

# **The Impact of Government-Mandated Project Labor Agreements: A Review of Key Reports and Studies 2021 Edition**

Government-mandated project labor agreements (PLAs) are special interest schemes that end open, fair and competitive bidding on public work projects. PLAs deny 87.4 percent of the U.S. construction workforce – those who do not belong to a union – a fair opportunity to build public work projects, thereby reducing competition and significantly driving up costs to taxpayers. With government budgets stretched to the breaking point and essential services being cut, it is critical that taxpayers get the best quality work at the best price. Union-favoring PLAs put Big Labor’s special interests ahead of the public interest by restricting the bidding process to only contractors that agree to participate in these corrupt schemes -- denying qualified contractors and their skilled employees the opportunity to do a better job at a better price.

The 2011 edition of ABC General Counsel Maury Baskin’s report, “Government-Mandated Project Labor Agreements: The Public Record of Poor Performance,” documents a record of PLA construction projects experiencing an unfortunate pattern of cost overruns, reduced competition, construction delays, construction defects, safety problems and diversity issues. It is the premiere resource to find examples of failed government-mandated PLA projects in your community, illustrating why anti-competitive and costly government-mandated PLAs are nothing more than a costly solution in search of a problem.

## **Construction and Employee Costs**

Anti-competitive PLAs increase costs by forcing contractors to:

1. Hire most or all employees from a union hiring hall
2. Follow inefficient union work rules
3. Exclude apprentices enrolled in registered nonunion apprenticeship programs
4. Make contributions to union benefit plans on behalf of the limited number of nonunion employees who may be permitted to work on a PLA project. Nonunion employees will never benefit from these contributions unless they join a union and become vested in union benefit plans. As a result, merit shop contractors pay benefits into existing benefit plans and union benefit plans, needlessly doubling benefit costs for merit shop firms.

These unfair mandates discourage competition from nonunion contractors, who employ 87.4 percent of the U.S. construction workforce, and needlessly increase costs for the occasional merit shop contractor that participates on government-mandated PLA projects.

Academic research and independent reports available on [the Truth About PLAs blog](#) and the [ABC website](#) support the truth that government-mandated PLAs increase the cost of construction.

- An October 2021 study by Dr. John R. McGowan, “Government-Mandated Project Labor Agreements Result in Lost and Stolen Wages for Employees and Excessive Costs and Liability Exposure for Employers: Instead of Reform, Policymakers Want to Perpetuate the Broken System,” found that on average, nonunion employees working on construction projects performed under government-mandated project labor agreements lost approximately 34 percent of their total take-home pay to unions and union benefit plans from which they would not see any benefit unless they subsequently joined the union, including the notably underfunded multiemployer pension plans used by

construction unions for retirement benefits. The report also found that nonunion employers were burdened with an additional 35 percent in employee compensation cost due to having to duplicate benefit payments both into their existing plans and the required union contributions under a PLA. In addition, the report found that total construction industry underfunding of the multiemployer pension plan system could rise to \$467.3 billion by the end of 2021.

