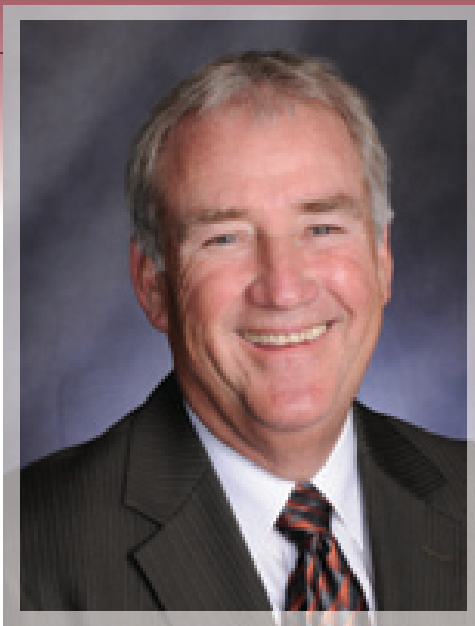


End of Argument: Project Labor Agreements Are Good Business!



William P. Hite
General President

Here is a simple statement of fact: Project Labor Agreements (PLAs) are good business. These agreements benefit everyone—contractors, workers, owners, even taxpayers—by ensuring a harmonious workplace, safe practices on the job, and projects completed on time and on budget.

PLAs are one of the greatest achievements of the building trades, with a proven track record of ensuring high-quality work in a consistently safe working environment. As we say in the building trades, that's "value on display every day."

In the UA, we invest \$250 million in training every year, and that enables us to produce piping professionals who not only have the skills to do the job, but the work ethic to go with it. As manifested in our Standard for Excellence, we instill in our members the right attitude on the job—and we say if you don't have a positive attitude, then stay home! The result is that a desire to do the job right the first time is just a part of the culture of our brotherhood.

All of that translates directly into cost savings for developers and owners through efficiency, fewer lost time accidents and far fewer cost overruns. PLAs also provide broader employment through expanded apprenticeship, and that includes more opportunities for minorities and women. This is not an empty claim I am making—it is supported by a lot of research over the past decade or so.

Yet, over the years, I've been listening to constant assertions—mainly from the anti-union sector and right-wing conservatives in government—that PLAs are the worst thing to happen to the construction industry. In effect, it's just part of the ongoing effort to demonize unions. The real-

ity is that they are willing to sacrifice quality construction that provides thousands of jobs, simply because some of those jobs will go to union members.

I find it astounding that an agreement ensuring an honest day's pay for an honest day's work could ever be debatable, but as far as critics of PLAs are concerned, anything that even mentions the word "union" is automatically a bad thing. A good example of this is the fight to block badly needed high-speed rail in California, simply because it is associated with a PLA. In this instance, the opposition is not really even trying to hide their true feelings. The main lobbyist working against the project said that it is the result of "union activism," and that the good wages associated with it will be viewed as one of the "lasting accomplishments of union labor." Never mind that thousands of good jobs will be generated, and California residents will get relief from traffic gridlock.

Those against PLAs hide their animosity towards unions behind claims that these agreements reduce competition and local participation by cutting out small contractors and driving up construction costs, but there's no research that proves this. In fact, it's exactly the opposite. PLAs benefit communities because they increase local employment through referrals and union hiring halls. This not only brings direct benefits to the local economy, but also supports a knowledgeable local workforce that increases productivity on the job—and on other jobs that follow.

UA members are piping professionals who consistently bring very high skills to every job. In return for those skills



and that productivity, we enjoy safe working conditions, pensions, healthcare, and appropriate wages negotiated through our agreements. PLAs are not a union handout; UA members earn every penny they are paid under PLAs. Moreover, non-union workers employed on PLA jobs also earn those same wages and protections, even though they are not members of a union, and that's clearly to their benefit! Who could argue with that?

Most critics of PLAs say they drive up costs and discriminate against smaller contractors, but these claims just don't hold up under close scrutiny. In fact, despite claims to the contrary, there is no definitive proof that PLAs drive up costs—and the same applies to the exclusion of small business.

The most comprehensive study of PLAs was undertaken by Cornell University a couple of years ago. The study examined 185 PLA jobs nationwide. The report states, in part: "PLAs can achieve cost savings by standardizing terms of the various crafts' agreements in the area, including work hours, paid holidays and overtime; and by allowing for expanded use of apprentices." The study also focused on community workforce agreements (CWAs), which seek to help unemployed or under-employed populations. Cornell found that PLAs, coupled with CWAs, can have an extraordinary and very positive impact on the communities in which they exist. In many instances, these efforts include employment of veterans through Helmets to Hardhats and now our own Veterans in Piping program. This is not something that is often talked about in relation to PLAs—but it *should* be.

In 2010, the Economic Policy Institute (EPI) also studied PLAs, as part of a briefing paper on best practices in the design of these agreements. The EPI comes right out with it: "If designed properly PLAs can help projects meet deadlines by guaranteeing a steady supply of highly skilled labor and by reconciling the various work routines of the many trades. PLAs also help to assure timely completion by keeping projects free from disruptions resulting from local labor disputes, grievances, or jurisdictional issues. Language in a PLA can be written to advance important policy goals, such as improving training and recruiting members of disadvantaged communities into high-paying jobs in construction."

Obviously, construction buyers, from developers to public entities, agree because they continue to use PLAs. For example, Cape Canaveral, Disney World and the Trans-Alaska Pipeline were all constructed with PLAs in place, and Santa Clara's 49ers' stadium has a PLA. In fact, the UA has developed its own white paper on PLAs showing that because of

the huge benefits these agreements provide for project owners, they have been used for over \$200 billion of work for all types of public and private sector projects! (This paper has been sent to every UA Local Union and is on the UA website under the Political Department).

President Obama recognizes the value of PLAs, and one of his first acts as President was to issue an Executive Order calling for the use of PLAs on federally funded construction projects. The U.S. General Services Administration has applied PLAs to more than \$1.2 billion in projects over the past few years. In December 2011, the U.S. Navy announced the first-ever military PLA for a \$550 million project in Washington State. The PLA white paper prepared by the UA was developed to assist the Obama Administration in developing the new federal PLA policy, and it worked!

In his first term, President Obama awarded \$8.33 billion in federal loan guarantees through the Energy Department to construct two new nuclear reactors in Georgia, creating 3,500 construction jobs and 800 permanent jobs—many of them for UA members. It's very gratifying to know that he understands the value of skilled labor, as reflected in his unwavering support of PLAs.

The evidence is there to prove that Project Labor Agreements are good for working people whose tax dollars help pay for federal construction projects. They are also good business for all the other players as well, from contractors to owners. Most of all, these agreements guarantee that project owners receive the best-trained, highest-skilled workers available and ensure safe jobs at decent wages for thousands of men and women across the United States. We need more—not fewer—of these agreements, and I look forward to making that happen in the future.

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