



How project-labor agreements drive up taxpayer costs

Daily Gazette of Schenectady columnist Carl Strock [reviews a new study that documents the effect that union-friendly "project-labor agreements" have in inflating construction costs.](#)

I have written once or twice in the past about so-called project labor agreements, which are deals struck between the builders of big projects, like schools, and the construction trade unions. The agreements are designed to lock up work for the unions, though no one ever comes right out and says that.

They specify that all hiring must be done through a union hall, that all workers must pay union dues (whether they are members or not), that union rules must be adhered to and so forth, so as a practical matter a non-union shop can't get in on the action.

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Now I have a study done by a couple of economists at the Beacon Hill Institute of Suffolk University, in Boston, based on the experience of 117 school districts in New York state, from 1996 to the present, showing that project labor agreements raised construction costs by 20 percent. The added costs ranged from \$2.7 million for a 100,000 square foot structure to \$8.1 million for a 300,000 square foot structure.

I confess I was a little surprised at the magnitude of the difference, since the trade unions earlier won from the state Legislature a requirement that all public construction projects have to pay union wages (misleadingly called "prevailing wages"). That seemed to remove the competitive advantage that a nonunion contractor would enjoy. But it turns out the unions are still more expensive, even when everyone pays the same wage. Thus the necessity to find other devices (like apprenticeship-program requirements and these project labor agreements) to guarantee themselves work.

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The real reason [PLAs are tolerated], of course, is just that the unions have political clout, which local governments deeply respect. And so what if a school or a library winds up costing a couple million dollars more than it needs to?

The cost gets distributed among a lot of people, the proverbial taxpayers. It doesn't come out of the pockets of the school board members or the city councilmen who vote on these things, except for a couple of dollars, and it's easy to spend other people's money.