- A 2021 study by the RAND Corporation examined a well-publicized public housing initiative in Los Angeles, Proposition HHH, to build up to 10,000 new units for those experiencing homelessness, with a total funding amount of \$1.2 billion. At the time of the study, with most all funds committed, the total number of housing units stood at approximately 7,300 units, due in large part to much higher construction costs than had been forecasted. The study found that an initiative-wide PLA requirement for building these units contributed to 14.5 percent in increased costs, and that absent these cost increases stemming from the PLA, approximately 800 more units could have been built, an additional 11 percent.
- A study released in January 2020 by the Beacon Hill Institute found that Connecticut schools built under controversial government-mandated project labor agreements cost 19.8% more than schools that were bid and constructed through fair and open competition without PLA requirements.
- An August 2019 study by the Beacon Hill Institute (BHI), “The Effect of Project Labor Agreements on Public School Construction in New Jersey,” found that New Jersey schools built under controversial government-mandated project labor agreements cost 16.25% more than schools that were bid and constructed through fair and open competition, free from PLA requirements.
- A May 2017 study by the Beacon Hill Institute, “Project Labor Agreements and the Cost of School Construction in Ohio,” found that PLAs raise the base construction cost of building Ohio schools by 13.12 percent, or \$23.12 per square foot (in 2016 prices), relative to non-PLA projects.
- A U.S. Department of Labor Job Corps Center in Manchester, New Hampshire, was originally bid with a PLA mandate in 2009 and 2012. After nearly a total of three years of PLA-related delays and litigation, the project was finally rebid without a PLA in late 2012. Bid results from February 2013 prove PLAs increase costs and reduce competition. Without a PLA, there were more than three times as many bidders and the winning bidder’s offer was 16 percent lower than the offer of lowest PLA bidder. Without a PLA, a local firm from New Hampshire won the contract. In contrast, the low-bidder under the PLA mandate was from Florida. A number of other federal, state and local projects across the country have been bid with and without PLAs, and in all cases PLA mandates increased costs, reduced competition or both. Learn more [here](#).
- On May 14, 2013, a \$1.178 billion design/build Package A contract was awarded to Capital Rail Constructors to build Phase 2 of Dulles Corridor Metrorail Project, also known as the Silver Line, in Northern Virginia. Capital Rail Constructors’ bid was 16 percent to 27 percent lower than expected and was just \$14.2 million less than the second most responsive bid submitted by Bechtel Transit Partners. While the Metro Washington Airport Authority (MWAA) had originally intended to use a PLA mandate and then a PLA preference on Phase 2 of the project, media scrutiny, public pressure, and results from Phase 1 construction led the agency to issue its solicitation for Phase 2’s construction contract free from anti-competitive and costly PLA requirements or PLA preferences. On July 2, 2014, MWAA announced its intent to award a contract to Hensel Phelps Construction Co. of Chantilly, Va., to design and build the rail yard and maintenance facility for Package B of Phase 2 of the Silver Line. Hensel Phelps’ \$253 million price proposal for Package B was better than three other competitors. Dulles Transit Partners (DTP), the joint venture between Bechtel Infrastructure Inc. and

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Washington Group International (now URS), constructed Phase 1 of the Silver Line with a PLA it voluntarily entered into with labor unions, which ensured union labor was used for work self-performed by DTP. The voluntary Phase 1 PLA did not apply to subcontractors and MWA could not identify any subcontractors that voluntarily signed the PLA. Phase 1 cost about \$2.9 billion, or \$150 million more than initially planned.

- According to a July 2011 study released by the National University System Institute for Policy Research (NUSIPR), California school construction projects built using government-mandated PLAs experienced increased costs of 13 percent to 15 percent, or \$28.90 to \$32.49 per square foot, compared to projects that did not use a PLA.
- In October 2010, the New Jersey Department of Labor and Workforce Development issued a report that found PLAs on school construction projects in the state were 30.5 percent higher than for all non-PLA projects. The same report found PLA projects tended to have a longer duration than non-PLA projects.” For FY 2008, the average duration of PLA projects was 100 weeks compared with 78 weeks for non-PLA projects.
- The Cato Journal (Volume 30 Number 1, Winter 2010, “Are Unions Good for America?”) published a compelling critique of government-mandated PLAs by David G. Tuerck, executive director of the Beacon Hill Institute (BHI) for Public Policy Research at Suffolk University in Boston. “Why Project Labor Agreements Are Not in the Public Interest,” attacks the faulty logic and methodology often employed in studies promoting PLAs as a mechanism to reduce construction costs.
- A Sept. 2009 Beacon Hill Institute (BHI) study, “Project Labor Agreements on Federal Construction Projects: A Costly Solution in Search of a Problem,” found that PLAs significantly increase construction costs on federal projects. Had President Obama's pro-PLA Executive Order 13502 been in effect in 2008, and all 2008 federal construction projects worth \$25 million or more had been performed under PLAs, it would have increased the cost to federal taxpayers by \$1.6 billion to \$2.6 billion. In addition, the BHI review of federal construction projects from 2001-2008, the years under which government-mandated PLAs were prohibited, also revealed that there were no instances in which labor disruptions occurred that resulted in significant project delays or increased costs. The study concludes that “the justifications for PLAs provided by Executive Order 13502 are unproven.”
- A June 2009 study conducted by property and construction consulting firm Rider Levett Bucknall prepared for the U.S. Department of Veterans Affairs (VA) Office of Construction and Facilities Management found that PLAs would likely increase construction costs by as much as 9 percent on three of the five construction markets (Denver, New Orleans and Orlando) in which the VA is planning to build hospitals.
- 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,” found that employees of nonunion contractors that are employed under government-mandated PLAs suffer a reduction in their take home pay that is conservatively estimated at 20 percent. For example, the report estimates that as a result of President Obama's pro-PLA Executive Order 13502, hundreds of millions of dollars of nonunion employees' income on federal construction projects will be distributed to union pension funds, from which nonunion employees will likely receive no benefits. In addition, the report found that PLAs on federal projects substantially increase costs, by approximately 25 percent, for nonunion employers. Finally, the study found that had President Obama's pro-PLA Executive Order 13502 applied to federal contracts in 2008, additional costs incurred by employers related to wasteful PLA pension requirements would likely have ranged

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from \$230 to \$767 million per year. Lost wages for nonunion construction workers would have ranged from \$184 million to more than \$613 million, depending on the assumptions made for companies executing contracts via PLAs. In total, the move to PLAs could cost nonunion workers and their employers \$414 million to more than \$1.38 billion annually.

