



How Government Mandates for Project Labor Agreements Hurt Union Contractors

While government mandates for PLAs (“PLA mandates”) can create a competitive environment that favors union contractors over open-shop contractors, they can also cause significant problems for union contractors – not only for those contractors working on the PLA project but also those working elsewhere in the area. Below are some of the ways that PLA mandates harm union contractors.

- Contractors are typically given no opportunity to negotiate the terms of the PLA. Most often, government representatives – who lack experience in construction-industry collective bargaining and who will not be directly governed by the terms of the PLA – simply adopt terms presented to them by the building trade unions or negotiate the terms themselves. Consequently, PLA provisions usually weigh heavily in favor of union interests over employer interests. They frequently deviate from the provisions of local area-wide collective bargaining agreements, injecting unfamiliar or regressive terms and conditions into the labor-management relationship, often causing inefficiencies and added costs. For example:
 - While many union contractors are signatory to agreements with only two or three unions in the area, PLAs may require contractors to deal with as many as 15 different unions – unions with which a contractor may be unfamiliar or with which it has a negative history – and to comply with the wage, benefits, and labor practices of such unions.
 - The PLA may establish different work rules from those in area-wide agreements. These rules may be outdated, inefficient terms that the local contractors negotiated out of the agreements long ago but that the unions have been able to insert into PLAs.
 - The PLA may require a contractor to assign work differently from how it normally assigns work, possibly resulting in jurisdictional disputes. Further, the PLA might require assignment of work to unions that are not entitled to such work under local agreements and that have not been awarded such work in recent years for good cause.
 - The PLA may designate different procedures for resolving jurisdictional disputes than normally used in the local area. Including such a contractual procedure prevents the contractor from seeking resolution by the National Labor Relations Board in a 10(k) proceeding. The procedures set forth in the PLA may rely on different criteria for settling jurisdictional disputes than criteria relied on by the Board or local procedures, raising the risk of a decision that is unfavorable to the contractor and that revives previously settled historical disputes.
 - The PLA may impose different grievance or arbitration procedures than the area-wide agreements.
 - PLA mandates normally require all contractors working on the project to adopt the PLA terms, restricting or eliminating a contractor’s freedom to select subcontractors. Instead of awarding subcontracts based on cost-effective bids and performance history, the contractor must make awards based a company’s willingness to agree to the PLA.
- Even when contractors are included in negotiations over the PLA terms, they have little bargaining leverage. Once a government agency has decided to make PLA use a condition of bidding or working on a project, the unions know that a deal must be struck. They’re in a position to demand and hold out for the terms that they want.
- A PLA covering a large project effectively guarantees that union members in the area will have ample work regardless of a strike against local contractors. This has a destructive and destabilizing impact on local bargaining, significantly diminishing contractor leverage. It may result in unreasonably high wage settlements, regressive work rules and other terms, and work disruptions. The negative effects on local labor-management relations can last for years to come.