

Testimony
of
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On behalf of the
Independent Electrical Contractors

Before the
Committee on Education and the Workforce
Subcommittee on
Health, Employment, Labor, and Pensions
United States House of Representatives

Hearing on H.R. 3459, Protecting Local Business Opportunity Act

September 29, 2015



**Independent Electrical
Contractors**

Chairman Roe, Ranking Member Polis and Members of the Subcommittee, I'm honored for the opportunity to testify before you today on H.R. 3459, the Protecting Local Business Opportunity Act. My name is Kevin Cole. I am the Chief Executive Officer for Ennis Electric Company based in Manassas, Virginia. I'm here today on behalf of the Independent Electrical Contractors (IEC) and their local chapter, IEC Chesapeake. IEC is also a member of the Coalition to Save Local Businesses (CSLB), a diverse coalition that's challenging the National Labor Relations Board's (NLRB) new interpretation of the joint employer standard and is supporting H.R. 3459, which would codify the previous standard that has stood for over 30 years.

The Independent Electrical Contractors is an association of over 50 affiliates and training centers, representing over 2,100 electrical contractors nationwide. While IEC membership includes many of the top 20 largest firms in the country, most of our members are considered small businesses. Our purpose is to establish a competitive environment for the merit shop – a philosophy that promotes free enterprise, open competition and economic opportunity for all. IEC and its training centers conduct apprenticeship training programs under standards approved by the U.S. Department of Labor's (DOL) Office of Apprenticeship. Collectively, in the 2015 school year, IEC will train more than 8,000 electrical apprentices.

Before telling you how this new standard may negatively impact the electrical contracting industry, I first want to tell you about my story and that of Ennis Electric. I left college before completing my degree and became an apprentice electrician with Ennis Electric. After 20 years of service with the company, I'm proud to stand here before you as an example of just how an apprenticeship can lead to, not just a well-paying job, but to the American dream.

Founded in 1974, Ennis Electric is an electrical contractor specializing in heavy commercial, institutional and industrial projects. The majority of our projects are within the public sector, much of which is for the federal government. Ennis currently employs over 160 individuals, with our average non-trainee employee having spent over 10 years with the company. The average compensation package for our electricians comes to over \$40 per hour, which includes paid leave, insurance and retirement.

Ennis Electric is a fervent believer in the apprenticeship model for its electricians. Ennis fully supports the "earn while you learn" model, whereby our apprentices graduate in 4 years from the IEC program with no debt. Both Ennis and IEC are committed to increasing registered apprenticeships and both are LEADERS (Leaders of Excellence in Apprenticeship Development, Education, and Research) in the DOL's ApprenticeshipUSA program, which was initiated to help fulfill President Obama's goal for doubling the number of apprentices by 2020.

Ennis also works hard to be a good corporate citizen within the local community. Over the past three years, Ennis has donated over \$300,000 to local charities in the form of monetary donations and electrical work. Some of these charities have included those that help at-risk youth and disabled vets as well as those doing research to cure cancer. Ennis has also helped to build an orphanage in Haiti, a home for unwed mothers, and soon we will help build a home for a Marine that lost his legs in Kandahar.

My reason for speaking to you today is our industry is deeply concerned about the NLRB's new joint employer standard and the impact it could have on the electrical contracting industry. The new standard presents a litany of potential problems and complications for doing business by making us potentially liable for individuals we do not even employ. Moving forward, almost any contractual relationship we enter into may trigger a finding of joint employer status that would make us liable for the employment and labor actions of our subcontractors, vendors, suppliers and staffing firms. In addition, as we understand it, the new standard would also expose my company to another company's collective bargaining obligations and economic protest activity, to include strikes, boycotts, and picketing.

It's clear to see just how this broad and ambiguous new standard increases the cost of doing business. It makes it more difficult for companies like mine to continue to do all of the great work we do within the community and provide well-paying jobs to more electricians. It's unclear if we could even put language into any contracts that would insulate us from being considered a joint employer, nor do we know just how much our insurance costs will go up in an attempt to shield ourselves from this increased liability. This new standard also prevents us from working with certain start-ups or new small businesses that may have a limited track record. For example, my company will take on certain small businesses as subcontractors, which will often times be owned by minorities or women, and help mentor them on certain projects. With this new standard, I'm now less likely to take on that risk. I am also less likely to bid on federal contracts over \$1.5 million, under which the Federal Acquisition Regulation (FAR) system mandates I subcontract with small businesses.

In conclusion, IEC urges Congress to consider the negative consequences this new standard has on businesses and the communities they serve, and pass the Protecting Local Business Opportunity Act, so that companies like mine can continue to provide the kind of quality services and well-paying jobs it has done so for over 40 years. Thank you and I look forward to answering any questions the Members of the Subcommittee may have.