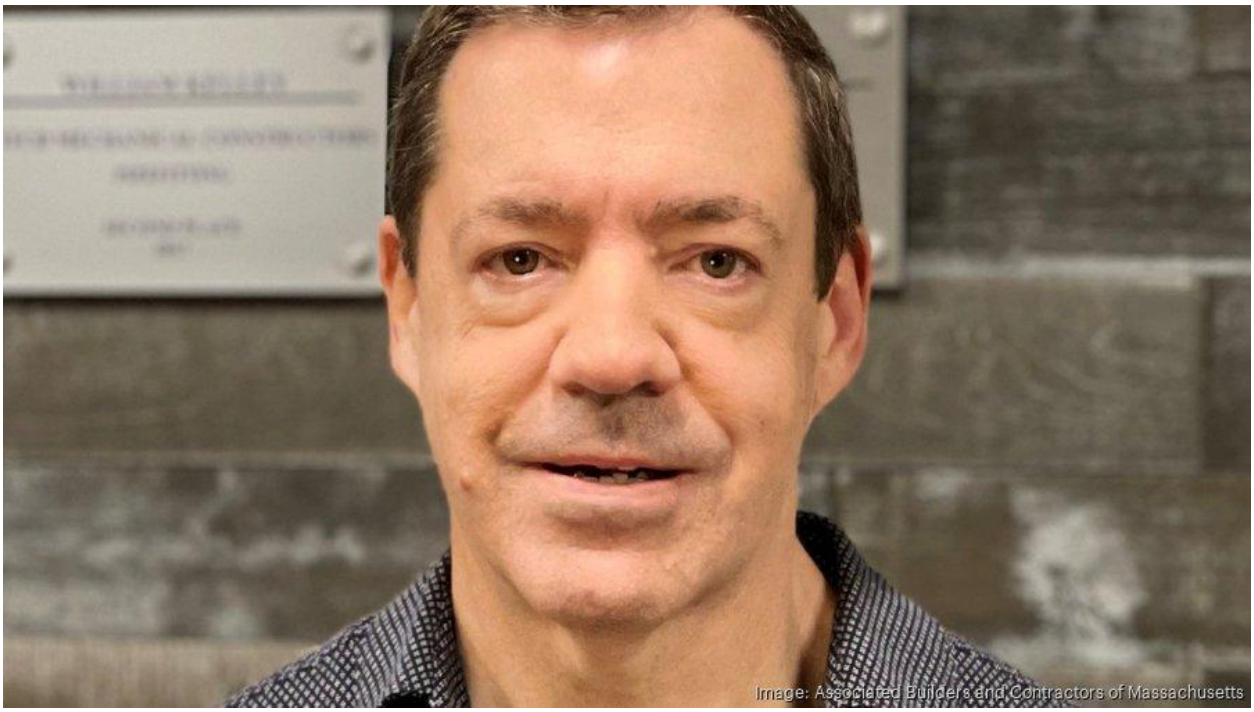
Commentary: A new mandate could add $3.7B to public works



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Associated Builders and Contractors of Massachusetts

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A spokesperson for Gov. Maura Healey called a new study estimating that union-only project labor agreements (PLAs) add an average of 16.2% to the cost of public construction projects “junk research.”

But basic economics is unyielding: When you have less competition, prices go up.

The reason PLAs reduce competition is equally simple. They require that all jobsite labor on a project come from unions, and according to unionstats.com, 82.7% of Massachusetts construction workers choose not to affiliate with a union.

The city of Fall River’s experience highlights the concept. In the early 2000s, the city sought to build 11 new schools under a PLA, but ultimately dropped it because the bids came in so far above budget. Two elementary schools tell the tale: When subcontractor bidding for the

Small School was conducted under a PLA, it received a total of 24 bids. The similarly sized Letourneau School, bid once the PLA was dropped, received 62 bids.

As former Fall River Mayor Ed Lambert, who imposed and later dropped the PLA, said, “With more bidders you tend to get a better price.”

When the Springfield Water and Sewer Commission decided to use a PLA to build a treatment plant in 2024 despite its general counsel advising against it and the engineer on the project estimating that it would increase costs by $15.5 million, opponents sued and a Superior Court judge issued an injunction lifting the PLA. When the project was bid without a PLA, the winning electrical bidder alone saved more than $15.5 million over the lowest union bid.

And the savings don’t come at the cost of quality or workers. All bidders on public projects must pass the commonwealth’s strict prequalification requirements. All tradespeople must pass the same state licensing tests. And all — union and open shop — are subject to the state prevailing-wage law that guarantees union-wage scales.

Last year Gov. Healey signed an executive order requiring state agencies to review projects costing more than $35 million to determine whether a PLA should be used. Despite the ink still being wet on the estimate in the recent study by the Fiscal Alliance Foundation that a PLA would add $293 million to the cost of rebuilding the Sagamore Bridge, the Healey administration just imposed one for the project.

The new study estimates that imposing PLAs on all 166 projects above the $35 million in the MassDOT and MBTA plans would add nearly $3.7 billion to construction costs.

As Springfield Superior Court Judge Michael K. Callan wrote in his Springfield Water and Sewer Commission ruling, “The plaintiffs have demonstrated, and basic common sense dictates, that the public achieves the fairest, most competitive and responsible contractors via a public bidding process.”

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