

Government-Mandated Project Labor Agreements



OVERVIEW

Anti-competitive and costly government-mandated project labor agreements (PLAs) are special interest schemes that end open, fair and competitive bidding on contracts to build taxpayer-funded construction projects. Government-mandated PLAs discourage merit shop contractors from bidding on taxpayer-funded construction contracts and drive up costs between 12 percent and 18 percent, which results in fewer infrastructure improvements and reduced construction industry job creation.

BACKGROUND

A PLA is a project-specific collective bargaining agreement with multiple unions that is unique to the construction industry. PLAs were established in the early 20th century—when a significant percentage of the private construction workforce was unionized—to help rivaling trade unions work together. In modern construction, PLAs are nothing more than wasteful market recovery programs for unions that need to rebuild their membership after seeing their numbers decline precipitously for the last 50 years.

The National Labor Relations Act permits construction employers to execute a PLA voluntarily, but when a PLA is mandated by a government agency, construction contracts can be awarded only to contractors and subcontractors that agree to the terms and conditions of the PLA.

Though all contractors are technically free to bid on construction contracts subject to government-mandated PLAs, the terms of a PLA typically force contractors to recognize unions as the representatives of their employees on a job; use the union hiring hall to obtain workers; hire apprentices exclusively through union apprenticeship programs; pay fringe benefits into union-managed benefits and multi-employer pension programs; and obey the unions' restrictive and inefficient work rules and job classifications.

In February 2009, President Obama issued Executive Order 13502, which strongly encourages federal agencies to require PLAs on a case-by-case basis on federal construction projects exceeding \$25 million in total cost.

The Obama administration also repealed former President George W. Bush's Executive Orders 13202 and 13208, which maintained government neutrality in federal contracting from 2001 to 2009 by prohibiting the government from requiring contractors to adhere to a government-mandated PLA as a condition of winning federal or federally-assisted contracts.

In response, 20 states have enacted legislation or executive orders restricting PLA requirements and preferences on state and local projects since 2011. To date, a total of 22 states have measures that increase competition and guarantee fair treatment of all contractors and their employees on taxpayer-funded construction projects.

IMPACT

PLAs force employees to pay union dues, accept unwanted union representation, and forfeit benefits earned during the life of a PLA project unless they join a union and become vested in union benefits plans.

PLAs harm local workers. Though proponents of PLAs claim they ensure the use of local workers, they fail to mention the term "local workers" does not include local nonunion workers. Nearly all PLAs require contractors to get a significant percentage of their workers from union hiring halls, where dispatch rules put non-local union workers on jobs before local nonunion workers.

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Contracts subject to government-mandated PLAs are special interest carve-outs designed to increase union membership and funnel work to favored unionized contractors and their unionized workforces, which represents just 13.2 percent of the U.S. private construction workforce, according to 2016 Bureau of Labor Statistics data. In other words, PLA requirements discriminate against more than eight out of 10 private construction workers.

This discrimination is particularly harmful to women- and minority-owned construction businesses and their workers, who traditionally have been under-represented in unions, mainly due to artificial and societal barriers in union membership and union apprenticeship and training programs.

By mandating PLA requirements on publically-funded projects, the government effectively tilts the playing field, stifles competition and prevents taxpayers from getting the best product at the best possible price.

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