

# 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.

## ABC SUPPORTS

- The Government Neutrality in Contracting Act (H.R. 1671/S. 71), introduced by Rep. Mick Mulvaney (R-S.C.) and Sen. David Vitter (R-La.), which would codify into law language from President George W. Bush's Executive Orders 13202 and 13208.
- Legislative or executive measures to preserve full and open competition on public construction contracts requiring government neutrality regarding a contractor's use of a PLA.
- Federal construction contracts awarded based on sound and credible criteria, such as quality of work, experience and cost—not a company's union affiliation and willingness to execute a PLA.

## ABC OPPOSES

- Government-mandated PLAs and discriminatory PLA preferences on federal and federally assisted construction projects.
- Claims by PLA proponents that government mandates and preferences for PLAs will improve the economy and efficiency in federal contracting.

## BACKGROUND

A PLA is a project-specific collective bargaining agreement with multiple unions that is unique to the construction industry. 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.

Typically, PLAs 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. 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.

On Feb. 6, 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 construction contracts.

In response to the threat of Obama administration PLA requirements, 19 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 similar to the Bush orders that guarantee fair and open competition on taxpayer-funded construction projects.

Contracts subject to government-mandated PLAs are special interest carve-outs designed to funnel work to favored unionized contractors and their unionized workforces, which represent just 13.9 percent of the U.S. private construction workforce, according to 2015 Bureau of Labor Statistics data.

PLA requirements and PLA preferences on taxpayer-funded contracts expose procurement officials to intense political pressure, disrupt local collective bargaining agreements, stifle competition, create contracting and construction delays, and prevent taxpayers from receiving the best possible construction product at the best possible price.