



Special Pain for Ailing Construction Industry in Senate Healthcare Bill

A last-minute provision that was snuck into the Reid Manager's package specifically excludes small construction firms from the small business exemption contained in the Senate healthcare bill. Under the new provision, small construction industry employers with as few as five employees would be subject to the bill's employer mandates, whereas the threshold for all other industries is 50 employees. This new measure would have serious consequences on an industry that has been particularly hard hit by the economic recession.

Background

- The underlying Reid bill requires that all employers with at least 50 full-time employees offer their employees healthcare coverage.
- If an employer fails to offer such coverage and at least one full-time employee receives a premium tax credit through the exchanges created by the bill, the employer pays a tax equal to \$750 multiplied by the total number of employees employed by the employer.
- Small firms with fewer than 50 employees, except those in the construction industry, are exempt from this mandate.
- The new provision targeting small construction firms is found on page 76 of the Manager's Amendment.

Unfairly subjects small construction firms to onerous requirement

- The requirement is an expensive new mandate for the already struggling construction industry, which will cost jobs and result in lost output.
- Unemployment in the construction industry is 19.4 percent, almost ten points higher than the national unemployment rate, and one million construction jobs have been destroyed in the last year alone.
- Democrats have acknowledged that their healthcare bill will unfairly burden small firms by exempting all other small businesses from having to comply with the employer mandate.
- President Obama has said, "small businesses face a number of special challenges in affording health benefits and should be exempted" from an employer mandate.
- No policy justification is provided for imposing this mandate solely on the construction industry.

A give-away to unions

- Imposing this expensive mandate on small construction firms artificially limits the competitiveness of small firms relative to bigger, unionized firms.
- Union wages raise the cost of construction projects as much as 32 percent; tilting the playing field in favor of unionized firms will raise construction costs for all Americans, costing all workers jobs.
- Currently, 15.6 percent of construction workers are in unions.

Punishes workers at small construction firms

- The Congressional Budget Office has said that most of the increased costs of employer mandates will be shifted to workers in the form of lower wages for employees. CBO also said that a mandate "would increase incentives for firms to replace full-time employees with more part-time or temporary workers."
- Workers at small firms pay an average of \$1,000 more for their share of family health insurance premiums than workers in large firms, so any additional costs imposed by the employer mandate are more likely to be paid directly by a worker at a small firm.