

Competitive and Cost Impacts on Union and Open Shop Contractors of Government-Mandated Labor Agreements (GMLAs) on Public Construction Projects

Union Contractors

1. Many union contractors are signatory to agreements with only two or three unions. A GMLA may require a contractor to employ the members of new or different unions, as well as comply with the wage, benefit and labor practices of as many as 15 different unions.
2. GMLAs can expand the jurisdiction of unions to include work that has not been awarded to them in negotiations for work in the private sector.
3. GMLAs can restrict or eliminate a contractor's ability to subcontract work to companies based upon cost-effective bids and performance and, instead, require subcontracts to be awarded based upon the willingness of a company to become signatory to the GMLA.
4. GMLAs can create conflicts between the wages, benefits and labor practices required under the GMLA and the wages, benefits and labor practices required by the applicable prevailing wage law.
5. GMLAs frequently conflict with local area-wide collective bargaining agreements and with the bargaining process by:
 - a. Mandating wage rates and fringe benefits that exceed local agreements and/or the rates required by prevailing wage laws;
 - b. Reinstating old and inefficient work rules and labor practices that have been negotiated out of local agreements; and
 - c. Encouraging strikes or other disruptions on other projects in the area by prohibiting these practices on the GMLA project.
6. GMLAs substitute government representatives with no experience in construction labor relations for experienced industry negotiators and representatives.

Open Shop Contractors

1. Beyond a small number of "core" employees, all craft workers to be employed on the project must be referred through union hiring halls. The registration requirements and preferences of many hiring halls create significant obstacles to the employment of large numbers of non-union members.
2. Non-union members employed on the project must become union members and pay union dues, or pay agency fees instead of becoming union members and paying dues.
3. GMLAs can restrict or eliminate a contractor's ability to subcontract work to companies based upon cost-effective bids and performance and, instead, require subcontracts to be awarded based upon the willingness of a company to become signatory to the GMLA.
4. GMLAs can create conflicts between the wages, benefits and labor practices required under the GMLA and the wages, benefits and labor practices required by the applicable prevailing wage law.
5. The contractor must contribute to union benefit funds on behalf of all employees. Few workers who are not members of the appropriate union before starting work on the GMLA project will benefit from these funds because of time-based vesting and eligibility requirements. In addition to the contributions mandated by the GMLA, contractors must also continue to make payments to their own funds in order to maintain the benefits for those non-union members employed on the project. These double payments mean that the bids of open shop contractors will rarely be competitive. As a consequence, many open shop contractors do not compete for GMLA projects.
6. The flexibility to employ unskilled and semi-skilled personnel and deploy them in the most cost-effective fashion is reduced or eliminated.
7. GMLAs substitute government representatives with no experience in construction labor relations for experienced industry negotiators and representatives.