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California's Class Warfare: PLAs Pit Union and Non-Union Workers Against Each Other

by [Liberty Chick](#)

Ten minutes prior to the start of a December 15th, 2009 [board meeting](#) of the Riverside Community College District in California, board members are handed a 52-page document filled with millions of dollars in projects to be funded by the district's taxpayers, who themselves are struggling under the state's 12.4% unemployment rate. The document, a draft [Project Labor Agreement](#) (PLA), will commit long-term construction and ancillary projects for the next several years to labor unions.

At least twenty-three members of the public, many of them local private business owners who oppose the PLA, have attended to publicly comment on the proposal. Two of the board members [have never even seen the PLA](#) prior to today, and have asked for a special session to review it. Despite opposition from the public, and the concern voiced by those two board members, the remaining three board members have moved that the Board of Trustees authorize Chancellor Greg Gray to negotiate the final PLA with the Riverside and San Bernardino Building and Construction Trade Councils. Board Trustees Virginia Blumenthal and Janet Green dissented.



So, without adequate time for all to review the draft, without any backup analysis provided to justify the use of up to \$350,000,000 in [Measure C taxpayer funds](#), without giving the public reasonable time to voice their opinions, and with an unemployment rate of over 12% when non-union workers are in even greater need of jobs than union workers...why would three of Riverside's five board members vote to move forward with a final negotiation anyway? Why the rush? Residents and business owners in Riverside are wondering the same thing, and hope to have the chance to weigh in before the PLA's final draft is signed.

PLAs claim to save money and promote "labor peace". But critics have questioned such claims, citing many cases of PLA projects that experienced increased costs and labor disruptions, and admonishing their discriminatory nature. Even the Orange County Board of Supervisors [passed an ordinance to ban PLAs](#) last November to safeguard against such issues and to ensure fair competition.

I wonder if on-the-job behavior like this also had anything to do with such a decision:

Meanwhile, California continues to spend billions on PLA projects while non-union workers suffer through record unemployment and taxpayers are hit with higher taxes, added fees and service cuts at every turn.

PLA History: The New Deal Was Then, Greenmail is Now

Project Labor Agreements aren't exactly new. Also referred to as *Government Mandated Labor Agreements* (GMLAs), they have been around since the New Deal in the 1930's, during the National Recovery Act and Works Progress Administration under Franklin D. Roosevelt. They cover all the workers of a project under a single agreement and almost always require that labor is hired through a union hall. While some non-union workers may be hired, they are typically covered under the one of the PLA's umbrella unions – they might not be required to become a union member, but will pay union dues and a portion of their wages will be withheld and contributed to the pension fund of that union.

The first official use of a public project labor agreement in California was in 1938 with the construction of the Shasta Dam, part of the famed [Central Valley Project](#) (which ironically is more recently associated with the [controversy over the water ban](#) over the delta smelt fish). The California Legislature authorized the Central Valley Project as a state project in 1933, planning to finance it with up to \$170 million in revenue bonds. But when California was still unable to finance the project even in its first two years, the state eventually created the [Water Project Authority](#) to justify the project as a “national benefit”, to which President Roosevelt then granted millions in executive allocation funds. A series of court battles followed and the Supreme Court placed its responsibility square in the hands of Congress, and it soon became a political football. As the first of their kind, other Central Valley projects served as the proverbial carrot on a stick to big labor, making the PLA the sought after win.

Since those days, federal and state laws have been passed over time to improve conditions for workers in America, leading to the creation of federal agencies like the Occupational Safety and Health Administration (OSHA), the Environmental Protection Agency (EPA), Department of Labor (DOL) and the Equal Employment Opportunity Commission (EEOC) to name only a few. While labor unions once represented a large portion of workers in America prior to the existence of such laws and agencies, workers now have proper outlets and interest in voluntary union membership has declined. As such, labor unions are turning again to PLAs as a tool in helping them to survive.

While PLAs were once largely embraced in a marketplace when unions represented a greater majority of workers in the US, today's PLAs must claim other benefits to be reasonably received by a general public that is no longer largely unionized. Today's PLAs purport to extend jobs to non-union workers, when in reality they place new impositions on both employers and workers, such as mandatory union-hall hiring, forcing non-union workers to pay union dues and make contributions to others' pension funds. With the advent of the strict standards of the [California Environmental Quality Act](#) (CEQA), PLAs now typically promise union sanctioned “environmental expertise”, adding another weapon to big labor's arsenal. Since most unions receive public funding for environmental training and mitigation, union bosses use it to assert their perceived authority by challenging projects on environmental grounds. They effectively hold a project hostage until the parties agree to a PLA and allow union shops to take control of the project's labor requirements. It's nothing less than blackmail, which is how a new spin on the old term “**greenmail**” came to be mainstream, as effectively illustrated in the video below.

