

To: Lelah Campo, President
Associated Builders and Contractors, Inc.

From: Rufus Wells, Executive Director
Minority Construction Council

Re: Opposition To Project Labor Agreements (PLA)

Date: March 16, 2012

The Minority Construction Council is in opposition to PLAs because they harm minority contractors. National research studies have proven that PLAs increase the cost of construction projects between ten to twenty five percent (10%-25%). In addition to increasing costs, 90% of the membership of MCC is non-union contractors and they would have to significantly alter their business practices in order to work under a PLA.

Not only do PLAs harm minority contractors who are not union contractors, they also harms non-union employees because if these employees work on a PLA project they must pay union benefits and become union members for each PLA project worked on. It is not fair for employees to pay into a union pension program they will never be able to collect from because they will never vest. This constitutes an unfair windfall for the union. Under current prevailing wage laws, fringe benefits are paid directly to the employee if the contractor he/she works for does not have benefit plans. It is better for employees under prevailing wage laws to be able to directly receive compensation in their paychecks for benefits rather than have their money go to a union's irretrievable benefits program. The union benefits are payable to the union, even if the non-union employee is covered under the employer's existing program (i.e., paying twice for the same benefit but only being able to collect on one).

PLAs also harm minority contractors because the contractor has to get some or all of his/her employees from a union hall as opposed to directly hiring all employees. Consequently, a contractor is forced to bid a job without knowing his workforce or their work habits, because there is a great chance the minority contractor's employees will come from the union hall as opposed to their regular workforce. Under this setup, the employee's loyalty is to his union hall as opposed to the contractor. I can give you anecdotal evidence to support the harm suffered by minority contractors under a PLA because of union issues.

Under previous Hartford School construction projects that operated under a PLA (and I understand not all PLAs are the same), I was the minority contractor Oversight Coordinator. One of my responsibilities was ensuring that minority contractors were treated fairly under the PLA by resolving disputes between minority and majority contractors.

In one instance I observed the union threatening to shut down a construction project because a minority contractor had not paid union dues for work covered by his trade. I had originally been informed that the minority contractor's scope of work had been taken out of the work covered by the PLA so there was no requirement for him to pay union dues. Upon further research, the Construction Manager had "insisted" the minority contractor sign the PLA against the

requirements of the agreement, and pay union dues as well as hire a union steward who was not part of his original work crew. To make matters worse, the union steward (which was forced upon the minority contractor) intentionally damaged the minority contractor's equipment to slow progress on the job. This was a blatant attempt to get the minority contractor thrown off the job because of inability to perform according to schedule. Keep in mind this contractor was ahead of schedule prior to his run-in with the union over dues and the hiring of a union steward.

In another instance, a non-union minority electrical contractor had his tools buried in a masonry wall to prevent him from working faster than a union electrical contractor because according to my investigation, the minority contractor was "working too fast". A laborer on the job observed the tools being walled in by the union mason. The work performed by the electrical contractor was set-aside and not covered by the PLA, but since the PLA was in force, union contractors were controlling the flow of work.

It is obvious to me and to industry experts that unions should not have preferential treatment by the institution of PLAs. PLAs thwart competition, promote discrimination through the union hall hiring scam, and do not give local residents an opportunity to work on the projects in their community. Even when there is a union "carve out" for minority contractor participation, or minority hiring goals are established, unless there is aggressive oversight of the treatment of minority contractors on the project, minority contractors will be held to union standards, standards which add time and additional costs to a project.

Union minority contractors who are a part of the Minority Construction Council complain to me they cannot compete "price wise" with their non-union counter parts because of the additional overhead it takes to be a union contractor. Minority contractors who have signed PLAs in the past have indicated they do not wish to work again under PLA projects because it is difficult for them to price-in the union requirements (PLA) on their scope of work and they wind up losing money. This reduces competition and drives up the price of the work because fewer contractors bid on the project. This is the "real" unstated purpose of having a Project Labor Agreement – Reduction of Competition, everyone loses but the unions. The taxpayer loses in terms of higher construction cost prices which require higher taxes; the non-union contractors, both majority and minority, lose because they are unable to bid on PLA projects unless they become union contractors (and their workers join the union) for the duration of PLA project. This has a tremendous effect on the construction industry since non-union contractors represent over 70% of the total contracting pool nationally (it is reported at 80% for the State of Connecticut) the employees of the non-union contractors lose because they have to pay for union benefits they will never be able to receive; the community loses because residents in PLA project areas will not be allowed to work on projects in their communities because of exclusive apprenticeship arrangements within the trade unions.

If you require additional information regarding our opposition to PLA projects please do not hesitate to contact me.

Rufus Wells
Executive Director, MCC