- A May 2006 study by the Beacon Hill Institute (BHI), “Project Labor Agreements and Public Construction Costs in New York State,” found that PLAs add an estimated \$27 per square foot to the bid cost of New York school construction projects (in 2004 prices), representing an almost 20 percent increase in costs over the average non-PLA project.
- A September 2004 study by the Beacon Hill Institute (BHI) completed an extensive statistical analysis of the effects of PLAs on bid and final costs of school construction projects in Connecticut for the period of 1996 through 2004. “Project Labor Agreements and the Cost of Public School Construction Projects in Connecticut” found that PLAs raise the *actual or final base* construction costs by \$30 per square foot (in 2002 prices), representing an almost 18 percent increase in costs over non-PLA projects. BHI concluded that “our key finding is that PLA projects cost more than non-PLA projects, holding the effects of project size and type constant. This is true whether one considers bid costs or final project costs. The effect is statistically significant and robust.”
- A September of 2003 study by the Beacon Hill Institute analyzed Massachusetts school construction projects and concluded that *bid prices* on projects with a PLA were an estimated \$18.83 per square foot or 14 percent higher than bid prices on non-PLA projects. In addition, the *actual* cost of construction was 12 percent higher (in 2001 prices) for projects executed with a PLA.
- In September of 2001, the firm of Ernst & Young was commissioned by Erie County in New York to analyze a project labor agreement on the Erie County Construction Project. Ernst & Young concluded that “bidder participation was diminished because the county chose to utilize a PLA. Further, the use of PLAs adversely affects competition for publicly bid projects to the likely detriment of cost-effective construction. Our research revealed that the use of PLAs strongly inhibits participation in public bidding by non-union contractors and may result in those projects having artificially inflated costs.” The report went on to say that “there are no apparent valid economic justifications for the continued use of a PLA on Phase II of the Project.”
- The Worcester Municipal Research Bureau released their study “Project Labor Agreements on Public Construction Projects: The Case For and Against” on May 21, 2001. The study concluded that “PLAs tend to constrict the number of bidders on a project compared to those without PLAs, and are likely to reduce the savings to the public that would accrue if nonunion contractors who are employed were allowed to follow their customary methods.”
- A study of public-sector government-mandated PLAs concludes, “While assuring that projects are performed union, they provide little, if any, savings to the [public] owner. In addition, they provide little, if any, competitiveness to the union contractor and may be disruptive to other owners and contractors involved in the local construction market.” It concluded that, “restraints imposed by government-directed PLAs are political decisions which have little or no economic rationale, nor can they be defended on grounds of labor peace, enhanced safety, or other such reasonable criteria.” (Dr. Herbert R. Northrup, Journal of Labor Research, Winter 1998).
- A study of the taxpayer costs for Roswell Park Cancer Institute in Buffalo, New York, assessed bids for the same project both before and after a PLA was temporarily imposed in 1995. It revealed that

there were 30 percent fewer bidders to perform the work and that costs increased by more than 26 percent when the project was subject to a PLA.

- “Project Labor Agreements: The Extent of Their Use and Related Information,” a United States Government Accountability Office (GAO) report issued May 5, 1998, concluded it is impossible to show any savings or increased quality derived from the use of government-mandated PLAs.
- A United States Government Accountability Office (GAO) report on the U.S. Department of Energy Idaho Laboratory Project found labor costs under the project’s union-only PLA were 17 percent to 21 percent above the federally mandated Davis-Bacon rates.

### **Work Opportunities**

PLAs by nature are a form of worker discrimination aimed at steering work only to those contractors and their employees that have chosen to join a union. They discriminate against local nonunion employees (who are paying the taxes that support the projects), women and minorities that are disproportionately represented within the labor union workforce and small disadvantaged businesses that are not typically signatory to unions. Despite their many promises, PLAs impede the ability for the large majority of construction workers and contractors that most cities and states would like to see working on their projects to take part.