California Underwater: Despite Financial Crisis, Unions Thrive Under PLA Spending While Non-Union Workers Remain Unemployed

Lately it's as though progressives are trying to relive the New Deal days, allowing politics, not need, to drive who gets jobs, money, resources and contracts. The influence of politics on governmental decisions and policies is certainly having its impact on how many opportunities are created for the *majority* of Americans, versus for just a very small subset that are the union workers.

In February 2009, as one of his first duties in office, [President Obama signed an executive order](#) that authorized federal executive agencies to use project labor agreements on federal construction contracts with a total cost of \$25 million or more. The order also revoked President Bush's prior ban on mandatory PLAs, an action he'd taken after congressional hearings produced evidence that PLAs were discriminatory against open-shops and non-union workers, increased costs on most projects and were too often vehicles for abuse. When the **American Recovery and Reinvestment Act** was passed only days after Obama's order, agencies were encouraged to mandate PLAs for all stimulus projects.

Recently, skepticism of PLAs has increased under closer scrutiny of stimulus project awards, and more business journalists have been examining current unemployment numbers, looking at who's getting jobs from stimulus projects, and at the relation of such issues to unionization statistics, as well as reporting on [potential abuses](#).

California is a prime example of such governing policies that reckon back to the 1930's, but in a day when the current level of union membership no longer justifies the pro-union policy. Backed by the State Building and Construction Trades Council (an arm of AFL-CIO), the state is awash in cost-prohibitive union PLAs right now, even in light of its dismal financial situation. It almost defies logic.

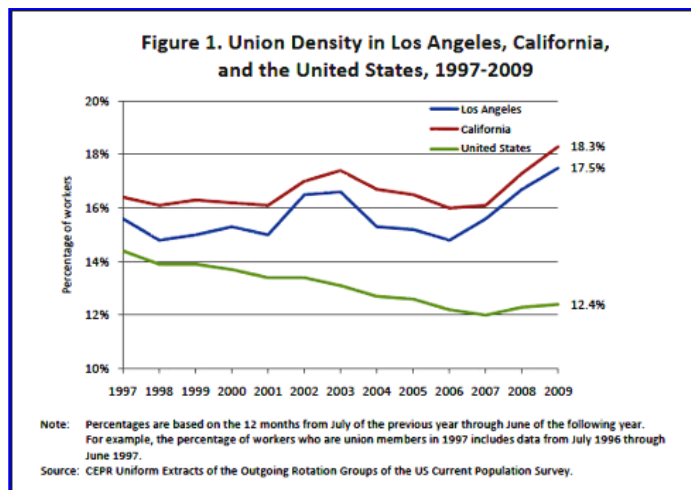
Other PLA spending in California includes:

- The [Long Beach Airport Terminal Improvement Project](#) is moving forward with its **\$35 million PLA**, despite its projected \$11 million budget deficit, a gasoline tax, parking fee increases, spending cuts and the closure of several fire stations.
- The [Northern California Power Agency project's \\$432 million PLA](#) will deliver \$60 million for labor unions alone
- Under Mayor Antonio Villaraigosa, a former union organizer himself, Los Angeles has undertaken [numerous PLA projects](#), including the Mass Transit Authority, which has already increased fares and taxes on residents, as it takes on the added cost that a PLA will bring to the project.
- View a [complete list of over 400 PLAs](#) implemented in California between 2000 and April 2009

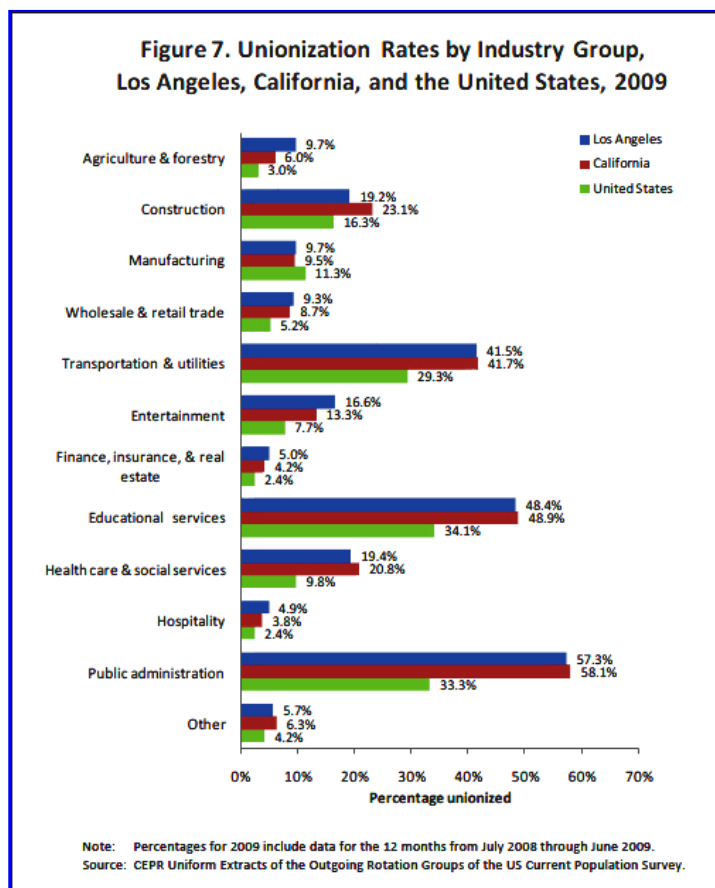
The state faces a \$20 billion budget deficit, it issued I.O.U.s in taxpayers' refunds, and recently Standard & Poor's [lowered its credit rating](#), following downgrades already made by Moody's Investors and by Fitch Ratings.

