

Project Labor Agreements

– Concerns from the Construction Worker’s Perspective

The following depicts concerns that both construction employees and employers would face under a Project Labor Agreement on a public construction project.

- PLAs mandate prospective bidders to purchase proprietary (only those specifically allowed under the PLA) health, life or disability insurance for their employees. This is unfair to employees who may be covered by different health plans with different maximum coverages, deductibles, or co-insurance terms.
- Proprietary health plans, as prescribed in PLAs, often establish eligibility rules, which do not provide for full coverage or have significant waiting periods (vesting) before an employee is covered under the plan. While an employer (contractor) may be making contributions on behalf of an employee to a pre-designated fund (i.e. PLA plan), the employee may not actually be receiving full or even partial coverage under the plan.
- There could be issues regarding an employee’s pre-existing conditions, treatments in process or even coverage as a result of moving between a current employers plan and a mandatory, proprietary PLA plan.
- The cost of administering health and welfare, life insurance and disability programs vary significantly from company to company, fund to fund, and from plan to plan. The free market will provide the taxpayer and the employees the best product and coverage.
- The designation of pre-selected carriers and companies do not provide other insurance carriers and benefit providers the opportunity to compete on public projects.
- The employees may be required to accept lesser or different benefit plans (under a proprietary PLA benefits plan) than what they may be receiving from a current employer on their existing pre-selected or pre-designated plan.
- A significant percentage of pre-designated ERISA plans cover costs not associated with the actual insurance, but employer contributions are allocated to cover overhead expenses or the fixed costs of sponsoring or related organizations.
- Employees or their families may have on-going health needs that may not be covered by a new proprietary PLA plan and may have coverage only by staying in their employer’s current plan.
- Defined benefit retirement plans often carry potential significant financial liability for employers. Continuing liability for multi-employee retirement programs that are under-funded at the time employers become obligated to provide benefits under the plan is a big issue and significant deterrent for prospective bidders.
- Under both scenarios, employers are required to abide by plan rules, benefit schedules that they have no control over and that are decided in most instances by third party providers including trustee groups, independent fund managers and the like. **In essence the employer is required to make contributions and purchase insurance benefits for their employees and yet have no control over the benefits structure, liabilities or plan administration.**
- The money paid into a proprietary PLA plan for a short term will likely never vest and be of little value to the employee who has been required to be in this new plan for a specific project.

- Limiting the employer's options for recruitment, training and hiring (i.e. union referral hall) limits the opportunity to select over a broad range of potential craftworkers for public projects.
- Also, limiting the employer to an exclusive source of recruitment, training and hiring (union referral hall) can create obstacles in complying with or making good faith efforts towards fulfillment of affirmative action goals and equal employment opportunity regulations.
- Craftworkers seeking employment opportunities often register or are available through a variety of different placement services (both public and private). Placing unreasonable limitations on employers, which would not allow them availability to these resources is not only unfair to prospective employees, but severely limits the employer's field of qualified applicants.