- The U.S. Department of Labor’s Bureau of Labor Statistics (BLS) Jan. 2020 report states that 12.6 percent of the nation’s construction workforce was unionized in 2019. Therefore, since union-favoring PLAs discourage merit shop companies from working on a PLA project, PLAs discriminate against the majority of companies and nearly 9 out of 10 workers who choose not to join a union. These workers’ hard-earned tax dollars fund these projects and they should not be summarily subject to such discrimination.
- ABC conducted surveys in 2018, 2013, 2011, and 2009 asking its members whether they would be discouraged from bidding on federal construction projects because of a PLA requirement. In an overwhelming response from hundreds of members in each survey, 98 percent of contractors indicated they would be less likely to bid on a job if a government-mandated PLA were imposed as a condition of performing the work.
- PLA mandates impede the ability of potential prime contractors and subcontractors to meet federal, state and local small, minority and disadvantaged business utilization goals and mandates. For example, following President Obama’s pro-PLA Executive Order 13502, comments submitted to the Federal Acquisition Regulatory (FAR) Council’s rulemaking on FAR Case 2009-005 by federal contractors building projects exceeding the \$25 million threshold indicate that most small-business contractors are not signatory to a union and would be discouraged from participating on federal projects subject to PLA mandates.
- A December 2008 editorial by The National Black Chamber of Commerce described PLAs as “a license to discriminate against black workers.” Likewise, minority and women’s construction, business and employee associations have vocally opposed government mandated union-only PLAs.
- The District Economic Empowerment Coalition (DEEC) October 2007 Study, “The DC Baseball Stadium Project: Broke Promises, Big Losses for DC Residents” concluded that a PLA signed to ensure local residents the majority of work on the District of Columbia’s new \$611-million baseball stadium failed to meet hiring goals outlined in the PLA. The study found that the PLA “was intended

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to produce numerous jobs and opportunities for local residents. Instead, most of the work has gone to residents from outside the city.”

- Testimony from an Aug. 6, 1998 U.S. House Small Business Committee hearing called "The Administration's Policy of Discrimination: Project Labor Agreement's Negative Impact on Women and Minority Owned Small Businesses" highlights the negative impact of PLAs on women and minority owned businesses and their employees. The National Black Chamber of Commerce, Women Construction Owners and Executives and the National Association of Small and Disadvantaged Businesses are among a diverse coalition of groups that have actively opposed PLAs. These groups represent workers that are significantly underrepresented in all crafts of building trades unions. Encouraging PLAs on construction projects will make it even more difficult for minority-owned contractors and their workforce to compete.
- Ernst & Young’s September 2001 study stated that their “research revealed that the use of PLAs strongly inhibits participation in public bidding by non-union contractors and may result in those projects having artificially inflated costs.”
- In his analysis of government-mandated PLAs, Dr. Herbert Northrup concludes, “To exclude or to limit the right of open-shop contractors, who have won 75-80 percent of the national construction dollar spent, from the opportunity to bid on public financed construction, and thus to limit or to eliminate their participation in construction paid for by taxpayers unless they are willing to work as if they were unionized contractors is palpably both unfair and contrary to sound public policy” (Journal of Labor Research, Winter 1998).

### **Local Hiring**

Organized labor and PLA supporters in local, state and federal government bodies claim that a benefit of using these agreements is that they ensure local workers will be the main beneficiary of hiring associated with a project due to provisions included in many PLAs. However, countless examples have shown that this is simply untrue for many reasons, including the tenure-based hiring practices centered around union hiring halls, the low percentage of union labor compared to non-union workers in most localities, and the need for unions to find ways to cut costs due to inefficiencies found elsewhere on projects caused by the same agreements.

- The \$3.1 billion Tappan Zee Bridge replacement project in New York State in 2014 was subject to a government-mandated PLA, which designated unions like the Dockbuilders and Timbermen Local 1556 and the NYC District Council of Carpenters to dispatch union welders to the jobsite. They had difficulties finding qualified welders and instead outsourced the welding to robotic welders and a handful of human welders from a Louisiana-based union contractor, while local nonunion contractors were forced to stay on the sidelines due to the PLA.
- The PLA placed on Phase 1 of the Silver Line Metrorail project in Virginia directly affected the level of employment of Virginia construction workers on the project. A report by the Metropolitan Washington Airports Authority showed that in March 2012, 52 percent of the craft workers on Phase 1 were employees of Dulles Transit Partners (DTP), the project’s prime contractor that voluntarily signed a PLA. Of those 52 percent, 58.4 percent were out-of-state craft workers. In contrast, the non-DTP workers, subcontractors that did not sign a PLA, only employed out-of-state workers at a rate of 44.6 percent.

