



PROJECT LABOR AGREEMENTS: ON TIME, ON BUDGET, GOOD FOR BUSINESS AND TAXPAYERS

What is a Project Labor Agreement?

A project labor agreement (PLA) is a multi-employer/multi-union contract that covers an entire construction project or projects. A PLA creates a uniform and stable system of labor relations for the covered project(s). PLAs have been used on private sector and public construction projects for almost 100 years. They help ensure that large-scale projects are completed on time, with the highest degree of quality, and in a cost-effective manner. PLAs provide stability on large-scale construction projects by standardizing the terms and conditions of employment for everyone who works on the project, and they help contractors meet deadlines by guaranteeing a steady supply of highly skilled labor. PLAs also establish various forums for communication and coordination, and prevent work stoppages with no-strike, no- lockout, and speedy dispute-resolution provisions.

Are PLAs common in the construction industry?

Yes. PLAs have long been used in both the public and private sector. In the private sector, for example, a PLA was used to construct Disney World in 1967, and more recently, companies such as Microsoft and Southern Company have entered into PLAs for important large scale construction projects. PLAs are also being used in emerging industries, with major companies engaged in offshore wind construction, such as Ørsted North America, Inc., Vineyard Wind, and Dominion Energy, either using or committing to use PLAs.

Do workers have to be union members to work on PLA-covered projects?

No. Although PLAs address labor supply issues by using local union referral procedures, both union and nonunion workers can register for referrals. And many PLAs accommodate nonunion contractors by allowing them to bring core workers to projects.

In addition to promoting economy and efficiency, do PLAs have any secondary benefits?

Yes. PLAs help create well-paying jobs and expand job opportunities in the location of project. For example, PLAs contain provisions that require community based training programs for local citizens. These registered apprenticeship and pre-apprenticeship programs enable them to "earn while they learn" and put them on the path to becoming highly skilled, six-figure earning construction workers. PLAs also ensure that everyone operating on a worksite is paid good wages. Although wage theft is all too common in the construction industry with contractors evading their obligations by either misclassifying workers or requiring off-the-clock work, contractors operating under a PLA are more likely to comply with labor laws and pay negotiated wages. This is because PLAs and collective bargaining agreements include the active participation of unions and workers in their administration. PLAs also provide solid benefits that often go far beyond what is required under the federal prevailing wage law.

Has the federal government used PLAs?

Yes. PLA utilization on federal public projects dates back to construction of the Grand Coulee Dam in Washington State in 1938, the Shasta Dam in California in 1940, and atomic energy and defense construction projects during and after World War II. The Department of Energy has long used PLAs for its construction projects at the Hanford Site in Washington State, the Savannah River Site in South Carolina, the Oak Ridge Reservation in Tennessee, the Nevada Test Site, and the Idaho National Laboratory. The Tennessee Valley Authority has also long had a PLA in place for all its construction across its vast site. GSA has used PLAs on a number of its projects, including a portion of the \$4 billion Department of Homeland Security Headquarters Campus in Washington, D.C., which the GSA describes as the largest construction

project in GSA history.

Won't an Executive Order on PLAs reduce competition or drive up federal government costs?

No. Any contractor – union or nonunion – is free to bid on, and work under, a project covered by a PLA. And nonunion contractors do, in fact, bid on projects that use PLAs. PLAs don't drive up costs. They have been used on public and private construction projects for almost 100 years because they promote efficiency. PLAs achieve substantial, direct cost savings by standardizing contract terms among various crafts. These typically include hours of work, the number of paid holidays, adjusting overtime, and dispute resolution mechanisms.³ In one study of three major utility construction projects with PLAs, researchers found that all the managers interviewed agreed that PLAs do not increase project labor costs. And in a study produced by the California State Senate, Bechtel Corp. – one of the largest project management companies in the U.S. – confirmed that it has "never seen anything to indicate that a PLA was the cause of increased costs or delays. Projects are delayed due to changes in the scope of work, increased number of change orders, engineering, or design changes. Such changes cause an increase in labor costs, not the other way around."

Summary of the current PLA Executive Order and Implementing Regulations:

Effective Date: The Executive Order applies to certain solicitations for bids for direct federal procurement issued on or after January 22, 2024. Federally-assisted projects are not covered (e.g., state/local projects that receive federal grants under the Infrastructure Investment and Jobs Act).

What is Covered: Contracts for federal construction (construction that are performed by the federal government and its agencies that are solicited for bids on or after January 22, 2024, where the construction will be within the United States and the total estimated cost of construction is \$35 million or more. Covered contracts must include a PLA requirement unless an exemption is granted.

Exemptions: Exemptions may be granted by a senior procurement executive in writing on or before the date for soliciting bids. An exemption can be granted if the use of a PLA would not advance the Federal Government's interests in achieving economy and efficiency in Federal procurement, based on one or more factors:

- The project is of a short duration and lacks operational complexity or will involve only one craft or trade.
- The project will involve specialized construction work that is available from only a limited number of contractors or subcontractors.
- The agency's need for the project is of such an unusual and compelling urgency that a PLA would be impracticable.
- Market research indicates that requiring a PLA on the project would substantially reduce the number of potential bidders to such a degree that adequate competition at a fair and reasonable price could not be achieved. Generally, a likely reduction in the number of potential bidders is not, by itself, sufficient to exempt a contract from coverage.
- Requiring a PLA on the project would otherwise be inconsistent with Federal statutes, regulations, Executive orders, or Presidential memoranda.

State of Play

In the Trump Administration, in less than 100 days, here are actions that have been taken impacting PLAs. NABTU has been aggressively lobbying to achieve an alternate outcome on each of these.

- Banned PLAs on all Department of Defense (DOD) projects and all Land Port of Entry projects administered by the General Services Administration (GSA)
- Canceled an Executive Order, not the PLA Executive Order, that encouraged project labor agreements on federally *assisted* projects

- Initiated process to cancel PLAs at 17 DOE national labs—some in place since the Cold War -- gutting long-standing worker protections on critical projects.