



**Associated Builders and Contractors of Western Washington
PLA Testimony, Port of Seattle Commission – Sept. 27, 2016
Wendy Novak, President & CEO**

Good afternoon. My name is Wendy Novak, and I am President and CEO of the Associated Builders and Contractors of Western Washington, a trade association representing over 300 contractors, including many here in Seattle and the surrounding area. My goal today is to explain what a project labor agreement is, how they are used in the modern construction marketplace and why they are the wrong answer for the Port of Seattle.

At its most basic level, a project labor agreement is a pre-hire agreement between a contractor, a project owner and organized labor laying out terms and conditions of employment on a construction project. PLAs were first used in the early 20th century, when the vast majority of the construction workforce was unionized, to coordinate the terms of the various collective bargaining agreements that could cover workers on a large construction project.

When mandated on taxpayer funded construction projects today, PLAs are relics of the past.

While the requirements in PLAs can vary, almost all of them include provisions that are so objectionable to most merit shop contractors that they simply won't bid on projects when signing a PLA as a condition of performing work. Nearly all PLAs require contractors to recognize the signatory unions as the sole representatives of all of the workers on the covered project; hire all or the majority of their workers from union hiring halls - likely displacing their existing workforce for that project; pay union wages and into union benefit programs - which any nonunion workers on the project are unlikely to collect upon unless they join the union; and follow inefficient and outdated union work rules that add cost and time due to unnecessary man hours. In addition, nearly all PLAs require workers to pay union dues and fees.

When required on public construction projects, PLA mandates are a bad deal for taxpayers and the vast majority of the modern construction workforce chooses not to join a labor organization.

The provisions in PLAs increase construction costs, as the requirements in PLAs are inflationary. In addition, they reduce competition from merit shop contractors, as they simply refuse to work on projects where such onerous provisions are a requirement of performing work. Union contractors know there will be less competition and they won't need to sharpen their pencil on bid day. As a result, we can say conservatively that PLAs are known to increase costs by as much as 12 to 18 percent on average, according to the Beacon Hill Institute - although we can cite plenty of examples where the PLA cost premium is closer to 25 or 30 percent.

PLA mandates also mean fewer opportunities for merit shop contractors and their workers to work. The vast majority of the construction workforce chooses not to join a union. In Washington, that number is more than 78 percent of the construction workforce. These workers would be predominantly shut out on Port projects subject to a discriminatory PLA mandate.

Proponents of PLAs also like to claim that PLAs make jobs safer because unions have better safety and apprenticeship programs and work safer. This could not be more false. In fact, we at the Associated Builders and Contractors have an accredited safety program in which participants beat the Bureau of Labor Statistics national averages in all lagging indicator performance metrics. Safety is of the utmost importance to any contractor, and to assert that open shop contractors do not hold themselves to a high standard or are inferior in protecting their workers and their job sites is unfounded and untrue.

Project labor agreements are an irresponsible use of taxpayer money that raises costs, creates unnecessary inefficiencies, does not achieve safer conditions and unfairly discriminates against open shop contractors, many of which are small family-owned businesses. Free enterprise works, and it is best for the state of Washington, its businesses and its taxpayers.

Thank you for allowing me to discuss this issue. I am happy to take any questions.