- A 2013 dredging project on the Massachusetts Clean Energy Center’s South Terminal was subjected to a project labor agreement that set a goal for local unions to first hire from the local workforce. In September 2013, 4 of the 38 workers from Local 25, the union performing the dredging, were local. Only 26 of the 70 total workers on the South Terminal were local. This is due to the fact that not only was Local 25 based in New Jersey, not Massachusetts, but that the 49 union members from Massachusetts, only 8 of which were truly local to the project, were dispatched to other out-of-state jobs. In response, the union said they could move employees around and bring in less-qualified but local workers that had less experience with dredging to do the work.
- In 2013, the state of Iowa began building a new 800-bed prison in Fort Madison under a state-approved PLA. In a report by the Des Moines register, evidence showed “that of the 888,691 contractor hours worked on the project, just 476,001 hours – or about 53 percent of the work – was done by Iowa construction workers.”
- In a 2013 report by Axis Philly writer Tom Ferrick, Jr., research showed that Philadelphia construction trade unions were dominated by non-local white males, even after past promises of diversity reform. In 2007, “99 percent [of the Philadelphia building trades] were male, 74 percent were white and 70 percent lived in the suburbs.” In 2012, “99 percent were male, 76 percent were white and 67 percent lived in the suburbs.” Still, mid-2013, the National Black Chamber of Commerce had to express displeasure to U.S. Rep. Marcia Fudge about the cozy relationships elected officials in Philadelphia had with the construction unions, including widespread use of PLAs, which in turn discriminated against minority and women construction workers and contractors. Philadelphia Mayor Nutter canceled all PLAs in response, but then quickly reinstated them at the unions’ behest.
- During a 2012 examination of large-scale federal construction projects in Washington D.C., data was collected from certified payrolls for numerous projects that showed an absence of correlation between PLAs and an increase in local hiring. The only two projects that had been subject to PLAs at the time of data collection – the U.S. General Service Administration’s \$57.4 million Adaptive Reuse contract for the DHS headquarters at St. Elizabeth’s Hospital and the \$55.6 million Lafayette Building, both won by Grunley Construction – showed no increased level of local hiring. Notably, the data was collected as part of an investigation by Del. Eleanor Holmes Norton (D), a supporter of PLAs, into projects in her own district.
- A city-funded report found in 2010 that union hiring practices were an impediment to San Francisco residents working on the city’s Redevelopment Agency’s projects. On 29 city-funded construction projects, the report found that less than 25 percent of the work went to locals. In response, San Francisco Building and Construction Trades Council Secretary-Treasurer Michael Theriault said, “Hiring is generally done under the principle that the worker who has been out of work longest has first crack at the work.” This is a troubling response for many reasons, but among those is that meritless tenure is more important than local workers being allowed to work on projects funded by their own taxes.
- The Washington Nationals Ballpark was supposed to be a boon to local construction workers, and the PLA placed on the project required 50 percent of the total journeyman hours worked on the project must be performed by D.C. residents. A study by the District Economic Empowerment Coalition found in 2007 that 71.1 percent of the total journeyman hours were worked by non-D.C. residents. This included Roofers Local 30, the roofer’s union signatory to the ballpark’s PLA, that was based in Philadelphia.

## **Labor Unrest**

A long-standing argument made by organized labor when pushing for a PLA is that it will ensure an absence of any labor unrest on the job site that might impact on-time, on-budget delivery of the project. That has been proven to be false numerous times. For example, a study by the Beacon Hill Institute studied federal construction over \$25 million completed under an executive order of the George W. Bush administration prohibiting government-mandated PLAs on such projects funded or partially funded by federal tax dollars. The study found that on projects over \$25 million from 2001 to 2009, only one caused a labor dispute-related delay (of two days and a cost of \$16,000). However, there are numerous examples of unions breaking their pledge to avoid strikes or picketing, causing issues on an array of projects across the country. A few examples:

- In July 2015, members of the New York City District Council of Carpenters walked off up to 20 job sites in a strike after contracts between the union and the Cement League, as well as the Building Contractors Association and the Contractors' Association of Greater New York expired June 30. At least 12 of those projects were subject to a PLA.
- Seattle's \$1.4 billion Highway 99 tunnel project saw a strike in 2013 that shut down the project for four weeks due to a dispute between the building trades unions and the International Longshore and Warehouse Union (ILWU) Local 19, despite that project having a PLA. The conflict centered around who was to operate a conveyor belt, drive a front-end loader and perform the two-person job of adjusting the position of a barge, which would ferry the muck to a quarry near Port Townsend. The grappling for work required the NLRB, an arbiter and even Gov. Inslee (D) to step in to resolve the dispute.

