https://www.sonomanews.com/article/opinion/commentary-the-many-benefits-of-project-labor-agreements/
Sonoma Index-Tribune
January 31, 2023

Martin J. Bennett – **The Many Benefits of Project Labor Agreements**

Last year the Biden administration recognized the benefits of Project Labor Agreements (PLAs, a.k.a. Project Stabilization Agreements) when the President signed an Executive Order (EO) requiring PLAs for all large government-funded construction projects. The EO will affect $262 billion in federal construction and create 200,000 construction jobs paying middle-class wages while providing comprehensive benefits.

Most importantly, the EO addresses two of the central challenges of our time: the loss of high-paying manufacturing jobs since the 1970s and the existential threat of climate change. Many of these new jobs will be good green jobs for constructing wind, solar and other renewable energy facilities.

Locally, the Sonoma Valley Unified School District recently approved a PLA for all construction projects undertaken during the next five years costing more than $212,500. SVUSD joins dozens of California school districts, such as Santa Rosa City Schools, that have adopted PLAs.

I commend the board as the academic research demonstrates that these agreements are cost-effective, completed on time and on budget and that a highly trained workforce performs the work. PLAs establish fair wages and uniform compensation for all crafts and mandate the highest standards for worker health and safety.

What are PLAs?

A PLA is a pre-hire agreement for construction projects requiring skilled labor and coordination amongst numerous crafts, contractors, and subcontractors. These legally binding agreements are made between public agencies, developers, general contractors, and construction trade unions. PLAs set employment terms, work rules, and dispute-resolution policies. Local union hiring halls dispatch qualified workers. Strikes and work stoppages are barred.

PLAs have been used in large-scale construction projects in the private and public sectors. In the 1930s, the Shasta Dam in California and the Hoover Dam in Nevada were built with PLAs. More recently, Bay Area PLAs include the expansion of the Oakland and San Francisco airports, the conversion of the Hunters Point Naval Shipyard to a mixed-use project, the construction of the 49ers Santa Clara Levi's Stadium, and also the Warriors San Francisco Chase Center.

Critics claim that PLAs decrease the number of bidders, discourage non-union bidders, and raise construction costs.

What does the research reveal?

In 2016 University of Utah economist Peter Phillips published the most comprehensive study of PLAs for construction projects at California community colleges. His report examined seven construction projects at the College of Marin between 2008-2015, four without PLAs and three with PLAs. The study also analyzed 175 community college construction projects without PLAs and 88 with PLAs. Phillips' report concludes that "PLAs do not reduce the number of bidders nor do they raise costs on California community college construction projects."

In 2011, researchers at the Cornell University School of Industrial Relations released a report that also found that PLAs do not drive-up costs for large public works projects but, in fact, can yield cost savings in the seasonal 'boom and bust' construction industry. PLAs ensure the timely completion of projects due to a steady supply of skilled labor, enhanced coordination between contractors, and fewer delays caused by worksite accidents or labor disputes. PLAs are also cost-effective because the high quality of work minimizes long-term maintenance costs and the need to fix costly mistakes.

Moreover, the Cornell study emphasized that PLAs contain costs and provide entry-level job opportunities in the construction industry by requiring workers enrolled in state-certified apprenticeship programs to perform at least 20 percent of the work. By providing apprenticeship opportunities, PLAs directly address skyrocketing inequality and the 'hourglass' economy that concentrates job growth at the top and bottom of the labor market while squeezing the middle.

A five-year apprenticeship can offer North Bay low-income residents and unemployed workers a pathway to the middle class. For example, in 2022, a Sonoma County journeyman union electrician employed year-round earned $115,648 plus excellent medical and retirement benefits–and apprentices 'earn while they learn' with no tuition debt.

The North Bay Building Trades Council has developed a free ten-week pre-apprenticeship program that teaches the basic skills required to enter fourteen skilled trades apprenticeship programs. Construction unions collaborate with nonprofit organizations and local schools to prioritize recruiting low-income residents, disadvantaged youth, women, minorities, and veterans to the pre-apprenticeship program.

Finally, another 2011 study by the UCLA Institute for Research on Labor and Employment analyzed the public benefits of a 2003 PLA approved by the Los Angeles Unified School District, which spent $8.7 billion for new construction and renovation between 2003-2010. That PLA included provisions mandating that 25 percent of the contractors be small businesses; that half the workforce must reside within the school district boundaries; that 30 percent of the workforce must be apprentices enrolled in certified apprenticeship programs (and recruited

through pre-apprenticeship programs); and that the construction workforce must reflect the racial and ethnic diversity of the district.

PLAs are good public policy¬–for taxpayers, workers, and contractors!

Martin J. Bennett is an Instructor Emeritus of History at SRJC, a consultant for UNITE HERE Local 2, and a thirty-year Sonoma Valley resident.