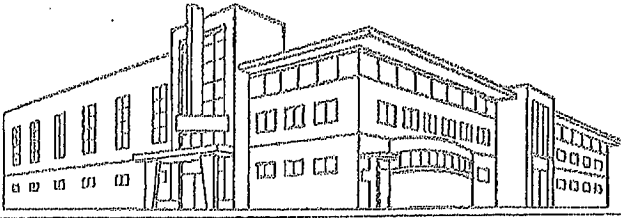


## Carpenters' District Council of Greater Saint Louis and Vicinity

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January 26, 2012

House Commerce & Economic  
Development Committee

### Carpenters' Testimony Regarding HB 2515

The bill before you today is a step backward in providing public officials in Kansas with the ability to responsibly manage taxpayer dollars that are used for construction of public projects in this State. The bill in its current form is an outright ban on the use of Project Labor Agreements in public construction.

A Project Labor Agreement is a project-specific agreement that establishes terms and conditions for labor during the course of constructing a project. PLA's are not a new concept. PLAs have been used since the 1930's by public and private entities in the execution of capital construction projects. The use of PLAs by so many large private companies including General Motors, Toyota and American Energy is a clear sign that Project Labor Agreements make good business sense. Private, for-profit companies simply wouldn't use PLAs if they weren't an effective and efficient means of undertaking



construction projects. Because of the proliferation of PLAs in the private sector, it was not surprising when the United States Supreme Court gave its approval to Project Labor Agreements in a decision handed down in 1993. So lawmakers can be assured that the ability of governmental bodies to use PLA's has already withstood judicial scrutiny.

The reason that PLA's have been so widely used is that they provide the best option for attempting to ensure that large-scale construction projects will be completed on-time and on-budget. PLA's contain features that help avoid labor problems that cause delays.

Project Labor Agreements nearly always contain a provision that bans strikes, lockouts, picketing, handbilling, work stoppages and slowdowns. This is a key benefit considering that construction on these large projects can take years. In the event a labor dispute led to a strike, work might stop on other projects; however, due to the implementation of a PLA, members of the same striking bargaining unit would continue to work on the PLA project.

PLA's also provided for expedited grievance procedures. Such procedures require that complaints be resolved by designated committees within a limited timeframe and that final and binding decisions could be made without the fear that labor problems could end up in court, causing construction work to stop or slow down.

Project Labor Agreements also help promote the hiring of local workers. PLAs normally require that construction workers be referred from local hiring halls, drastically increasing the chances that workers on the project will be individuals who live in the local area. This is extremely important considering it is not uncommon for contractors to obtain

work on projects and then ship workers in from out of state. When we're talking about the expenditure of public dollars, it's vital that these jobs go to people who live in the area, not only so our local residents will get the benefit of the wages, but also so those workers will spend their wages on goods and services in their local community, helping to boost the Kansas economy. When public bodies in Kansas undertake large-scale construction, jobs are created and a PLA provides an effective way of making sure as many of those jobs as possible go to Kansas residents.

The idea that Project Labor Agreements prevent competition in bidding is simply incorrect. Any contractor who wishes to bid on a project with a PLA has the opportunity to do so. PLA's traditionally require the payment of wages and benefits that meet area standards. This applies to both union and non-union contractors alike.

Even more importantly – this bill would overturn the principle that's been applied in this State for more than 100 years – that Kansas officials have discretion in determining how public contracts will be awarded. In 1911 the Kansas Supreme Court said that in deciding who is the lowest responsible bidder as is required by the State's competitive bidding law, a variety factors can be considered besides which contractor has the lowest bid. In 1985, the Kansas Supreme Court said explicitly – “Public authorities are generally vested with wide discretion in determining who is the lowest responsible bidder.” Requiring contractors to adhere to the terms of a Project Labor agreement is simply one more way to determine who is the lowest responsible bidder.

Is using a Project Labor Agreement on each and every pu  
good idea? Probably not. These unique agreements are most appi  
scale construction where the overall cost of the project is signific  
extended period of time. But why take this option off the table  
when a Project Labor Agreement simply makes good fiscal sense?

We encourage you to think about the impact a PLA ban c  
and economic development and reject this bill.

Best Regards,

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