In 2013, 350 members of Local 2790, the New York carpenters union, went on strike, affecting New York and New Jersey projects at 4 World Trade Center, the General Motors building on Fifth Avenue and 59th Street and the Time Warner building at Columbus Circle, among others. Some of the projects affected were covered by PLAs, including the 4 WTC project. The 4 WTC PLA contained the following no-strike provision: "There shall be no strikes, sympathy strikes, picketing, work stoppages, slowdowns, demonstrations or unlawful disruptive activity. There shall be no lockouts at the Project by any signatory Contractor, Construction Manager or the Owner-developer." The strike clearly violated this provision.

- In June 2011, the Operating Engineers Local 150 in Indiana struck on multiple PLA projects, including a university building and the Crown Point Sports Complex. It turned out the union did not honor the PLAs' no-strike promise because it was not party to the PLAs, despite performing crucial aspects of the project. Local taxpayers were outraged after they learned that officials granted striking workers overtime to get the projects back on schedule and may have paid a premium to use an all-union-workforce subject to a dysfunctional PLA.
- In the summer of 2011, a strike and walkout by NYC concrete union laborers impacted the following NYC PLA projects: Weill Cornell Medical Center, the Barclays Center at Atlantic Yards in Brooklyn, Madison Square Garden, World Trade Center Tower 2 and Extell Development's Carnegie 57 luxury hotel and high-rise project across from Carnegie Hall on West 57th Street.
- In 2010, the Illinois Tollway had to suspend its major projects, while the resurfacing of Chicago-area expressways and streets was already halted, due to picketing of asphalt plants and concrete-mix facilities by striking laborers, and those picket lines being honored by union materials and equipment drivers. The toll authority had a multi-project labor agreement prohibiting strikes, slowdowns or stoppages and lockouts.



- In the February 2008 edition of *The Ironworker*. Joseph Hunt, president of the Ironworkers Union, devoted his President’s Page column (“Ironworkers Have Tradition and Honor in Project Labor Agreements”) begging union members to stop striking on projects subject to a PLA. “Once again, it is my duty to inform you there has been an increase in work stoppages on jobs governed by project labor agreements,” wrote Hunt. “A No Work Stoppage-No Lock Out clause is the most important because it is the foremost reason owners and contractors are willing to use the agreement [a PLA] to commit to an all-union job...They [owners] have a choice and they know that the non-union do not have jurisdictional disputers nor do they have strikes.”
- In August 2007, the Operating Engineers Local 12 in Los Angeles struck during the construction the LAPD headquarters, despite the project being covered by a PLA. The strike delayed the project, which was already \$30 million over budget, by 14 days, and the LA Board of Public Works was forced to approve a \$343,000 change order payment to the prime contractor in order to cover overtime costs to get the project back on schedule.
- In 2006, the company developing the \$850-million Trump International Hotel and Tower in downtown Chicago sued three labor organizations for breaching the terms of a PLA after union members walked off the project during a strike. The suit was eventually settled against the Chicago and Cook County Building and Construction Trades Council, the Construction and General Laborers’ District Council of Chicago and Vicinity and Laborers’ International Union Local 6.

### **Productivity and Quality**

Government-mandated PLAs do nothing to guarantee better quality, skills, or productivity. Merely having a union status does not guarantee better performance as there is no evidence that union labor is more skilled than merit shop labor. Some of the largest and most successful projects completed every year are built on time and within budget by merit shop companies and without government-mandated PLAs. The union label is not needed for construction to be of top quality. Project quality is determined by sound business practices such as quality project management and is governed by voluminous procurement laws and regulations, project specifications and bonding requirements. Safeguards against shoddy work practices and stiff market competition also prevent unqualified companies from competing and winning public contracts. Moreover, quality lies with the worker’s individual motivation and performance. There is no evidence that a PLA regularly produces quality construction and is the only method to achieve quality, safe and cost-effective construction.

- In 2011, the NY building associations representing contractors signatory to union agreements with numerous trades asked for reforms to inefficient work rules contained in union agreements that increase costs and reduce productivity. They cited changes in work rules outlined in a Regional Plan Association report which found that “arcane union work rules, inefficient practices, and featherbedding impose 20 percent to 30 percent in excess costs, leading to dramatic increase in nonunion work on NYC construction sites.” The study also mentioned that NYC developers complained that NYC PLAs were a failure, saying, “Management has been almost universally disappointed with the actual savings achieved—2 to 4 percent rather than the promised 20 percent.”
- A 2004 study by the Electrical Contracting Foundation, produced by union interests, highlighted the differences between union and non-union contractors and how inefficient union work rules impact project costs. The study found that unions have unnecessary and inefficient regulations, while open shop contractors can exercise a beneficial amount of freedom and innovation, and open shop contractors bring a better style of labor management to the table.

