



Rep. Ron Young
63rd House District

FOR IMMEDIATE RELEASE
February 11, 2011

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YOUNG SPONSORS LEGISLATION TO REDUCE THE COST OF PUBLIC CONSTRUCTION

Columbus – State Representative Ron Young (R-Leroy) today sponsored legislation to reform Ohio’s publicly funded construction rules.

“Government in Ohio needs to learn to do more with less. In order to balance the budget, it is important we find ways to deliver critical services while reducing costs. This legislation is designed to reduce the cost of public construction in Ohio by changing the way we award construction projects. Currently many public entities in Ohio require bidders for construction projects to include what is known as a Project Labor Agreement (PLA) as part of their bid,” Young said. “In general, PLA’s work against the free market system by limiting the number of bids and therefore reduce competition. Most PLA’s require the use of union labor and therefore the preponderance of bids are from union construction companies. Since almost 85% of Ohio’s construction workforce is non-union competition is severely limited by a PLA requirement. Public entities requiring a PLA for a project are in effect paying a very expensive and often unnecessary premium for construction services.”

Specifically this legislation would prohibit state agencies from requiring or prohibiting PLA’s as a condition of performing public works. The legislation would also prohibit the appropriation of state funds for public works when political subdivisions require or prohibit PLA’s.

Young cited an example from November 2010 when the Ohio School Facilities Commission bid a dormitory construction project for the Ohio State School for the Blind and Ohio School for the Deaf with and without a PLA.

First the project was bid with a PLA requirement. However, a small number of bids were received and the lowest bid exceeded the project budget. A new request for bids was released, this time without a PLA requirement.

The winner of the non-PLA bid was 22% lower and six times the number of competitive bids was received. According to Young, this result is in line both with numerous academic studies and with significant anecdotal data collected by various groups.

The amount of potential savings from this legislation is significant. Experts estimate that at least \$400M was spent on PLA projects in Ohio over the last two years. If this is the case, Ohio could have saved over \$100M during this period had this legislation had been in place.

The legislation is modeled on a George W. Bush-era rule that similarly regulated PLA's at the Federal level and was found to be Constitutional by the courts.

Rep. Young said he and the bills 21 co-sponsors look forward to working with their legislative colleagues in the House as this bill is assigned to committee and hearings commence on the legislation.