

Attachment—Additional Questions for the Record

**Subcommittee on Environment and Climate Change
Hearing on
“The CLEAN Future Act: Industrial Climate Policies to Create Jobs and Support Working
Communities”
March 18, 2021**

Mr. Jason Walsh, Executive Director, BlueGreen Alliance

The Honorable Frank Pallone, Jr. (D-NJ)

1. Generally, how do project labor agreements (PLAs) protect both workers and taxpayers?

RESPONSE: A **Project Labor Agreement (PLA)** is a pre-hire collective bargaining agreement with one or more labor organizations that establishes the terms and conditions of employment for a specific construction project. PLAs offer increased wages and benefits for workers, cost savings and safety standards for project developers, and other benefits for communities.

PLAs benefit union and nonunion workers because they ensure that wages and benefits are defined and protected at local standards. PLAs and unionization lead to higher wages for workers. For example in California, workers earn an additional .49 cents on the dollar for overall benefits including health care and retirement, compared to nonunion counterpartsⁱ. PLAs often ensure that the local workforce is paid a prevailing wage, which establishes a wage floor for each occupation that all contractors on a project must pay at or above—typically set to reflect the average or market wage for a given type of work in a given area.ⁱⁱ Over the lifetime of a typical construction worker in the renewable sector, prevailing wages result in an additional \$300,000 in wages and benefits.ⁱⁱⁱ

PLAs are also beneficial to the taxpayer and project developers, as they do not incur a statistically higher cost and often reduce project cost for developers and save public funds in the long run.^{iv} On average, for every dollar spent on a project with PLAs, between \$1.5 and \$1.8 is created in economic output. PLAs are estimated to be responsible for over a billion dollars in GDP in Illinois.^v PLAs use a skilled labor workforce and often avoid labor disputes which allows for a project to move forward with greater efficiency.^{vi} PLAs see fewer cost overruns thanks, at least in large part, to the stabilizing effects of unionization.^{vii} Further, PLAs often lead to safer working conditions as a result of a more skilled workforce. Data suggests that the construction industry is volatile, resulting in a constant loss of human capital. Additionally, accidents, including death, are more common in states with low-road contractors.^{viii} PLAs and high-road labor standards can mitigate construction industry volatility and increase site safety. Reports indicate that PLAs decrease the significant gap between expected and realized energy savings in various energy efficiency measures.^{ix}

Further, PLAs provide opportunities and benefits for communities as they offer hiring opportunities to historically marginalized communities, e.g. racial minorities, women, and veterans.^x Communities in which the projects are built from PLAs because many PLAs provide recruiting, hiring, and training for local residents or historically marginalized communities.

PLA's, Community Workforce Agreements (CWAs), and Community Benefit Agreements (CBAs), can be expansive in scope and are sometimes negotiated with both union and community partners. [According to the AFL-CIO](#), CWAs “go well beyond the traditional experience and use of PLAs” to “explicitly address the legitimate needs and interests of urban communities that have historically been excluded from the benefits of economic development.” In addition to the collective bargaining aspects of a PLA, CWAs frequently include local hire provisions, targeted hire of low-income or disadvantaged workers, and the creation of pre-apprenticeship pathways for careers on the project.

Targeted Hire provisions—often a key feature of CWAs—mandate or incentivize the hiring of workers on a project from certain communities, which may include women, people of color, veterans, the formerly incarcerated, indigenous people, economically disadvantaged communities, communities heavily impacted by climate change or climate change policies, and many others. These communities may be targeted through contracting requirements, hiring requirements, or by the use or establishment of pre-apprenticeship programs. Ideally, these provisions establish long-lasting pipelines for members of disadvantaged communities to access good jobs and careers in the clean economy. Similar to Local Hire provisions, Targeted Hire is also a frequent provision of Community Workforce or Community Benefit Agreements negotiated for a particular project.

2. How have PLAs been used to ensure publicly-funded projects are efficient and cost-effective? Please provide examples.

RESPONSE: PLAs and CWAs have been used across the country to ensure communities are benefiting from proposed projects. For example, [Maryland's Clean Energy Jobs Act](#), which opened an application period for up to 1,200 MW of new offshore wind projects and established a process for regulatory review of project proposals, requires any project approved to use a community benefit agreement and pay prevailing wages. Additionally, [Washington State's Clean Energy Transformation Act](#) takes steps to ensure job quality by incentivizing labor standards through the use of tiered exemptions from state and local sales tax. The bill ties eligibility for tax credits to the implementation of strong labor standards. For example, to be eligible for a 100% tax remittance, developers of renewable energy projects must have a Community Workforce Agreement (CWA) or PLA. Additional state level examples of PLAs and high-road standards can be found [here](#).

ⁱ <https://laborcenter.berkeley.edu/pdf/2016/Link-Between-Good-Jobs-and-a-Low-Carbon-Future.pdf>

ⁱⁱ https://www.bluegreenalliance.org/wp-content/uploads/2020/07/StatePolicyToolkit_Report2020_vFINAL.pdf

ⁱⁱⁱ <https://laborcenter.berkeley.edu/pdf/2016/Link-Between-Good-Jobs-and-a-Low-Carbon-Future.pdf>

^{iv} <https://ler.illinois.edu/wp-content/uploads/2015/01/ILEPI-LEP-Economic-Commentary-Illinois-PLAs-in-CDB-Projects-FINAL1.pdf>

^v <https://ler.illinois.edu/wp-content/uploads/2015/01/ILEPI-LEP-Economic-Commentary-Illinois-PLAs-in-CDB-Projects-FINAL1.pdf>

^{vi} <https://ler.illinois.edu/wp-content/uploads/2015/01/ILEPI-LEP-Economic-Commentary-Illinois-PLAs-in-CDB-Projects-FINAL1.pdf>

^{vii} <https://ler.illinois.edu/wp-content/uploads/2015/01/ILEPI-LEP-Economic-Commentary-Illinois-PLAs-in-CDB-Projects-FINAL1.pdf>

^{viii} <https://laborcenter.berkeley.edu/pdf/2014/WET-Plan-Appendices14.pdf>

^{ix} <https://laborcenter.berkeley.edu/pdf/2014/WET-Plan-Appendices14.pdf>

^x <https://ler.illinois.edu/wp-content/uploads/2015/01/ILEPI-LEP-Economic-Commentary-Illinois-PLAs-in-CDB-Projects-FINAL1.pdf>