



June 26, 2024

The Honorable Nancy Mace
Chair, Subcommittee on Cybersecurity,
Information Technology, and
Government Innovation
House Committee on Oversight and
Accountability
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Gerald Connolly
Ranking Member, Subcommittee on
Cybersecurity, Information Technology,
and Government Innovation
House Committee on Oversight and
Accountability
U.S. House of Representatives
Washington, D.C. 20515

Dear Chair Mace and Ranking Member Connolly:

On behalf of the more than 1,700 members of The Association of Union Constructors (TAUC), I am submitting this letter for the record of the Subcommittee's hearing entitled "Cutting Competition in Contracting: The Administration's Pricey Project Labor Agreement Mandate."

TAUC is the premier national trade association for the union construction and maintenance industry in the United States. Our contractors employ skilled union craft personnel on construction and industrial maintenance projects that build and maintain the most critical elements of our nation's industrial infrastructure, including, for example, roads, bridges, hospitals, schools, and water and energy systems. They perform critical upgrades and regular maintenance at power plants, steel mills and manufacturing facilities across the country, reducing downtime and ensuring that businesses have the electricity, raw materials, and state-of-the-art technology necessary to keep pace in a rapidly moving economy.

Our members conduct these vital activities by employing skilled union craft personnel on construction and maintenance projects to deliver value to their clients. These men and women are among the most well trained and highly skilled construction industry professionals in the world. They ensure our members provide the safest, highest quality, and most cost-effective construction services to their customers.

TAUC members have long worked with our private sector owner-clients under project labor agreements (PLAs) for industrial construction and maintenance projects as a means of promoting efficiency, controlling costs, and ensuring the smooth completion of industrial construction and maintenance projects. Our member's private sector customers choose to utilize PLAs to promote stability and effective delivery in the construction of large, complex projects and furthers the owner's economic interests. Owner-clients choose to utilize this important tool to ensure that large construction projects are completed on-time and on-budget with the highest quality construction.

We believe it is important that large federal and federally supported infrastructure projects benefit from utilizing this proven cost-effective construction management tool to deliver substantial safety and productivity advantages, control costs, and ensure the timely completion of complicated construction projects.

NATIONAL MAINTENANCE AGREEMENTS

TAUC's industrial contractor company members are signatory to the National Maintenance Agreements (NMA). Established in 1971, the NMA is among the most widely used project labor agreements in the U.S., accounted for more than \$370 billion of work and more than 2 billion work-hours for the building trades and contractors to date.

The NMA is a series of agreements utilized by TAUC contractors who employ members of fourteen building trades international unions. The NMA is negotiated and administered by the National Maintenance Agreements Policy Committee, Inc. (NMAPC), an impartial joint labor-management organization made up of 14 contractor representatives and 14 building and construction trade union representatives. The NMAPC works to assist customer owners in performing ongoing industrial construction and maintenance work by providing a level playing field for skilled union craft workers to get work done safely, efficiently, economically and on schedule to allow production facilities to continue operating with minimal disruptions.

The NMAPC establishes the terms and conditions of employment for all contractors and workers engaged on a multi-employer construction site and works to address the following common concerns of the partners in the program:

- Safety in all phases of work;
- No work disruptions;
- Performance on schedule;
- Cost-effective and quality craftsmanship;
- Productivity flexibility;
- A highly-trained and available workforce;
- Attainable work opportunities; and,
- A resolution process for job site issues.

By recognizing, addressing, and delivering on these concerns, the NMA program reflects a true partnership dedicated to providing the most effective tool for the performance of work in industrial construction maintenance.

It is important to note that the ability to bid for projects being undertaken under the NMA is available to ALL contractors legitimately engaged in industrial maintenance activities. Non-union contractors are not precluded from bidding or participating on projects conducted under the NMA, but they must commit to abide by the terms and conditions of the agreements.

The largest industrial sectors utilizing the NMA in undertaking construction and maintenance activities include automotive manufacturers, utilities, steel and aluminum facilities, and Petro-chemical manufactures and producers. Recently, the NMA has been utilized to carry out a number of renewable energy, electric vehicle, and battery manufacturing projects through a series of addendums. This process provides owner-client flexibility to develop agreements that meet the specific needs of the project they plan to develop.

