



To: Biden Administration / Regulations.gov
From: American Pipeline Contractors Association
Re: FAR Case 2022-003 – APCA Comments in Opposition to NOPR on Project Labor Agreements

FAR Case 2022-003; Docket No. FAR-2022-0003, Sequence No. 1] RIN 9000-AO40 Federal Acquisition Regulation: Use of Project Labor Agreements for Federal Construction Projects
Date: October 18, 2022

APCA Opposes the Federally Mandated Project Labor Agreement Rule

Inflationary PLA Burdens Will:

- 1. Slow Pipeline Infrastructure Projects*
- 2. Increase Costs to Taxpayers, and*
- 3. Result in Fewer Buildouts of Crucial Energy Infrastructure Projects*

The American Pipeline Contractors Association (APCA) strongly objects to government-mandated Project Labor Agreements (PLAs) as proposed in [Federal Acquisition Regulation: Use of Project Labor Agreements for Federal Construction Projects](#), which would implement President Biden's Executive Order requiring federal construction contracts of \$35 million or more to be subjected to PLAs.

APCA was founded in 1971 and is the national association of merit-shop pipeline and station contractors, representing construction firms, manufacturers, and suppliers who build and maintain interstate natural gas and oil pipeline systems.

Simply stated: mandating PLAs on pipeline construction contracts involving federal dollars will slow projects and drive up costs. While the pipeline industry is already facing difficult times, adding PLA requirements will result in much slower builds of new pipelines and system upgrades. Added costs will also significantly reduce the number of projects ultimately put into service at a time when Americans need greater access to clean-burning, lower-cost natural gas.

Government-mandated PLAs are jobsite-specific collective bargaining agreements unique to the construction industry that needlessly increase costs and unfairly discourage competition from quality merit-shop contractors and their employees, who comprise 87.4 percent of the private

U.S. construction industry workforce, according to the most recent U.S. Bureau of Labor Statistics data.

For example, a PLA typically requires companies to agree to recognize unions as the representatives of their employees on that job, use the union hiring hall to obtain most or all construction labor, exclusively hire apprentices from union programs, follow union work rules, and pay into union benefit and multi-employer pension plans. This forces employers whose workers have freely made the choice not to join a union to pay “double benefits” into their existing employee benefit plans and union plans and places these qualified firms at a significant competitive disadvantage. In addition, research suggests that the few nonunion employees permitted to work on a PLA jobsite lose 34 percent of wages and benefits unless they pay union dues and/or join a union and meet benefits plan vesting schedules. In short, these anti-competitive provisions in typical PLAs promote higher costs, eliminate employee choice for union representation and make it extremely difficult for many merit-shop, and typically small, minority- or women-owned, firms to win public works contracts subject to anti-competitive PLAs.

When mandated by government agencies, PLAs can also supersede and interfere with existing collective bargaining agreements that contractors have already negotiated with various unions and prevent firms from using labor from certain unions. When mandated by governments, PLAs increase construction costs to taxpayers by 12 to 20 percent and reduce opportunities for qualified contractors and their skilled craft professionals. This proposal could impact about 120 federal contracts valued at \$10 billion, which is roughly 40 percent of the value of federal construction put in place on an annual basis, according to the Associated Building Contractors.

The proposed PLA rule on federal contracts over \$35 million will reduce competition and drive up costs for the American taxpayer, resulting in a far slower rate of pipeline buildouts and upgrades needed to serve American families and businesses. For these reasons, the hard-working men and women who build America's vital energy pipelines strongly oppose the proposed PLA rule.

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