires federal contractors to provide their employees with up to seven days of paid sick leave annually, including paid leave allowing for family care. This order does not allow the flexibility necessary to meet the needs of the rapidly expanding construction industry.

Key Points:

- *Workforce Management in the Construction Industry is Fundamentally Different from Other Industries.* The industry works in a system where you must show up for work to get paid. A construction project cannot be delayed; the costs are too high. Completing a project in a timely manner is necessary for all tradesmen present on the job site. If a federal project is delayed, the American taxpayer bears the burden of these costs.
- *The Executive Order Infringes on Employer Collective Bargaining Rights.* The specifications of every Collective Bargaining Agreement (CBA) are negotiated by each of our 119 chapters and their 359 bargaining units. Under the EO, the typical CBA will now be regularly overridden by EOs eligibility, notification, compensation, and accrual rules.
- *The Executive Order Does Not Account for the Compensation Structure Provided to Construction Workers Covered by CBAs.* Compensation in the trades is typically higher to account for unplanned absences from the workplace. Management and labor realize that their performance model depends on the reliable deployment and dispatch of competent crews to meet the project schedule and work sequences and is a cardinal condition of construction contract performance.
- *The Executive Order Creates an Undue Administrative Burden.* The new rules are complicating payroll compliance procedures and leaves carryover requirements, and forces new sick leave disclosures by employers. These are substantial record keeping requirements for small businesses.
- *The Executive Order May Contravene Multiple State and Local Requirements.* The EO claimed it did not supersede federal and state wage and hour laws, but over a dozen states and localities have sick leave laws in place. That said, the Federal rule essentially mandated increased costs for contractors who employ workers who accrue paid leave on direct federal contracts in that state or locality.

NECA Asks:

- Congress should pass legislation allowing construction firms party to a Collective Bargaining Agreement to be exempt from the Paid Sick Leave requirements.