

**Get the Facts**

# **PLA WARNING**

**The Truth About  
Anti-Competitive  
Project Labor Agreements**

## What is a Project Labor Agreement?

A Project Labor Agreement (PLA) is a costly special interest handout that limits competition by exclusively awarding construction work to contractors with union deals making them signatory to collective bargaining agreements with labor unions for the duration of a project.

**These anti-competitive handouts limit quality, cost, timeliness and results because they deny hardworking communities the accountability they deserve from construction contracts.**

PLAs also mean that qualified and taxpaying local non-union employees and companies are discriminated against and prohibited from being awarded a job unless they sign on with labor unions, even though only 25% of Michigan's construction workforce chooses to belong to a union.

Instead of special interest handouts and forced collective bargaining agreements, our communities deserve the accountability and equal opportunity that results from being fiscally responsible and supporting open competition that includes everyone. This ensures that all construction projects go to the lowest, most responsible bidder and that everyone, *union and non-union alike*, is treated equally.

# What is Mandated

## In a Project Labor Agreement?

### Typical Union-Only PLAs Require Contractors and Subcontractors to:

- Recognize unions as representatives of workers on the job without a vote by the employees to accept the union organization
- Employees typically pay into union pension programs but never see any return on their contribution because they aren't vested
- Use the union hiring hall referral system to obtain workers
- Pay union wages and benefits while workers pay dues and fees to the union
- Obtain apprentices exclusively from union apprenticeship programs
- Obey restrictive and antiquated union work rules, job classifications and arbitration procedures

My skills are  
competitive.

The **bid** should  
be too.

# The Bad and the Ugly

## PLAs: Broken Promises, Higher Costs and Less Opportunity

- **Exclude 75% of private construction workers who choose not to belong to a union**
- **Effectively exclude open shop or non-union contractors from being awarded construction project contracts**
- **Drive up the cost of construction projects by reducing competition and implementing the inefficient "union-only way" of doing business**
- **Increase construction costs for project owners**
- **Increase construction costs for taxpayers**
- **Reduce local employment opportunities for people in the construction industry**
- **Discriminate against non-union construction workers and businesses**
- **Discriminate against minority and women construction craft professionals who are traditionally underrepresented in trade unions**
- **Are not necessary for or effective at preventing striking labor members (so-called labor harmony/peace)**
- **Do not make a construction project safer**
- **Do not produce a better quality product**
- **Are not necessary to complete a project on time and on budget**
- **Do not save money**
- **Do not ensure the use of local workers**
- **Do not ensure higher quality workers**
- **Do not guarantee a labor supply**
- **Are not necessary for large complex construction jobs**
- **Have no proven benefits**
- **Benefit one interest group - construction trade unions**

## **A Taxpayer Rip Off**

**Taxpayers shouldn't be forced to pay more for a lesser project. Most studies have proven that PLAs drive up costs because they erode the competitive bidding process. Most contractors won't bid a PLA project because the only way they can be awarded the project is if they enter into a collective bargaining agreement with unions. When you take away competition, the bids go higher and the costs increase. This leaves cash-strapped budgets and taxpayers left paying the bill.**

## **Special Interest Discrimination**

**PLAs result in discrimination based upon union affiliation. This is because PLAs only allow contractors and workers who are affiliated with union collective bargaining agreements to perform the work. According to the US Department of Labor, 75% of Michigan's construction workforce chooses against being in a union. This means that three quarters of Michigan's construction workforce is excluded from performing work under a PLA. Instead of discriminatory PLAs, all workers, union and non-union alike, should be treated equally.**

## **Local Workers Left Behind**

**Because union preferences plague PLAs, qualified local workers are often prohibited from working on a project paid for by their own tax dollars. This happens every time there is no local contractor or specialty contractor that is signatory to a collective bargaining agreement with unions to perform work. As a result, qualified local firms are turned away and an out-of-town firm instead gets the job just because of their union affiliation.**



“[PLAs] are anti-free market, non-competitive and most of all, discriminatory.”

-National Black Chamber of Commerce

## Women and Minority Groups Speak Out Against PLAs

Minority and women's groups also oppose PLAs. The Woman Construction Owners and Executives, American Asian Contractors Association, the National Association of Women Business Owners, the National Black Chamber of Commerce and the Latin Builders Association are among the groups that have gone on record as opposed to union-only PLAs. These groups represent workers that are severely underrepresented in all crafts within organized labor.

