

PROJECT LABOR AGREEMENTS

Oppose All Efforts to Encourage the Use of Government-Mandated Project Labor Agreements (PLAs) on Federal Construction Projects

Action Needed:

Support the Fair and Open Competition Act (H.R. 1552/S. 622).

The bill would preserve open competition and federal government neutrality towards the labor relations of federal government contractors on federal and federally funded construction projects.

Background:

- A government-mandated project labor agreement (PLA) requires contractors to negotiate a pre-hire collective bargaining agreement that establishes the terms and conditions of employment for a specific construction project with one or more labor unions working on the project. PLAs typically restrict the majority of employment to those workers whom unions are willing to refer to the project. It can also create long-term obligations to union benefit plans. This discourages non-union companies, small companies, and other disadvantaged businesses from participating in these public contracting opportunities.

AGC Message:

- **AGC is Committed to Full and Open Competition for All Public Projects.** The choice of whether to adopt a collective bargaining agreement should be left to the contractor-employers and their employees, and such a choice should not be imposed as a condition to competing for, or performing on, a publicly funded project. Government mandates and preferences for PLAs can restrain competition, drive up costs, cause delays, lead to jobsite disputes, and disrupt local collective bargaining. In cases where the use of a PLA would benefit a particular project, the contractors qualified to perform the work would be the first to recognize that fact and adopt a PLA voluntarily.
- **Government-Mandated PLAs Can Limit the Number of Competitors on a Project.** Government mandates for PLAs typically require contractors to make fundamental, and often costly, changes in the way they do business. For example, a PLA may require a contractor to recognize the local unions as the representatives of even their non-union employees on that job, use the union hiring hall to obtain workers, and pay into union-benefit and multiemployer pension plans that non-union employees will never be able to access, forcing non-signatory employers to pay twice for retirement and health care benefits. Such changes are impracticable for many contractors and subcontractors.
- **There is No Evidence Proving that PLAs Will Improve the Economy or Efficiency of a Project.** Case studies of the economic benefits of PLAs have had varying conclusions. The Government Accounting Office reported that it could not document the alleged benefits of past mandates for PLAs on federal projects and that it doubted such benefits could ever be documented due to the difficulty of finding projects similar enough to compare and the difficulty of conclusively demonstrating that performance differences were due to the PLA versus other factors.