- Open shop contractors use multiskilled labor, a labor utilization strategy that can only be used outside of labor unions. Under union work rules, trades are put in silos under rigid descriptions that cannot crossover with the false excuse that this ensures higher quality work. Some of those descriptions create “featherbedding,” the unnecessary spreading of employment to increase the number of employees or time to complete a project. While under union rules, a plumber cannot perform basic carpentry tasks that must be done to complete their plumbing work, or a painter might have to use a roller with a specific width. On the other hand, multiskilling allows a worker to perform more than one task and have flexibility to complete the project efficiently without reducing quality. A 1998 study by the Construction Industry Institute found that multiskilling fostered “productivity improvements” in over 75 percent of those surveyed, could save 5 percent or more on total labor cost, provide a 35 percent reduction on required workforce and could increase duration of employment by up to 47 percent. It also provides an increase in earning potential.
- After performing a thorough study of PLAs in the New York area, Ernst & Young concluded that “[t]here is no quantitative evidence that suggests a difference in the quality of work performed by union or open shop contractors.” (September 2001)
- Although building trades unions promote PLAs by claiming open shop contractors do not have the capability of managing very large construction jobs, a study by Dr. Herbert R. Northup concludes that, “the facts demonstrate that open-shop contractors can and do successfully both perform and manage large projects.” (Journal of Labor Research, Winter 1998).

## **Safety**

Unions claim projects built with a merit shop workforce are unsafe and/or union workers are safer than nonunion workers. There is no statistical evidence to support this claim. Today’s construction worksites are governed by numerous laws, Occupational Safety and Health Administration (OSHA) regulations and safety procedures designed to protect the safety and health of craftspeople. Jobsite safety is not determined by the labor affiliation of a project’s workforce as the majority of reputable and competitive construction companies employ craftspeople that have completed safety training. Contractor qualification and selection, workforce management and safety programs are more appropriate indicators of a project’s quality and safety performance. For example, ABC’s Safety Training Evaluation Process (STEP) program forms a 20-point guide to starting, updating and/or auditing a company-wide safety program that sees many contractors exceeding industry averages and standards in safety. The highest-performing ABC members who participate in STEP are 770 percent safer than the BLS industry average. In addition, there are a number of government-mandated PLA projects that have experienced unfortunate safety problems and OSHA violations cited in Maury Baskin’s *Public Record of Poor Performance*.

- On Seattle’s Highway 99 tunnel project underneath the downtown waterfront, safety problems have abounded, totaling more than \$2.5 million as of March 2016. According to the state Division of Occupational Health, between 2012 and 2014, 117 workers were injured, resulting in \$1 million of workers’ compensation claims. In February 2015, it was reported that a whistleblower complained to state authorities that construction workers were showing up to work drunk and the jobsite had a pervasive quid pro quo system of workers needing to bring alcohol to the foreman in exchange for perks such as overtime, better shifts, and assistance with tasks at the job site. The whistleblower also made sexual harassment accusations.
- In 2013, two fatal accidents occurred on the construction of the new San Francisco 49ers stadium, which was built under a PLA. A union worker was tragically killed when a bundle of rebar he was

unloading fell on him, and a unionized elevator mechanic was struck by an elevator counterweight at the bottom of an elevator shaft and died.

