



Talking Points OPPOSING Grimm Amendment to H.R. 5854

Promoting Government-Mandated PLAs on MilCon/VA Appropriations for FY 2013 (H.R. 5854)

May 30, 2012

- As reported by the Appropriations Committee, H.R. 5854 ensures fair, open and competitive bidding by all qualified businesses for federal construction contracts funded by MilCon/VA Appropriations FY 2013 legislation.
- As early as Thursday afternoon, proponents of government-mandated project labor agreements (PLAs) are expected to offer an amendment striking PLA neutrality language (Section 517) from H.R. 5854. A diverse coalition of construction industry trade associations and employer groups **OPPOSE** such an amendment, likely to be offered by Rep. Michael Grimm (R-NY), including **ABC, AGC, NFIB, U.S. Chamber, National Black Chamber of Commerce and others.**
- In February 2009, President Obama signed Executive Order 13502, which encourages federal agencies to **require** PLAs on federal projects exceeding \$25 million in total cost.
- A **government-mandated** PLA is a requirement that qualified contractors preemptively submit to a union collective bargaining agreement as a condition of winning government construction contracts. PLA mandates typically restrict jobs to construction workers referred from union hiring halls, effectively **shutting out 86 percent of the nation's construction workforce.**
- Studies have found that **PLA mandates increase the cost of construction between 12 percent and 18 percent** compared to similar non-PLA projects subject to prevailing wage laws.
- The Obama executive order and related regulations have exposed agency procurement officials to **intense political pressure** from special interest groups, the Obama administration, agency political appointees and members of Congress to mandate PLAs on MilCon and VA projects even when they are not appropriate.
- Government-mandated PLAs and PLA preferences **increase costs** to taxpayers, **reduce construction job creation** and **inject favoritism** into the federal procurement process.
- PLA neutrality language will revert to the policy of the Bush administration, under which **\$147 billion worth of federal construction projects were built without PLA mandates and without incident.**

Contrary to Union Talking Points...

- Section 517 **DOES NOT prohibit the use of a PLA** on any project funded by MilCon/VA, according to a May 25, 2012, **Congressional Research Service** memo.
- If a federal contractor wants to enter into a PLA on a construction project, there is nothing in current law, Section 517 or H.R. 5854 that would prevent it from doing so **voluntarily.**
- Agencies are still **free to award contracts** to businesses that voluntarily use PLAs.
- Section 517 **DOES NOT affect funding** for previously awarded and ongoing construction projects.
- PLA mandates effectively **require a union-only workforce.** Workers must pay union dues, pay into union pension schemes and be referred from union hiring halls to be eligible to work on a PLA project.
- All federal projects require payment of **prevailing wages via the Davis-Bacon Act, regardless of PLA status.**
- All federal projects require the use of **E-verify, regardless of PLA status.**
- Large corporations may elect to use PLAs **voluntarily** in areas with high union density, typically to avoid bannerings and other harassing corporate campaign tactics from unions. As private entities, this is their prerogative; they are responsible to shareholders, not citizens, and their projects are financed by private capital, not taxpayer funds.