Top ranked owner-clients carrying out industrial construction and maintenance projects the NMA in 2021 include:

- General Motors – 10,975,670 Work Hours
- Cleveland Cliffs – 2,872,868 Work Hours
- Ford Motors – 2,532,238 Work Hours
- U.S. Steel – 2,410,448 Work Hours
- Cenorus Energy – 2,352,720 Work Hours
- American Electric Power – 1,473,479 Work Hours
- BP – 1,371,302 Work Hours
- Stellantis - 1,356,209 Work Hours
- AK Steel – 1,232,412 Work Hours

A few examples of projects completed or currently being constructed or maintained under the terms of the NMA include:

- Alliant Energy’s Wood County Solar Project in central Wisconsin. The 150-MW solar site will generate clean, carbon-free electricity, and created more than 200 construction jobs. It is expected to deliver an estimated \$600,000 in new shared revenue annually to the town of Saratoga and Wood County for the next 30 years.
- Cleveland Cliffs hot-briquetted iron (HBI) facility in Toledo, Ohio is another example. Their \$1 billion investment was made to build and operate the world’s most modern and environmentally friendly direct reduction plant.
- The \$5.6 billion project for Ford Motor Co.’s BlueOval City in Haywood County, Tennessee to be completed by 2025 will allow the manufacturing of a revolutionary all-new electric truck and advanced electric batteries for future Ford and Lincoln vehicles.
- General Motors and LG Energy Solutions are partnering to build Ultium Cells I, II, and III – all of which are being done under the NMA, in Michigan, Ohio and Tennessee. This will allow for the manufacturing of EV lithium-ion battery cell factories providing the batteries needed for GM to manufacture 1 million EVs a year by 2025. These projects are estimated to create upwards of 6,000 well-paid construction jobs, not to mention the thousands of jobs created once these facilities are at full capacity.

The choice to utilize the NMA for an industrial construction and maintenance project is made by the owner-client or a construction manager working on behalf of the owner to better manage and deliver large complex construction projects. The decision is made on a project-by-project basis to ensure conditions to ensure the highest quality construction delivered with the greatest efficiency, productivity, and safety. We believe it is important for project sponsors of federally funded or supported construction projects to have this same choice to utilize PLAs as a tool for the effective management and oversight of large complex construction projects.

BENEFITS OF WORKING UNDER PROJECT LABOR AGREEMENTS

TAUC members and the highly-skilled unionized craft workers they employ – as well as the private sector owner-clients they service -- derive numerous benefits from their long history of working under PLAs.

PLAs work because they provide a set of standardized terms and conditions that are agreed to by both labor and management before work begins. They are tools for controlling construction costs, ensuring efficient management and oversight of completion of large, complex projects, and establishing a level playing field for all contractors bidding on the work and fair wages and benefits for all workers on the project. PLAs also facilitate greater compliance with labor laws and requirements, improve worker health and safety protections on the job site, and provide increased opportunities for workforce development.

Specifically, PLAs allow owners-clients to:

- ensure a steady flow of highly trained construction workers bolstered by no-strike agreements to promote labor and job-site stability;
- harmonize work hours across the trades and to modify shifts and work schedules to meet the needs of construction users; and
- improve job site health and safety outcomes.

In addition, the use of PLAs includes other benefits such as:

- expanding the development of sustainable career opportunities within the skilled trades workforce;
- facilitating the training of a skilled workforce to meet future construction needs through privately-funded apprenticeship training programs;
- expanded recruitment of apprentices, graduating apprentices, and creating a pipeline of skilled craft workers; and
- promoting greater labor law compliance and business practices that allow law abiding businesses to compete on a level playing field and provide greater protection for workers on these projects.