# Hear All About It

## America's Newspapers Oppose PLAs

**Louisville Courier-Journal**  
Louisville, Kentucky

**Lansing State Journal**  
Lansing, Michigan

**Columbus Dispatch**  
Columbus, Ohio

**The Boston Herald**  
Boston, Massachusetts

**The Boston Globe**  
Boston, Massachusetts

**The Sacramento Bee**  
Sacramento, California

**The Des Moines Register**  
Des Moines, Iowa

**The Washington Times**  
Washington, DC

**Las Vegas Review-Journal**  
Las Vegas, Nevada

**Fairfield Daily Republic**  
Fairfield, California

**The Central New York  
Business Journal**  
Syracuse, New York

**The Daily Gazette,**  
Schenectady, New York

**The Herald News,**  
Fall River Massachusetts

**And many more.....**

...City Council [is] well-advised to look for ways to improve sewer separation work. Adding a [project labor agreement] requirement that all firms doing the work have union representation isn't on that list.

The city needs to hire the companies best able to do the work well, with maximum efficiency and speed. Those companies may be union; they may not be.

Sewer work: Find Firms to get CSO Work Done. Regardless of Union Status  
Lansing State Journal, Lansing, Michigan, December 24, 2007

"Because all workers on such projects already have to be paid 'prevailing wage' -- a legal euphemism for wages already 40 percent higher than those that actually prevail on private-sector jobs -- the question here isn't whether backhoe operators and traffic signal installers will make a decent wage, but whether unionized contractors will receive preference for all such jobs."

"Entering into such PLAs would limit bidding access for small and start-up construction firms, which are more likely to be minority owned."

"... The commissioners are elected by and expected to represent the taxpayers, not the construction unions. Their first duty is to carefully steward the public's increasingly scarce funds. Why embrace this costly union pipe dream, now of all times?"

Shutting Out Small Firms  
Las Vegas Review-Journal, August 21, 2009

"Give PLAs a hearty heave-ho and open the process to true competition. After all ... if union labor really is more productive, and if union work rules really don't hike costs, union firms should be able to win their share of contracts without PLAs."

The Unfair Price of Union Labor  
The Boston Globe, May 20, 2005

# Don't Believe the Myths

## Get the Facts

### **Myth: Saves Money**

**FACT: Academic studies overwhelmingly show that union-only PLAs cost more per square foot for construction projects.** Anecdotal evidence of PLA projects with cost overruns, such as the San Francisco Airport expansion, Seattle's Safeco Field and Boston's Big Dig, show union-only PLAs are no protection against poor cost management and no guarantee that the alleged economic benefits of a PLA will translate into real cost savings.

### **Myth: Workers Benefit**

**FACT: Over 75 percent of Michigan construction workers are not members of a union and will be shut out from working on a union-only PLA project or, alternatively, will be forced to pay union dues and fees, sit on the union-bench, follow union work rules for their craft, and be subjected to discipline under union rules.** Contractors and workers object to these stipulations because they force workers into union representation and business practices, even though employees have not chosen to belong to unions.

### **Myth: Assures Local Jobs**

**FACT: Unions represent a minority of construction workers in every state.** Union membership is decreasing as a share of the overall construction workforce. As a result, local unions may not be able to provide an adequate labor supply for a specific project. A union-only PLA allows unions to fill this labor shortage by recruiting non-local union members to work on local projects.

### **Myth: Minorties Benefit**

**FACT: The National Black Chamber of Commerce, Women Construction Owners and Executives, Latin Builders Association, National Association of Women Business Owners and other associations representing minority- and women-owned businesses are publicly opposed to union-only PLAs.** Local minority workers are shut out for much the same reason as most local workers: they overwhelmingly do not belong to unions.

### **Myth: Fringe Benefits are Better**

**FACT: Workers who don't belong to the union don't benefit.** Unions usually make money or sustain struggling pension programs through employers' payment of benefits into the union coffers. However, there is little to no direct benefit for workers who have not joined the union, as they will never see the benefits of their contributions unless they join a union and vest in union programs. Employers who offer their own benefits, including health and pension plans, have to continue to pay for the existing program *and* into union programs under a union-only PLA with no increased benefits.

### **Myth: Complex Projects Need PLAs**

**FACT: Most large projects are built successfully without a PLA.** Examples such as: the rebuilt Wilson Bridge in the Washington, D.C. area; the renovation of the Pentagon after 9/11; FedEx Field (formerly Jack Kent Cooke Stadium) in Landover, Maryland; Camden Yards in Baltimore, Maryland; and many other large projects are built on time and on budget – with no PLA.

# Don't Believe the Myths

## Get the Facts

### **Myth: Safer Work**

**FACT: OSHA statistics show that union workers historically have a higher rate of fatalities than non-union workers.** There is no evidence to prove that workers are safer under PLAs. Safety and health management is the key to safe workplaces - not PLAs.

### **Myth: More Training**

**FACT: Union-only PLAs limit access to training and jobsite experience.** PLAs prohibit apprentices who are not enrolled in a union program from working and learning on-the-job. Penalizing workers who participate in training programs alternative to union programs is unfair and has contributed to the shortage of skilled workers in the construction industry.

