

Value of Union Contractor in Construction Projects

Construction Employers of America's (CEA) Position:

CEA advocates for:

- Remedies for regressive Davis Bacon Act regulatory implementation
- Use of Project Labor Agreements (PLAs) on Federal Construction projects

The Issue:

CEA members represent more than 15,000 signatory contractors employing more than 1.4 million skilled construction industry trades employees. The CEA works to strengthen the construction industry and advocates for the interests of construction employers that provide the best value to project owners through a highly skilled workforce that earns fair wages and benefits. The **Davis-Bacon** Act was enacted to provide a level playing field for local contractors and subcontractors. It requires that on most federally funded projects, workers are to be paid a minimum of the prevailing wage for the area in which the work will be performed as determined by the Department of Labor.

The Davis-Bacon Act's guarantee of prevailing wages not only benefits workers, their families, and their communities, it also supports the types of quality workforce training, project safety, and productivity that prevents delays, repairs, and re-dos of projects and the associated costs they entail. In so doing, the Act provides taxpayers with the best long-term value by ensuring that federally funded projects are built to the highest standards using skilled and well-trained construction craftspeople.

A new report conducted by the independent international construction project engineering and research firm Independent Project Analysis (IPA) found that union contractors complete projects on-time and under budget at much higher rates than non-union contractors. Based on an analysis of 1,550 capital projects on industrial facilities across the United States over the past 20 years, the total cost of union projects was 4% less than non-union (***Quantifying the Value of Union Labor in Construction Projects***, Independent Project Analysis, Inc., December 2022). Simply put, union contractors deploy capital and skilled labor more effectively than the non-union sector and their upfront investment pays dividends in productivity and risk reduction, positively impacting both project costs and schedule. Davis-Bacon prevailing wage projections ensure that the Federal government and federal taxpayers continue to benefit from high skill, high quality, and highly productive construction standards.

The Biden Administration is promulgating very positive prevailing wage reforms that will ensure Federal agencies get better project performance, sustain high-standards, and respect private industry standards while protecting them from potential adverse Federal market purchasing effects. These efforts restore the prevailing wage policy to its original intent and will level the playing field for contractors who invest in their workforce and provide middle class-sustaining jobs.

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The federal policy that **project labor agreements** promote economy and efficiency has been implemented and maintained across three consecutive Presidential Administrations. The Biden Administration’s PLA policy fully reflects parity with sound private owner purchasing policy – providing Federal project acquisition planning and purchasing officials with the right and, indeed, the obligation to consider the full range on project workforce options in the project and planning acquisition process. All construction project purchasers should and do conduct due diligence on project workforce forecasts in planning the project, just like they do with material cost, equipment supply, and other market conditions.

CEA employers have considerable experience providing construction services to public and private owners pursuant to project labor agreements. PLAs have been used to build courthouses, schools, stadiums, and advanced manufacturing facilities because they promote economy, efficiency, and quality. Anti-union proponents assail the PLA policy as exclusionary and preferential – it is neither. More aptly it is fiduciarily prudent, sound, and well-established.

Major for-profit companies and state and local governments across the nation have recognized that PLAs promote economy and efficiency in completing large, critical, and complex construction projects. PLAs also promote equitable development of a future skilled workforce by supporting privately funded training programs. In addition, use of PLAs ensures that government construction does not facilitate labor and employment law violations that transfer costs to taxpayers, harm workers, and prevent the law-abiding contractors committed to training the next generation of skilled craftspeople from competing on a level playing field. There is no new data that warrants displacing this longstanding, carefully considered policy determination.

CEA Supports:

- Protecting and Strengthening Prevailing Wage Laws:
 - We oppose H.R. 720, the “Davis-Bacon Repeal Act” or similar legislation to repeal or weaken the Davis-Bacon Act; and
- Efforts to update, modernize, and strengthen federal prevailing wage protections under the Davis-Bacon and Related Acts (DBA); to ensure that prevailing wage rates more accurately reflect local prevailing wages paid to construction craftworkers on Federal assisted projects and are updated more frequently; and streamlining the wage survey process and wage determination procedures:
 - We support maintaining Executive Order 14063 providing federal agencies the same flexibility private owners have to consider using a Project Labor Agreement for construction projects, and oppose legislation (H.R. 1209 and S. 537) that would nullify this Executive Order; and
 - We support contracting agencies conferring with union and non-union contractor associations and relevant labor organizations when assessing the “impracticality” of utilizing a project labor agreement to ensure these assessments are not based on outdated or inaccurate information about available contractors, the relevant workforce, or the realities of securing and executing a PLA.

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