



## POSITION PAPER

### Project Labor Agreements

Associated Builders and Contractors supports open and fair bidding where all public construction contracts are awarded to the lowest responsible bidder, regardless of labor affiliation. This is equitable to contractors, workers and taxpayers. ABC strongly opposes any requirements that award work on the basis of labor affiliation.

Project labor agreements (PLAs) are union-sponsored contracts signed between the government and the unions that mandate various union-based rules and conditions, most notably that the unions be the sole provider of jobsite labor. While the unions claim PLAs are necessary to govern labor harmony, wages and benefits, this is not the case, as outlined below. What the unions and proponents of PLAs do not promote is their most significant provision: **PLAs limit competition and drive up prices.**

- **PLAs drive up costs by reducing competition.** 2003 and 2006 studies of Massachusetts public school construction found that PLAs add 12 percent to actual construction costs (Beacon Hill Institute at Suffolk University).
- **PLAs do not ensure quality.** The Big Dig, built under a PLA, is infamous for delays, cost-overruns and serious lapses in quality. Quality control comes not from PLAs, but from the state's Construction Reform Law of 2004, which governs all public projects. It includes higher standards, expanded contractor certification and local prequalification.
- **PLAs require that all trade workers on the project come from the construction unions.** From a bidding and performance standpoint, this excludes the open shop, which makes up 80 percent of the workforce (unionstats.com).
- **PLAs are not necessary to ensure labor harmony.** Beacon Hill Institute research examined projects without PLAs and found that union and open shop contractors working side-by-side does not produce labor unrest. BHI studied all large federal projects initiated between 2001 and 2008 and found no credible evidence of any costs, delays or other problems stemming from labor strife.
- **PLA's are not needed to provide fair wages.** The state prevailing wage law requires union-scale wages on all MA public construction, with or without PLAs. This means the playing field is already level.
- **The Massachusetts Supreme Court has ruled that PLAs can be anti-competitive.** In Callahan versus City of Malden, the court noted an anti-competitive bias and set limits on the use of PLAs, ruling: "A project must be of substantial size, duration, timing, and complexity, and the interplay between all four factors must be considered."
- **PLAs are bad public policy.** It would be unthinkable for any Massachusetts government to adopt a policy that requires construction unions to obtain their workers from the open shop. Yet this absurd and inequitable policy is imposed on the open shop – and the taxpayers – with a PLA's mandate of union-only labor.