

# Associated Builders & Contractors, Inc.

## Empire State Chapter

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### EFFECT of PLAs on SCHOOL CONSTRUCTION

**ISSUE:** In an effort to manipulate public bidding to require union-only contracts, union leaders continue to promote the use of project labor agreements (PLAs). These agreements require that all contractors on a project to sign union agreements; hire workers from union halls; pay union dues; and with most PLAs, forfeit employee benefits to union funds. Recently, union leaders have attempted to promote their cause by referring to a letter from former Buffalo Public Schools Superintendent James Harris. That letter is filled with misleading and erroneous information.

**IN THE COURTS:** Although several cases are pending and others are contemplated, current New York State Appellate Court rulings indicate that the courts will likely approve a project labor agreement if the public body has conducted a study which determines that the PLA will offer a cost savings on the construction project.

**BUFFALO SCHOOLS NORTHWEST ACADEMY PROJECT:** Contrary to the claims raised by former Superintendent Harris:

- **The legal case was not “thrown out.”** The NYS Appellate Court, in February, 2000, upheld the Buffalo School PLA but ruled that the school was responsible for its legal costs. The Court upheld the PLA on the basis that the School Board had conducted a study that projected a 4.1 percent (\$750,000) savings. Unfortunately, the court could not consider later discovered evidence of a first study which projected an 8-10% cost *increase* due to the implementation of a PLA.

- Mr. Harris states that “eight of the ten contracts bid came in at or below the architect’s projected costs” – but neglects to admit that **the general construction building phase of the project came in \$5 million over budget, raising the total project costs by over 20%!**

- Because **the project had been delayed for months by the PLA process**, the school was forced to “absorb cost overruns” by delaying the planned expansion of another school. Interestingly, the first phase of the project, done without a PLA, was awarded to a merit (non-union) contractor, at a savings of 16.2 percent below the price of the next lowest union bidder.

- Mr. Harris has since been dismissed by the Buffalo School Board. The attached newspaper clippings describe the real facts and the true costs of the PLA.

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**PLAs INCREASE CONSTRUCTION COSTS FROM 9% TO OVER 50%**

Continuing studies of the results of requiring project labor agreements in New York State demonstrate significant delays and cost increases. Substantial data – FACTS – are available on request.

Studies of PLA projects on a national level demonstrate the same poor record, as summarized in the recent ABC publication “*Union-Only Project Labor Agreements - The Public Record of Poor Performance,*” and “*Government-Mandated Project Labor Agreements in Construction: A Force to Obtain Union Monopoly on Government-Financed Projects*” by Herbert Northrup, The Wharton School, University of Pennsylvania.

**IT COMES DOWN TO THE STUDY**

**A QUESTION OF FRAUD OR INTEGRITY**

The Courts seem to have said, at least for now, that a PLA is justified if the public owner can demonstrate, through a study, that the PLA will save the public owner on its overall project costs. The question now turns to the integrity of the study. Without question, every PLA project is now subject to investigation. Taxpayers are beginning to understand that they are being denied quality schools and other projects because of cost overruns due to PLAs. Public officials must use care in selecting firms to conduct studies that truly represent taxpayer interests.

**The Merit Approach – Free and Open Competition  
Or Bid It Both Ways – With and Without the PLA – and Compare the Results**

Contractor associations representing both union and merit contractors oppose the use of project labor agreements on public work. We will continue to work together to provide the facts supporting open competition as the best way to assure the goals of New York’s competitive bidding laws – obtain the best possible work at the lowest possible price, and guard against favoritism, improvidence, extravagance, fraud and corruption.