

# ARGUMENTS AGAINST GOVERNMENT-MANDATED PROJECT LABOR AGREEMENTS ON STATE AND LOCAL TAXPAYER-FUNDED CONSTRUCTION PROJECTS IN VIRGINIA

Government-mandated project labor agreements create a rigged and corrupt bidding process when donors and lobbyists push politicians to steer state and local taxpayer-funded public works construction contracts to well-connected union contractors and union members, denying jobs to local Virginia construction industry workers and businesses. These political paybacks create a procurement system that is not cost-effective and robs hardworking taxpayers of the value they deserve.

## BACKGROUND

What Virginia Residents Need to Know

In 2020, Gov. Ralph Northam signed legislation passed by the Democratic Party controlled Virginia General Assembly introduced by Sen. Majority Leader Dick Saslaw ([SB 182](#)) and Del. Alphonso Lopez ([HB 358](#)) that allows state and local governments to mandate controversial project labor agreements on taxpayer-funded construction projects. The law ([§2.2-4321.2 Code of Virginia](#)) went into effect on May 1, 2021.

- This legislation rescinded a [2012 Virginia law](#) requiring taxpayer-funded public works construction contracts procured by state agencies to use a competitive bidding process allowing all qualified businesses to compete to win state contracts, regardless of whether contractors are willing to [sign project labor agreements](#) with construction unions.
- Since the bill was signed into law, lobbyists for out-of-state construction unions and contractors have pressured state and local lawmakers to require costly PLAs on taxpayer-funded construction projects, and a number of local governments have passed ordinances requiring PLAs on the construction of certain public works projects.

## Taxpayers Beware: Government-Mandated PLAs Will Needlessly:

- Increase taxpayer-funded construction costs by 12%-20%
- Result in less school, road, hospital, transportation, utility and affordable housing construction
- Discourage competition from more than 94% of Virginia's construction workforce and quality local contractors
- Harm Virginia's small, minority and women contractors, as well as the commonwealth's overall construction industry
- Steer contracts to out-of-state contractors and create jobs for out-of-state construction workers
- Exacerbate the skilled labor shortage facing Virginia's construction industry
- Increase state and local taxes and/or result in cuts to construction projects and other programs



Visit [BuildVAlocal.com](https://www.buildvalocal.com)  
and Tell Gov. Youngkin and  
Lawmakers to Rescind This Law and  
Oppose Government-Mandated  
Project Labor Agreements on  
Taxpayer-Funded Construction  
Projects in the Commonwealth

# THE TRUTH ABOUT GOVERNMENT-MANDATED PLAS

## Anti-Competitive

When mandated by governments, PLAs discourage quality nonunion contractors and subcontractors— which employ more than [94% of Virginia's construction industry](#)—from competing to build projects funded by taxpayer dollars.

Government-mandated PLAs require nonunion contractors to follow union work rules and hire most or all workers on a jobsite from specified union halls and union apprenticeship programs instead of journey-level workers and apprentices already employed by their company. That [limits the pool of bidders](#), since nonunion contractors and even some union contractors don't want to abandon their existing employees and quality-control practices—key components of a safe and productive workplace—for strangers from union halls governed by unfamiliar rules.

## Increased Costs

Studies on the effect of government-mandated PLAs in [California](#), [Connecticut](#), [New York](#), [Massachusetts](#), [New Jersey](#) and [Ohio](#) found PLAs increase the cost of school construction by 12%-20%. [A 2021 independent study from the RAND Corporation found PLA mandates increased the cost of affordable housing in California by 14.5%](#). Virginia simply cannot afford such waste with distressed state and local budgets and so many infrastructure, affordable housing, utility and school construction needs.

## Harms Virginia's Small Businesses, SWAM Contractors and Employees

When state and local governments mandate PLAs, large companies and their unionized workforce from Maryland, Washington, D.C., Philadelphia and other locations will have an unfair advantage and disrupt the local market at the expense of the commonwealth's small businesses and skilled construction workforce. In addition, Virginia's [small, women- and minority-owned](#) businesses [will be harmed](#), because they are predominately nonunion and will be discouraged from competing for projects subject to these special-interest schemes.

## Hurts Virginia Workers and Businesses

It is no surprise that construction unions and their members—who make up roughly [5% of Virginia's private construction workforce](#)—lobbied for passage of this law, along with a [new law requiring anti-competitive and costly prevailing wage regulations on state and local public works projects](#), during the 2020 legislative session. It means more contracts for union-signatory contractors and more jobs for union members—likely from out of state.

## Wage and Benefits Theft

Workers employed in Virginia's construction industry could experience wage theft due to government-mandated PLAs as [nonunion workers \(and some union workers\) lose an estimated 34% of wages and benefits](#) earned on a PLA project unless they accept union representation, join a specific union, pay membership dues and meet the union benefits plan's vesting requirements. Many workers would be forced to pay into [union pension programs](#), and many of those [are in poor financial shape](#) and in need of government bailouts.

## Reduced Economic Investment

State and local governments mandating PLAs on state and local projects will increase construction costs and decrease the value of infrastructure investment by taxpayers. Overall, this will lead to fewer construction projects and fewer construction industry jobs created and/or additional state and local tax hikes to pay for construction needs.

## Other States Support Fair and Open Competition

A [total of 25 states](#), including neighbors Kentucky, North Carolina, Tennessee and West Virginia, outlaw government-mandated PLAs on public works projects, thereby ensuring fair and open competition on taxpayer-funded construction projects so the public can get the best possible construction project at the best possible price.

## Pay to PLAY

Why are some Democrats pushing these costly, anti-competitive measures? It isn't a coincidence that [46 construction unions gave a total of \\$1.68 million in direct contributions to state Democratic party lawmakers during Virginia's 2018-2019 election cycle](#) and [contributed \\$5.314 million to Democrats across Virginia in the 2020-2021 election cycle](#), according to campaign filings compiled by the [Virginia Public Access Project](#), a nonprofit that monitors campaign contributions by special interest groups. [Almost 63% of the 2020-2021 cycle's political contributions](#) and [62% of the 2018-2019 cycle's contributions](#) came from out-of-state construction unions with a vested interest in getting Virginia's lawmakers to stifle competition from local and qualified businesses.

**Visit [BuildVALocal.com](https://BuildVALocal.com) and Tell Gov. Youngkin and Lawmakers to Rescind This Harmful Law.**

## TAKE ACTION AND STAND UP FOR VIRGINIA

Ask Gov. Youngkin and State and Local Lawmakers to Rescind This Harmful Law.

- Ask Gov. Youngkin to allow all of Virginia's qualified construction workforce and businesses to compete on a level playing field to rebuild their own communities and the commonwealth.
- Gov. Youngkin recognizes the value of investing in schools, affordable housing and infrastructure to keep Virginia economically competitive, which is why he must work with the legislature to replace this law ([§2.2-4321.2 Code of Virginia](#)) with legislation ensuring fair and open competition.
- Visit [BuildVALocal.com](https://BuildVALocal.com) to sign the petition, and write Gov. Youngkin and Virginia lawmakers and tell them you oppose this law.