California taxpayers have also been dealt a series of other costs, such as an extra 10% taken from their paycheck withholding, a 5% surcharge on state income taxes, an increased sales tax, and increases in ancillary fees such as vehicle licensing fees. While they struggle with these cost increases, taxpayers will also foot the bill for the increased costs of PLAs. Meanwhile, they struggle with one of the highest unemployment rates in the nation.

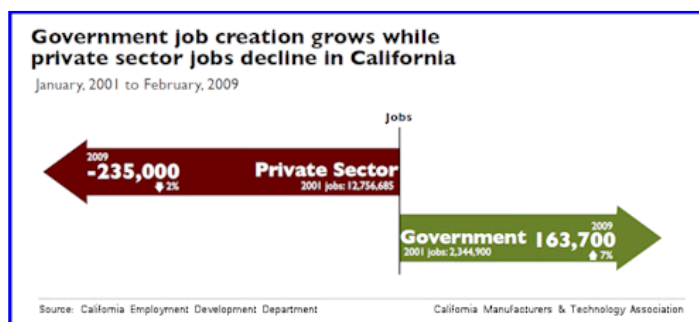
According to a 2009 [report](#) published by the *Institute for Research on Labor and Employment, UCLA*, California accounts for about 17% of all of the United States' union members, more than any other state.



In California, where 18.3% of the overall workforce is covered by a union, much of the recovery opportunities, including PLAs, are focused disproportionately on creating union jobs. Where does that leave the other 81.7% of non-union workers who are fighting California's 12.4% unemployment rate? In construction, California's union rate is higher than average 23.1%, which makes it even more difficult for private construction to compete. Despite popular belief that the construction industry is overwhelmingly unionized, only about 16% of America's construction workers belonged to a union in 2009. That's a lot of workers left out of the competition when they need the work most.



The project labor agreements show no signs of slowing down, yet very few jobs for non-union workers, especially those in the private sector, can be found in the pipeline. Private sector jobs in California had already been in severe decline over the last decade. Public sector labor agreements, construction project labor agreements, and most recently stimulus programs have crowded out the private workforce. For construction contractors, it's especially difficult if you own your own business or are a non-union worker. Private contractors also do not have the progressive grassroots organizing network of support that labor unions enjoy – they don't have hundreds of door-to-door campaigners to support their bid on a project, or to show up at board meetings and town halls on their behalf. The private sector isn't only competing with its own government for those jobs, but with the entire progressive machine.



With such a small percentage of unionized workers vs. non-union, it's rather apparent these impositions are in place not for the workers' benefit, but for the unions'.

Proponents of PLAs will tout a long-standing history of the success of PLAs, often citing projects like the San Francisco International Airport. They refer to benefits such as prevailing wage standards, worker protections, jobs for local residents, and the assurance of labor peace during construction projects; they also always promise reductions in cost. Yet, much of this is anecdotal information and there is little documentation in the way of hard metrics to support such claims. Instead, PLAs have become a political campaign tool. President Obama, in signing the executive order earlier this year to reinstate PLAs, stated the following at a [Building Trades Legislative Conference in April 2008](#):

“We need to make sure the government uses project labor agreements to encourage completion of projects on time and on budget. One of the first things George Bush did when he got into office was to ban PLAs. That's bad for workers and bad for America, and that's why one of the first things I'll do as President will be to repeal that ban and put PLAs back into place... We need to invest American resources in rebuilding our nation's highways, roads and bridges, which will produce thousands of job opportunities for building trades workers.”