- In 2013, a slab of concrete tragically killed a construction worker operating a backhoe during the demolition phase of construction on the future site of the \$63 million St. Paul Saints subject to a PLA mandated by the City of St. Paul, Minnesota.
- In June 2013, the New York Bridge Authority suspended work on the “Hamilton Fish” Newburgh-Beacon Bridge following two accidents on the \$23 million contract. On June 13, a painter had to be airlifted to a hospital from the jobsite following an accident. A May 21 incident left two painters dangling from safety harnesses under the bridge
- In 2012, the NYC Port Authority was finally forced to crack down on drinking by construction union members following a series of accidents and reports of excessive workday boozing by union tradespeople employed at various World Trade Center construction projects covered by PLAs. In February of that year, 40 tons of steel crashed 40 stories to the ground. In June, a worker was impaled by a length of steel, and a beam also broke a glass window at 46 stories. In addition, a worker on Three World Trade Center suffered a serious injury due to a fall in August. Beginning in 2009, news outlets began exposing lunch drinking by union workers, including Ironworkers Local 40, at neighborhood bars. Typically, PLAs contain provisions requiring a drug- and alcohol-free work zone, a commitment to the highest safety standards and compliance with labor laws. In 2016, an investigative report by ABC 7 in New York caught union workers drinking heavily before reporting for work at PLA-covered worksites in Manhattan.
- In 2011, four union construction workers were seriously injured in an accident at the union-only \$40 million Potrero Launch apartment project in San Francisco’s Dogpatch neighborhood financed partially by federal funds and The AFL-CIO Housing Investment Trust (HIT).
- In August of 2010, the U.S. Department of Labor’s Occupational Safety and Health Administration (OSHA) fined three construction companies and 14 site contractors a total of \$16.6 million – the second largest OSHA fine ever at the time – following a gas explosion during the construction of the Kleen Energy Plant in Middletown, Conn., that killed 6 workers and injured 30 people Feb. 7, 2010. The accident occurred while the project was built under a PLA [2] and used union labor from as far away as Kentucky and California.
- In April 2010, a 25-story apartment complex in Seattle known as Carpenter’s Tower owned by a Seattle-based venture formed by pension funds and the local carpenters union local 131 evicted hundreds of residents and business owners because of major structural flaws found in the building. The \$32 million project was built all-union in 2001, according to the [Seattle Times](#) (“[9-year-old Belltown high-rise too flawed to fix](#),” 4/11/10) and the [building was demolished in May 2011](#) because it was cheaper to raze than to repair the extensive construction defects.
- During the first six months of construction of the new Iowa Events Center in 2003, nearly 50 construction accidents occurred, including four directly linked to substance abuse by union construction workers. A worker was killed after being struck by a steel beam, and ironworkers had been working late shifts to catch up to delays. A crane fell several stories due to a heavy load and the operator refused a drug test. A 2006 study by The Public Interest Institute concludes that a PLA on the Iowa Events Center project in Des Moines placed an “unnecessary burden” on local workers, business and taxpayers. Iowa public officials required a PLA and stated that it was necessary to “keep the

project on time, keep it on budget, and complete it in a safe manner.” According to the study, the union-only PLA “failed on all three counts.”

- Safety problems have plagued the \$22 billion Mass. Central Artery/Big Dig Project — famous for its well-documented record of missed deadlines, cost-overruns, construction defects (including a motorist fatality due to a collapsed tunnel ceiling panel and multiple fatalities due to deadly safety rails), and reports of union workers visiting methadone clinics, sleeping and drinking on the job. The State Auditor has charged, “that faulty design work on the cross-harbor portion...jeopardizes workers and increased costs by more than \$1 million...Inadequate controls resulted in a serious leak in the sunken tube tunnel, threatening worker safety.”
- In 1999, the PLA construction of the new Miller Park baseball stadium for the Milwaukee Brewers came to a halt when a crane collapsed onto the stadium killing three workers and injuring three others. The crane was being used to install a retractable roof. The wind was gusting at 26 mph when the collapse happened. Earlier, on March 5, the original date contractors had set for installing the second part of the roof; the lift was cancelled because the wind was gusting at 10 mph.
- On the PLA Boston Harbor clean-up project, OSHA proposed fines totaling \$410,900 against four contractors in connection with the fatalities of two workers overcome by insufficient oxygen. OSHA had already proposed penalties against subcontractors on the project in amounts exceeding \$100,000 for violations of “safety standards relative to tunneling, cranes, suspended work platforms, electrical grounding and guarding of an open shaft pit.” Harbor tunnel work ceased because of an electrical fire; workers were evacuated because of fumes; and an engineer was crushed to death in an accident. There have been 2 other fatalities.
- In July 1995, two hundred Boston Harbor tunnel workers were sickened from a stench in the wastewater tunnel to Deer Island; and other incidents have indicated a lack of sufficiently diligent management safety practices. In September of 1998, the Occupational and Safety and Health Administration fined a unionized contractor \$158,500 for safety violations on Boston’s Deer Island Wastewater Treatment Plant. The violations were for exposing employees to various hazards. The fine also includes \$12,500 for this being a second violation.

### **List of Studies**

Studies referenced below are available at [TheTruthAboutPLAs.com](http://TheTruthAboutPLAs.com) and [ABC’s website](http://ABC's website at abc.org/PLA) at abc.org/PLA.

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