In terms of that last point, TAUC members are encouraged by the ability of PLAs to make it significantly more difficult to misclassify construction workers as independent contractors. Employee misclassification and payroll fraud are rampant in the construction industry. Construction is a competitive bid industry and companies that deliberately misclassify their workers have a strong competitive advantage in the marketplace. Our members properly classify their craftworkers, which requires payment of Social Security and FICA taxes, meeting Fair Labor Standards Act requirements, paying into workers' compensation funds, as well as complying with federal employment laws. Avoiding responsibility for complying with these requirements provides a significant competitive advantage to contractors who misclassify their employees. By setting the terms and conditions for participating on the project, include wages and benefits, PLAs will make it harder – if not impossible – for contractors to avoid compliance with applicable labor and employment laws – including misclassification of their workers.

NO EVIDENCE THAT PLAs LIMIT POOL OF BIDDERS OR INCREASES COST

Despite the claims of opponents of public sector PLAs, there is no substantial evidence that PLAs decrease the number of bidders on a project or increase the costs of construction projects. In fact, a survey of research on these questions finds the opposite to be the case.

- A 2017 study of the effects of using PLAs in the construction of community college projects in California undertaken for the Berkeley Labor Center found that projects with

PLAs attracted a “similar number of bidders” and were delivered at lower costs than similar projects undertaken without PLAs.¹

- A 2015 paper from University of Utah economists compared nine PLA affordable housing projects in Los Angeles with 121 affordable housing projects built without PLAs and found that the PLA projects were not more expensive.²
- A Cornell University report on New York City’s implementation of 4 PLAs on new construction and renovation work totaling \$5.3 billion project led to 1,800 new jobs while saving the city approximately \$300 million. The savings derived from these agreements were channeled back into additional infrastructure projects.³
- A May 2024 report by the Illinois Economic Policy Institute and the Project for Middle Class Renewal at the University of Illinois at Urbana-Champaign analyzed the impact of PLAs on cost, competition, and apprentice utilization on 95 aviation, seaport, and related major construction projects undertaken by the Port of Seattle from October 2016 through February 2023 found:
 - no statistically different on PLA projects relative to non-PLA projects on the number of bids;
 - no effect on total construction costs, after accounting for project size and complexity, bid competition, and other factors;
 - PLA projects –
 - were more likely to be awarded below the engineer’s estimate than non-PLA projects;
 - had 5 percent more labor hours worked by apprentices; and
 - were 23 percent more likely to achieve apprenticeship utilization goals.⁴

It is also important to note that these agreements are not union only. Both union and nonunion workers are given a chance to bid for contracts in a project involving PLAs. As with all construction projects, contract awards for projects undertaken utilizing a PLA are let under competitive bidding process. Cost is an important – but not the only -- factor of this process. In the private sector, owner-clients utilize the process that best meets their economic interests and ensures a positive outcome. So, while price is an element, so is experience managing and undertaking similar projects, the ability to access and retain the skilled workforce necessary to successfully complete the project, a strong safety record and culture, among other factors. TAUC members believe – as do our owner-clients who choose to utilize the NMA -- that this process should be about who can best deliver the project, not which contractor can assemble the cheapest workforce. Both union and non-union contractors can meet and have met this standard provided they are willing to agree to the terms of the PLA.

CONCLUSION

Based on our members’ direct experience with PLAs, we believe there are significant long-term benefits associated with their usage. Their experience has demonstrated to them that PLAs are good for business, good for the government, and good for taxpayers. federal government from being able to realize these benefits.

¹ [Project-Labor-Agreements-and-Bidding-Outcomes.pdf \(berkeley.edu\)](#)

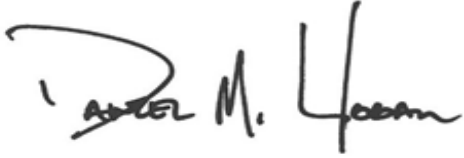
² [Did PLAs on LA Affordable Housing Projects Raise Construction Costs? \(utah.edu\)](#)

³ [LaborAgreementsinNYS II.pdf \(cornell.edu\)](#)

⁴ [ILEPI-PMCR-Port-of-Seattle-PLA-Study-FINAL.pdf \(faircontracting.org\)](#)

Thank you for your consideration in this important matter.

Sincerely,

A handwritten signature in black ink that reads "Daniel M. Hogan". The signature is written in a cursive style with a large initial "D" and a distinct "H".

Daniel M. Hogan
Chief Executive Officer

JK/MWR