



THIS STORY HAS BEEN FORMATTED FOR EASY PRINTING

@ ODDS | PROJECT LABOR AGREEMENTS | MARK ERLICH

The Boston Globe

Unions a stabilizing force

By Mark Erlich | March 22, 2009

THE \$787 BILLION economic stimulus package represents a ray of hope in the construction industry's otherwise bleak landscape. National construction unemployment topped 21 percent in February and is climbing. The final legislation fell short of a massive public works program that would simultaneously repair the nation's crumbling infrastructure and cure joblessness. Still, in the context of a difficult economic environment, the bill's allocation of \$27.5 billion to roads and bridges - \$506 million for Massachusetts - has generated hope and the inevitable scramble for access to the upcoming jobs.

President Obama's lifting of the Bush administration's ban on project labor agreements has resurrected the debate on their value. For years, PLAs have been used to ensure the delivery of large construction projects on schedule based on a supply of skilled union labor. Critics charge that PLAs exclude nonunion workers and escalate project costs. Both claims have been made before, have been refuted, and yet continue to be heard.

The majority of large highway projects in Massachusetts, with or without the stimulus, are performed by firms that have the management capacity, capital investments in equipment, and access to pools of union labor needed to meet production deadlines. In fact, every single one of the area's largest 25 general contractors operates with a union agreement.

The increased-cost claim is based on a 2003 Beacon Hill Institute study that concluded that public schools built with PLAs added a \$31.74-per-square-foot premium. The report had to be completely revised in the wake of a stinging critique challenging the accuracy of the data, methodology, and conclusions. Independent industry commentator Peter Cockshaw said there was "no solid data from any study to prove PLAs cost more or non-PLAs cost less."

The increase in publicly funded construction has also brought forth new criticisms of the state's prevailing wage law. Passed in 1914, the legislation requires all bidders on public projects to pay their employees a wage rate based on union scale. Since state law mandates the project award to the low bidder, the prevailing wage levels the playing field and ensures that the low bid rewards managerial competence rather than unscrupulous labor practices.

The system has stood the test of time, yet cries for repeal emerge on a regular basis. In 1988, a Data Resources study concluded that the most likely outcome would be a 0.6 percent tax savings and a \$196 million wage loss for Massachusetts residents. Last year, the Economic Policy Institute reviewed a series of recent studies for and against prevailing wage laws and concluded that there was no adverse impact on government contract costs.

Why do these stale and discredited arguments continue to gain attention? With private development stagnant, anti-union builders are concerned project labor agreements and prevailing wage requirements will limit their options in an already weak marketplace. As one element of the uncritical celebration of the unregulated free market, these developers and contractors have driven down wages and safety standards through the expansion of the underground economy and the exploitation of immigrant workers.

In light of the global financial meltdown, there is a greater appreciation for the appropriate role of government regulation and the need to reverse the trend of economic inequality. This realignment of political values represents a threat to those who have contributed to declining standards on construction sites. The debate over project labor agreements is a distraction. Unions play a stabilizing role in the industry and continue to serve as a pathway for blue-collar workers into the middle class.

Mark Erlich is executive secretary-treasurer of the New England Regional Council of Carpenters.

GREG BEEMAN

Nonunion workers lose out

IN 2006, Deval Patrick campaigned for governor by running against "the Big Dig culture on Beacon Hill." Three years later, he

wants to build construction projects paid for with federal stimulus money exactly the way the Big Dig was built - using union-only project labor agreements.

Under PLAs, owners agree to use exclusively union labor in return for the unions' pledge not to strike. The Big Dig is the best evidence that the result is hardly on-time, on-budget construction, as the unions claim.

Earlier this month, a task force assembled to ensure that the state is positioned to efficiently put the federal stimulus money to work recommended that "the Commonwealth require or encourage (depending on legality) the use of PLAs on large construction projects."

The recommendation is misguided. First, PLAs would prohibit the majority of the Commonwealth's battered construction industry from benefiting from the funds. According to Unionstats.com, only 16 percent of Massachusetts construction workers belong to unions.

That finding was reinforced by the Patrick administration itself. According to a Department of Labor and Workforce Development official, "the percentage of construction industry union members . . . might fall in the 15-17 percent range."

A central argument for PLAs - that they provide construction workers with a middle-class living - is moot in this case. Under both state and federal law, all publicly funded construction projects are subject to union-scale wages no matter who performs the work.

If the recommendation becomes policy, it would also increase taxpayers' burden just when they can least afford it. With such a small minority of the construction industry being union, PLAs hike costs by limiting competition.

In 2006, the City of Fall River decided to build several new schools using a PLA. After bidding and re-bidding the projects, prices were so far above budget that then-Mayor Edward Lambert decided to re-bid the projects without a PLA, with dramatically different results.

Despite rampant oil price-driven construction inflation during the months between the first round of bids under a PLA and commencement of the open bidding process, subcontractor bids fell by 13 percent on one project and 15 percent on another. On one of the projects, the number of subcontractor bids rose from 34 to 60.

Nationally, the stimulus bill contains an estimated \$150 billion for infrastructure construction. Building the projects under union-only PLAs would increase taxpayer costs by at least \$20 billion.

It's telling that the state task force report called for using PLAs on large construction projects "depending on legality." In 1999, the Commonwealth's highest court ruled that they are allowed only on projects "of sufficient size, duration, timing and complexity" to merit an exemption from state bidding laws." A consultant to the City of Springfield recently told city officials that even the new \$125 million Roger L. Putnam Vocational-Technical High School was unlikely to meet the criteria for using a PLA.

PLAs exclude the open-shop contractors and workers who make up the vast majority of the construction industry. In contrast, union contractors are free to bid and participate under open bidding. Unlike construction unions, the open shop seeks only a level playing field.

When Jeffrey Simon was named the Patrick administration's stimulus czar, he said, "We are going to put people back to work building worthwhile projects that benefit us all. We will do this with openness, honesty, and professionalism." If the governor implements his task force's PLA recommendation, the policy would fail to live up to both that pledge and the one made by then-candidate Patrick to fight Beacon Hill's Big Dig culture.

Greg Beeman is president of Associated Builders and Contractors of Massachusetts.

FURTHER CLICKING: For more information opposing PLAs, go to *The National Right to Work Legal Defense Foundation* at www.nrtw.org. To see studies supporting PLAs, check out massbuildingtrades.org. ■