### **MYTH: Anyone Can Bid**

**FACT: Most construction companies that are not signatory to a union do not bid on projects subject to a union-only PLA.** By submitting a bid and agreeing to the terms and conditions of a union-only PLA, contractors have to relinquish management of their own workforce to a third-party (the unions) by terminating or reassigning their employees or in some circumstances, forcing their workers to go to the union hall for a worksite referral with no guarantee that their workers will be assigned back to their original employer.

### **MYTH: Anyone Can Work**

**FACT: As long as workers and contractors relinquish all control to a third-party (the unions), and in some cases, they join a union and pay union fees, they can work on a PLA project.** Union-only PLAs are a tool to regain lost market share for union contractors and capture more workers into the union with mandated union rules and payment of union fees and dues during a PLA project.

### **MYTH: PLAs Are Legal**

**FACT: PLAs are not necessarily legal in public construction under certain circumstances.** Utah, Montana, Arkansas, Minnesota and Missouri explicitly prohibit government *mandated* union-only PLAs on state funded construction but continue to allow contractors and unions to *voluntarily* enter agreements. State government labor neutrality allows free and open competition to flourish. Some local and state courts have struck down PLAs for violating open competition requirements under competitive bidding.

### **MYTH: Quality Construction**

**FACT: When comparing projects with and without union-only PLAs, there is no evidence of superior work on PLA projects.** Union-only PLA projects, such as Boston's Big Dig, demonstrate that a union-only PLA can't substitute for quality control management.

# List of Studies Exposing PLAs

## Academic, Governmental & Think Tank

- **Project Labor Agreements on Federal Construction Projects: A Costly Solution in Search of a Problem-** Beacon Hill Institute at Suffolk University (September 2010)
- **The PLA for the Iowa Events Center: An Unnecessary Burden on the Workers, Businesses and Taxpayers of Iowa -** Public Interest Institute Iowa (2006)
- **Project Labor Agreements and Financing Public School Construction in Massachusetts -** Beacon Hill Institute at Suffolk University (2006)
- **Project Labor Agreements and Public Construction Costs in New York State -** Beacon Hill Institute at Suffolk University (May 2006)
- **Union-Only Project Labor Agreements: The Public Record of Poor Performance -** Maurice N. Baskin (2005)
- **Project Labor Agreements: Union Monopoly in Public Works Construction -** Carl F. Horowitz, National Institute for Labor Relations Research (April 2005)
- **Project Labor Agreements and the Cost of Public School Construction Projects in Connecticut -** Paul Bachman, Jonathan Haughton and David G. Tuerck, Beacon Hill Institute at Suffolk University (September 2004)
- **Project Labor Agreements and the Cost of Public School Construction Projects in Massachusetts -** Paul Bachman, Jonathan Haughton and David G. Tuerck, Beacon Hill Institute (September 2003)
- **Erie County Courthouse Construction Projects: Project Labor Agreement Study -** Ernst & Young (September 2001)
- **Project Labor Agreements on Public Construction Projects: The Case For and Against -** Worcester Municipal Research Bureau (May 2001)
- **Government-Mandated Project Labor Agreements in Construction: The Institutional Facts and Issues and Key Litigation: Moving Toward Union Monopoly on Federal and State Financed Projects. Government Union Review, Volume 19, Number 3. -** Herbert R. Northrup and Linda E. Alario. (October 2000)
- **Analysis of the Impacts on the Jefferson County Courthouse Complex through Project Labor Considerations -** Prepared for the Jefferson County (NY) Board of Legislators - Professor Paul G. Carr, P.E., Engineering and Management Consultant (September 2000)
- **Project Labor Agreement Study: Prepared for Clark County (NV) School District -** Resolution Management (June 2000)
- **Government-Mandated Project Labor Agreements in Construction: A Force to Obtain Union Monopoly on Government-Financed Projects -** Herbert R. Northrup, The Wharton School. (January 2000)
- **"Boston Harbor"-Type Project Labor Agreements in Construction: Nature, Rationales and Legal Challenges -** Journal of Labor Research. Herbert R. Northrup and Linda E. Alario. (Winter 1998)
- **Project Labor Agreements: The Extent of Their Use and Related Information -** GAO Report (May 1998)
- **Comparison of Nonunion and Union Contractors Construction Fatalities -** National Center for Construction Education and Research (May 1995)
- **Analysis of Bids and Costs to the Taxpayer for the Roswell Park Cancer Institute, New York State Dormitory Authority -** ABC - Empire State Chapter (March 23, 1995)
- **U.S. General Accounting Office (GAO) Report: Construction Agreement at DOE's Idaho Laboratory Needs Reassessing -** (May 1991)

# Fair Competition



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real **competition.**  
It's **constructive.**



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