

# 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 politicians steer state and local taxpayer-funded public works construction contracts to donors and lobbyists, 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

During its 2020 legislative session, the Virginia General Assembly sent bills introduced by Sen. Majority Leader Dick Saslaw ([SB 182](#)) and Del. Alphonso Lopez ([HB 358](#)) to Gov. Ralph Northam's desk that would allow state and local governments to mandate controversial project labor agreements on taxpayer-funded construction projects. On April 22, 2020, Gov. Northam signed these measures into law ([§2.2-4321.2 Code of Virginia](#)), with the effective date of May 1, 2021.

- This legislation will rescind 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](#), or PLAs, with construction unions as a government-mandated requirement of performing taxpayer-funded projects.
- In advance of the May 1, 2021, effective date, lobbyists for out-of-state construction unions and contractors are expected to pressure state and local lawmakers to require costly PLAs on certain taxpayer-funded construction 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
- Steer contracts to out-of-state contractors and create jobs for out-of-state construction workers
- Harm Virginia's small, minority and women contractors, as well as the Commonwealth's overall construction industry
- Discourage competition from 99.4% of Virginia's construction contractors and workforce
- 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

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And Tell Governor Northam to Rescind/Delay  
this Law and Oppose Government-Mandated  
Project Labor Agreements in Virginia**



# THE TRUTH ABOUT GOVERNMENT-MANDATED PLAS

## Anti-Competitive

When mandated by governments, PLAs discourage quality nonunion contractors and subcontractors—which employ [99.4% 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 journeyman 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%. Virginia simply cannot afford such waste with distressed state and local budgets and so many infrastructure, hospital 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., and other states 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 just [2.2% 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 20% 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](#).

## 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 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 Democratic political campaigns during Virginia's 2018-2019 cycle](#), according to campaign filings compiled by the [Virginia Public Access Project](#), a nonprofit that monitors campaign contributions by special interest groups. Almost [60% of these political contributions](#) came from out-of-state construction unions with a vested interest in getting the Virginia's new leadership to stifle competition from local and qualified businesses.

**Visit [BuildVALocal.com](http://BuildVALocal.com)  
And Tell Gov. Northam and Lawmakers  
to Delay or Rescind This Harmful Law**

## TAKE ACTION AND STAND UP FOR VIRGINIA

Ask Gov. Northam and Lawmakers to Delay or Rescind This Harmful Law

- Ask Gov. Northam 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. Northam recognizes the value of investing in schools, affordable housing and infrastructure to keep Virginia economically competitive, which is why he must delay or eliminate this law ([§2.2-4321.2 Code of Virginia](#)).
- Visit [BuildVALocal.com](http://BuildVALocal.com) to sign the petition, and write Gov. Northam and Virginia lawmakers and tell them you oppose this law.

Educate your local lawmakers about the negative impact of government-mandated PLAs in your community.

