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Competing for school construction

By Ronald N. Cogliano | July 10, 2007

THE FOUR-YEAR moratorium on state funding for new school construction ended July 1, and more than 200 potential projects are lined up for grants. Before doling out \$500 million, though, state officials should adopt a policy of refusing projects governed by project labor agreements -- deals between labor unions and a project owner requiring the use of only union labor on a construction site.

Time and again, these agreements have proved wasteful and discriminatory. They ratchet up project costs by blocking the majority of contractors from bidding on the project, and they disadvantage the majority of the state's construction workforce that is nonunion. According to federal labor statistics, 80 percent of construction workers in Massachusetts are nonunion. They are just as well trained as union members.

PLAs are banned at the federal level but still allowed in Massachusetts when a project is sufficiently complicated, and when a union strike would threaten its completion. With a flurry of new school construction imminent, pressure to adopt such agreements will be intense -- and the prospect of political support by labor unions will be tempting to local officials.

It has happened before. Last year, the City of Fall River adopted a PLA on a project to build five schools. As a result, fewer than half of the contractors who were prequalified for the job ended up submitting bids. Those bids came in millions of dollars over budget.

My organization, the Merit Construction Alliance, represents open-shop contractors. We sued, arguing that the city lacked justification to adopt the union-only measure. Faced with unaffordable bids and a legal challenge, Fall River's mayor, Edward Lambert, abandoned the agreement.

A second round of bidding was open to all qualified union and open-shop contractors. The number of bids nearly doubled and the prices plummeted. Fall River taxpayers saved \$8.5 million from a combination of lower bids and the need to borrow less money. "With more bidders," the mayor reluctantly concluded, according to a Fall River newspaper, "you tend to get a better price."

The Fall River fiasco followed our organization's successful legal challenges against Brockton school projects in 2002 and 2005. In 2002, we threatened a challenge against Worcester's new vocational school, and officials dropped a project labor agreement as a result. These schools were eventually bid and built by union and open-shop contractors and workers, side-by-side.

In Worcester, city officials publicly acknowledge PLAs add to construction costs. The city is building a \$21.5 million garage. The city's public works director pegs the additional cost of the PLA at \$365,000, according to news reports. We think the true cost is closer to \$4 million. Worcester's garage will feature 500 parking spaces, while in Lowell, a built garage for the same price -- and without a PLA -- will have 900 spaces.

Last fall, the Beacon Hill Institute concluded that these agreements restrict competition and increase the cost of public school construction by 14 to 20 percent -- an extra \$16.51 per square foot. That's \$2.1 million tacked onto the cost of a new 125,000-square-foot school. Taxpayers end up overpaying to prohibit the vast majority of Bay State construction workers from working.

Proponents argue that project-labor agreements guarantee wage rates and proper documentation, but in fact, the state's prevailing wage law sets the pay grades on public construction. Federal law requires all employers to hire only workers legally in the country. A PLA guarantees none of it. Meanwhile, open-shop employees receive competitive wages, as well as health insurance, paid holidays, vacations, sick time and other benefits unheard of for many construction union members.

Project owners who are concerned about the treatment of construction workers may stipulate employment standards in the bid specifications. Smith College did just that after student activists tried unsuccessfully to ensure that the new \$73 million Ford

Science Center be built solely with union labor. Smith's vice president of finance and administration, Ruth Constantine, explained the issue succinctly in a letter posted on the activists' website.

"People have a range of reasons for joining or not joining unions," she wrote, "and none of Smith's experience suggests that nonunion workers bring any less commitment or skill to their jobs or to the projects of which they are a part."

School districts and state officials should recognize the common sense and wisdom in her words.

Ronald N. Cogliano is executive director of the Merit Construction Alliance. ■

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