

Shapiro's Project Labor Agreement Mandate

SUMMARY

- Project Labor Agreements (PLAs) are pre-hire agreements between the government and a contractor that outline the terms and conditions for a certain project.
- Gov. Josh Shapiro wrote to state agencies, requiring PLAs for state projects whenever possible.
- PLAs are often discriminatory and can sharply drive up costs on public projects. Prohibiting them would foment competition between union and non-union contractors and save taxpayers money.

SHAPIRO'S MANDATE

- Shapiro's [March 27 letter](#) requires the commonwealth agencies to evaluate and "proactively" implement the use of PLAs on state projects whenever possible.
 - "Effective April 1, 2024," the Department of General Services (DGS) will partner with agencies to determine if a PLA is "appropriate and allowed." If so, DGS will attach a PLA to the project bid.
- Shapiro's new mandate requires PLAs on future projects "in every instance" in which an agency claims "urgency, complexity, or concerns regarding the availability of qualified labor workforce."

PROBLEMS WITH PROJECT LABOR AGREEMENTS

- PLAs often contain provisions that function as [handouts for labor unions](#) at the expense of workers and taxpayers. PLAs may require union labor to work on the project, or even copy language from the collective bargaining agreements of unions involved in the project.
 - These provisions can sharply drive up costs, with studies showing that PLAs increased the cost of construction in New Jersey by over 16 percent and in Ohio by 13 percent.
 - There is no evidence that suggests PLAs improve [jobsite safety](#) or [productivity](#).
- PLAs discriminate against merit shop contractors, which [make up almost 80 percent](#) of Pennsylvania's private construction workforce.
 - Merit shop contractors working under PLA-enforced contracts lose to skimmed union benefits, one [study](#) found that these non-union workers see a 34 percent decrease in wages and benefits.
 - In 2019, the Commonwealth Court [struck down](#) a Montgomery County PLA, ruling it discriminated against merit shop contractors.
 - PLAs take jobs away from local workers by giving preferential treatment to union contractors and workers from outside the area, instead of qualified, local, non-union contractors and workers.
- Rather than requiring PLAs on state projects, lawmakers should [prohibit the use of PLAs](#) on public construction projects. Prohibiting PLAs would foment competition between union and non-union contractors, ensuring that taxpayer-funded projects are nondiscriminatory and cost-effective.