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# Project Labor Revolt

*The states ban union political bid-rigging. Obama demurs.*

One benefit of the squeeze on state and local budgets is that politicians are finally having to confront their sweetheart deals with labor unions. The latest reform movement is moving against project labor agreements, or PLAs, that limit bids on construction projects to contractors that agree to union representation.

Only about 13% of construction workers belong to unions, and PLAs are a union invention to use their political muscle to organize more companies. Proponents argue that PLAs ensure the speed and quality of construction plans. But PLAs are one of the reasons that Boston's Big Dig was estimated at \$2.8 billion but eventually cost \$22 billion. Studies show that projects under PLA contracts on average cost 12% to 18% more than projects awarded by open, competitive bidding. Taxpayers pick up much of this tab.

The case of New York City is instructive. In 2009, the city's construction union and the association of builders agreed to an Economic Recovery Project Labor Agreement in the name of lowering costs and unfreezing construction halted during the recession. Some projects such as Frank Gehry's 76-story Beekman Tower did start, only to see costs skyrocket. According to the New York State Comptroller, wages have risen 12% city-wide, more than three times inflation. Contractors say strict union job classifications mean they have to employ superfluous workers. Many projects have frozen again, as PLA contracts expire and builders balk at new ones.

In response to this evidence, states have been pulling away from PLAs. Louisiana passed a law this month that prohibits state entities from mandating the use of PLAs. Tennessee, Arizona and Idaho passed similar legislation earlier this year, and Iowa's Governor Terry Branstad, in one of his first acts after inauguration, signed an executive order ending a state PLA requirement. Legislatures in Maine and Michigan recently passed bills along these lines that governors are expected to sign. These states are joining Utah, Montana, Missouri and Arkansas, which enacted bans in recent years.

The new wave of Republican state officials is leading this reform, but the public seems to support the effort even in Democratic-leaning areas. Seven localities in California have passed ballot initiatives to end mandated PLAs in the last decade, including five since 2009. This includes places like Chula Vista, where President Obama received 61% of the vote. As Andy Conlin of Associated Business and Contractors notes, wherever PLAs are subject to popular referendum, they're rejected.

You may not be surprised to learn that the Obama Administration is not part of this reform trend. In February 2009 Mr. Obama issued Executive Order 13502, which lifted President Bush's ban on PLAs and explicitly "encourages" them in federal construction projects worth more than \$25 million. As the 2012 election nears, the Administration will be tempted to extend the order to include projects that receive any federal funds.

That would raise construction costs across the country, and at all levels of government, because so many public works projects are jointly funded by states and the feds. It would also mean fewer construction jobs overall, though higher pay for those unionized workers lucky enough to get one.

PLAs are a form of political bid-rigging that robs taxpayers even in good economic times. Amid today's limited fiscal resources, PLAs steal money from the likes of education and law enforcement to reward politically-connected companies and their unions. They deserve to be outlawed.

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