(I guess President Obama isn't familiar with projects like the [infamous Boston “Big Dig”](#)).

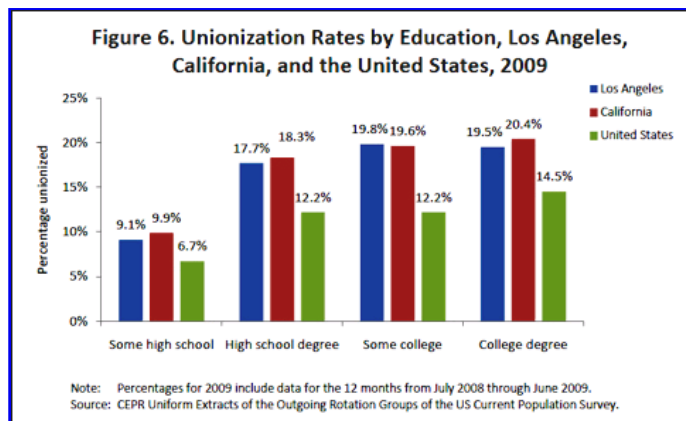
Yet, a [review by Beacon Hill Institute](#) of federal construction projects during the Bush Administration found no instances of labor disputes that resulted in significant project delays or increased costs.

“Our examination of the record produces no evidence of any systematic connection between the absence of a PLA, on the one hand, and cost overruns or delays caused by labor disputes, on the other,” said David G. Tuerck, one of the authors of the study and Executive Director of the Beacon Hill Institute. Therefore, the justifications offered by the Obama Administration for reinstating PLAs are not supported by the evidence.

There are additional studies that also refute the myths of PLA benefits.

- [This video](#) provides a very thorough overview of PLAs and examples of how PLAs discriminate against open-shop contractors and minorities. Additional helpful videos can be found [here](#) and [here](#).
- [The Project Labor Agreement for the Iowa Events Center: An Unnecessary Burden on the Workers, Businesses, and Taxpayers of Iowa](#); 2006, Public Interest Institute: “Despite the implementation of a Project Labor Agreement, the Iowa Events Center project went over its projected budget, was not completed on time, and raised concerns about safety issues.”
- [Project Labor Agreements: The New Bid Rigging and Protection Racket](#); 2001, Public Service Research Foundation
- [Government-Mandated Project Labor Agreements in Construction, the Institutional Facts and Issues and the Key Litigation: Moving Toward Union Monopoly on Federal and State Financed Projects](#); 2000, Dr. Herbert R. Northrup, Professor Emeritus of Management, The Wharton School
- [Project Labor Agreements and the Cost of Public School Construction in Connecticut](#); 2004, Bachman, Haughton, Tuerck; Beacon Hill Institute
- [Project Labor Agreements and the Public Construction Costs in New York State](#); 2006, Bachman, Tuerck; Beacon Hill Institute
- A list of at least [twenty other studies](#) can be found at [OpenContracting.com](#)

And before any of our readers start ranting that being against PLAs means being against minorities, check your stats. While blacks and Hispanics represent 23% of the general population, only an average of 8% of construction union members are minorities. Labor leaders and progressive groups will often insist that PLAs ensure that minority workers have fair access to construction work, yet this is simply untrue. Open competition however *will* ensure fair access. And it is actually the non-union associations and conservative think tanks that have been working tirelessly to change this. **The CATO Institute** published a paper by David Bernstein in 1993 titled [The Davis-Bacon Act: Let's Bring Jim Crow to an End](#), which details the history of how the 1931 prevailing wages law has intentionally excluded minorities from the construction industry and why it should be repealed. Popular belief has also often been that unions are largely dominated by members with little or no secondary education, when in fact in California specifically, the majority have a college degree or some college. While many of those are in public administration and education, the majorities also include those in transportation and construction.



Free-market advocacy groups have fought for decades for the law's complete repeal in the name of anti-discrimination and fair competition. It might surprise many to know that the only time Davis-Bacon was repealed, on a temporary basis – was by President George W. Bush – during the buildup that followed Hurricane Katrina (yes, I know...Kanye West would be shocked!). Amazingly, it was labor leaders who protested the loudest against that move.

Why? Because it opened up the playing field to both union *and* non-union bidders, which is something that unions like the AFL-CIO just cannot have. And with their heels so firmly dug into California, most don't expect labor leaders to welcome fair competition there either, especially not while they are enjoying their renaissance of the New Deal days again.

That's why you, the everyday average citizen and local business owners, in California and elsewhere, need to pay attention to what's on your town's voting schedule. You're the only ones who can affect real change by speaking up.



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Organized Labor is synonymous with organized crime. This article read like a chapter right out of the Sopranos.

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