



Oppose Limitations on the Use of Project Labor Agreements for Federal Construction Services

Issue Background:

A Project Labor Agreement (PLA) is a pre-hire agreement designed to facilitate complex construction projects that has long been used in the public and private sectors. Each PLA is negotiated and designed to meet the needs of a specific project owner/manager or community. By governing and establishing work rules, pay rates, and dispute resolution processes for every worker on the project, PLAs maximize project stability, efficiency and productivity. Moreover, PLAs help minimize the risks and inconvenience to the public that often accompany public work projects and help ensure that projects are not only completed on time, but on or under budget.

Key Points:

- *Project Labor Agreements Are Regularly Utilized to Ensure That Projects Are Completed On Time.* PLAs increase the efficiency and quality of construction projects for the private sector as well as local, state, and federal government(s). PLAs have been used by Fortune 500 companies, including Walmart, Toyota, and Boeing.
- *Project Labor Agreements Are Negotiated to Cover All Crafts on a Single Project.* The term of a PLA coincides with the duration of the project. Because PLAs essentially marry various local union agreements and supersede expiration dates of existing labor agreements, they prevent work delays that might result from individual contract negotiations that ordinarily occur during the life of a project. Because a PLA applies to all the crafts on its covered project, it standardizes otherwise incompatible work schedules, apprentice-journey level ratios, hours, payment arrangements, and other terms and conditions, providing greater cost efficiencies. Some PLAs also include cost saving procedures for workers compensation issues.
- *PLAs Ensure a Steady Flow of Highly Skilled and Properly Trained Construction Labor Workforce and Help Reduce the Uncertainty Inherent in Large-Scale Construction Projects.* Extensive training requirements, coupled with fair compensation, save taxpayers money by ensuring on-time and on-budget completion of projects. PLAs usually feature no-strike clauses, provisions for grievance and arbitration of PLA disputes and trade jurisdictional issues and constructive vehicles such as safety and labor management committees. Other features include the regular scheduling of second shifts with caps on premium rates, common starting times, and lunches for all trades and hiring preferences for workers based on residency.
- *All Contractors Are Free to Bid on a Project Covered by a Project Labor Agreement.* Because PLAs determine all terms and conditions in advance, they allow contractors to more accurately predict labor costs and schedule production timetables. Contractors who agree to perform under the terms of the PLA get immediate access to a pool of well-trained and highly-skilled workers through well-established referral procedures during the hiring process.

NECA Position:

NECA supports the use of Project Labor Agreements on Federal and Federally-assisted construction in cases where it is beneficial for an agency's program and mission and when those in charge of the project believe it would be the most cost-effective construction method. Congress should resist making any changes to current federal rules governing how a federal agency may utilize a PLA.

Related Legislation:

Bill: Government Neutrality in Contracting Act (H.R. 436) - NECA Position: Oppose

Sponsor: Rep. Andy Harris (R-MD) - Co-Sponsors: 126

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Bill: Government Neutrality in Contracting Act (S. 109) – NECA Position: Oppose

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