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March 1, 2019

Honorable Steve Sisolak
Governor of Nevada
State Capitol Building
101 N. Carson Street
Carson City, NV 89701

RE: Nevada's Policy on Construction Industry Government-Mandated Project Labor Agreements

Dear Governor Sisolak, Majority Leader Atkinson and Speaker Frierson:

The National Black Chamber of Commerce is the largest Black organization addressing African American economic issues and policies throughout the world. We have a Board member, Niger Innis, living within the State of Nevada. We were incorporated May 23, 1993 and will celebrate our 27th Anniversary this July.

It has come to our attention that Nevada may be considering legislation to change or rescind NRS 338.1405¹ which ensures most of Nevada's public works construction contracts funded by taxpayer dollars are procured using a competitive bidding process that is open to all qualified businesses, regardless of whether they are willing to sign a union agreement as a condition of performing taxpayer-funded construction projects.

We are concerned that rescinding this law will lead to more government-mandated project labor agreements (PLAs), which are union agreements unique to the construction industry, on Nevada's public works projects.

Government-mandated PLAs typically require companies to agree to recognize unions as the representatives of their employees on that job, use the union hiring hall to obtain most or all workers, obtain apprentices exclusively from union apprenticeship programs, follow union work rules and pay into union benefit and multi-employer pension plans that any nonunion employees permitted on the project will be unlikely to access unless they join a union and vest in these plans. This forces employers to pay "double benefits" into existing plans and union plans and places firms opposed to these costly provisions at a significant competitive disadvantage.²

¹ <https://www.leg.state.nv.us/NRS/NRS-338.html#NRS338Sec1405>

² An October 2009 report by Dr. John R. McGowan, *The Discriminatory Impact of Union Fringe Benefit Requirements on Nonunion Workers Under Government-Mandated Project Labor Agreements*, finds that employers that offer their own benefits, including health and pension plans, often continue to

In addition, government-mandated PLAs harm the few, if any, nonunion construction workers allowed to work on a PLA jobsite. Research has found that employees of nonunion contractors who are forced to perform under government-mandated PLAs and contribute into union benefits plans suffer a reduction in their take-home pay that is conservatively estimated at 20 percent.³ In addition, nonunion construction workers are forced to pay union dues and/or join a union if they want to receive union benefits and work on a PLA project.

Government-mandated PLAs are opposed by the NBCC because 98 percent of minority-owned contracting firms are not affiliated with unions. African American-owned contracting firms are typically small businesses and employ their own core workforce of skilled construction workers who are not unionized and are generally more diverse than construction workers coming from union hiring halls.

Despite efforts of various construction trade unions to diversify their membership over the years, they simply are not recruiting enough African-American members into the trades. In addition, claims that a PLA can be a tool to ensure minority construction workers and businesses are used on a public project is a farce. These goals can be achieved via contracting and workforce requirements independent of a PLA.

However, the solution to underemployment and unemployment in the African-American community is free enterprise and entrepreneurship. Government-mandated PLAs undermine both cornerstones and harm nonunion African-American firms and construction workers disproportionately.

Government neutrality towards whether a construction contractor has an agreement with a labor organization is the best way to ensure fair and open competition on taxpayer-funded public works projects. This inclusive policy also benefits taxpayers, as research has shown government-mandated PLAs can increase the cost of taxpayer-funded school construction by 12 percent to 18 percent.⁴

We look forward to continuing a dialogue on this issue and other issues impacting NBCC members. Please have your staff contact this office whenever we can be of service.

Sincerely,

Harry C. Alford
President/CEO

Cc: NBCC Board Members

pay for existing programs as well as into union programs under a PLA. The McGowan report found that nonunion contractors are forced to pay in excess of 25 percent in benefit costs above and beyond existing prevailing wage laws as a result of "double payment" of benefit costs.

See [New Report Finds PLA Pension Requirements Steal from Employee Paychecks, Harm Employers and Taxpayers](#), October 24, 2009.

³ The McGowan report found employees of nonunion contractors that are forced to perform under government-mandated PLAs suffer a reduction in their take-home pay that is conservatively estimated at 20 percent. In addition, PLAs force employers to pay employee benefits into union-managed funds, but employees will never see the benefits of the employer contributions unless they join a union and become vested in these plans. See www.TheTruthAboutPLAs.com, [New Report Finds PLA Pension Requirements Steal from Employee Paychecks, Harm Employers and Taxpayers](#), Oct. 24, 2009.

⁴ <http://beaconhill.org/labor-economics/>