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A Bad Deal for the Taxpayer

by

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Based on the longstanding principles of free enterprise and open competition, the construction industry has many practices in place to ensure that contracts for public building projects are awarded in a fair, unbiased manner. Local taxpayers pay for the construction of publicly financed buildings such as schools, courts and municipal offices and taxpayers deserve to get the fairest price for their hard-earned tax dollars.

Unfortunately, many public construction projects are being built today under the terms of Project Labor Agreements (PLA) that drastically reduce the taxpayers' chances of receiving the best quality project at the lowest possible price. What's more unfortunate is that those who ultimately agree to the terms of a PLA are supposed to be the responsible stewards of the taxpayers' dollars – our elected officials!

PLAs are privately negotiated deals between union representatives and elected officials that require projects be awarded only to contractors and subcontractors who agree to: recognize unions as the representatives of their employees on the

job; use the union hiring hall to obtain workers; and obey the unions' restrictive work rules, job classifications and arbitration procedures.

In exchange for including a PLA in the bid specifications for a construction project, the unions promise certain working conditions, such as guarantees of local hiring and no labor stoppages throughout the life of the project. In practice, however, all a PLA truly guarantees is that the public will pay more for the project as the unions are able to immediately eliminate a majority of the competition.

In New York State, nearly 70% of the construction workforce is open shop. PLAs discourage open shop contractors from bidding on public construction projects, because they, and their employees, freely choose to not affiliate with a labor union, and working under the terms of a PLA would force them, and their employees, to affiliate with the union in their trade. In fact, open shop construction workers would be forced to pay into union benefit plans under a PLA agreement, and with the union pension vesting schedules as they are, these open shop workers would never see any of the benefit money they pay into the union plan. For these reasons, open shop contractors, in large part, opt not to bid on PLA projects.

Public officials who support PLAs do so because they believe a PLA is the only way to ensure that local workers will be employed on the project. What these same public officials do not understand is that the same guarantees the unions agree to in a PLA can be realized without a PLA. Public entities can require all contractors bidding on public projects, both union and open shop, to hire local

workers, meet minority staffing requirements and guarantee no strikes by putting all of these requirements directly into their bid documents. This strategy works best for the taxpayer as well, because it will increase the number of bidders on the project. The more bidders there are for a project, the greater the chances that the taxpayers will receive the fairest and most competitive price for the project.

So why are some public projects being built under the terms of a PLA? Political payback – that’s why. Today’s labor unions are notorious for their high level of political involvement. Whether it is in Washington or Albany, unions are extremely powerful players on the political landscape. Union endorsements, and the money that comes with them, are among the most sought after endorsements for every political race at every level of government.

Faced with continuing decline in their membership and the inability to compete for work, the unions use that political power to mandate their employment. Elected officials, concerned about falling out of the unions’ favor, are allowing them to do so through Project Labor Agreements.

Labor unions were conceived to advocate for the best interests of the common worker. Government leaders are elected to protect the interests of the taxpayer. By using political muscle to mandate the workforce composition on public construction projects, the unions are hindering the evolution of the modern workplace. When government officials agree to union mandates that effectively

compromise the open bidding process, they fail to protect the taxpayers.

Our country was built on the ideals of fair and open competition. Project Labor Agreements work against that basic ideology by limiting competition to a select few. The public deserves much more.

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