June 27, 2024

To: The House Committee on Oversight and Accountability, Cybersecurity, Information Technology, and Government Innovation Subcommittee

RE: Testimony for hearing on PLA's and EO 14063

Good afternoon, Chairwoman Mace, Ranking Member Connolly, and distinguished members of the Committee. Thank you for the opportunity to speak before you today on the important topic of Project Labor Agreements (PLAs). I am happy to hear this matter is being examined by our leadership in Washington.

My name is Jacob Snyder, and I am the Chief Operating Officer at Enerfab. Enerfab is a 123 year old diversified fabrication, construction, and maintenance company headquartered in Cincinnati, OH with locations across the United States. I am honored to be here to share my insights and experiences regarding PLAs and their impact on the construction industry, our workforce, and the broader economy.

As someone deeply involved in the construction sector for nearly 20 years, I have seen firsthand the benefits of utilizing PLAs. These agreements, which establish the minimum standards for all bidders on projects, have been a pivotal tool in our industry for many years. Enerfab, as well as many other construction companies including TAUC'S 1,800 member contractors, use PLAs to deliver large complex projects with private clients frequently (As outlined in TAUC's October 17, 2022 comments regarding RIN 9000-AO40). The Federal government should have the opportunity to receive the same benefits that many private end users enjoy when delivering large publicly funded projects. From my perspective, PLAs offer several significant advantages.

First, PLA's provide a framework for ensuring that projects are completed on time and within budget. By setting clear standards for wages, benefits, and working conditions, PLAs help to stabilize the workforce and reduce the risk of labor disputes. This stability is crucial for maintaining the momentum of large-scale projects and for delivering high-quality results. We have seen time and again the coordination delivered under a PLA is an advantage to all stakeholders.

Moreover, PLAs typically include provisions for using a local workforce first, along with an allocation of private dollars dedicated to training and apprenticeship programs, which are vital for developing a skilled workforce. These programs not only benefit workers by enhancing their skills and employability, but also benefit employers by ensuring a steady supply of qualified labor.

Further, PLA's have the advantage of providing a vehicle to take into account the desires of all stakeholders, both corporately and locally. Most PLA's have provisions that are specific to the project. Items like parking, hazards unique to a geographic area, security, etc. can be addressed. Further, these unique provisions allow for stakeholders to input goals and requirements for workforce makeup, utilization of diverse contractors, and safety provisions that go beyond typical protocol.

However, it is important to acknowledge the concerns that have been raised about PLAs. Critics often argue that these agreements can limit competition by favoring unionized contractors, potentially increasing costs and excluding non-union firms from participating in projects.

As it relates to excluding non-union contractors, it is important to note that any contractor can work under a PLA, not only union contractors. Further, PLA's generally only apply to the project at hand and do not have ongoing or broader implications for employment to a contractor, thus allowing a traditionally non-union contractor to work under a PLA without impacting their business otherwise.

Additionally, from a cost perspective the data to demonstrate a higher cost of PLA's simply isn't there. While on a smaller project that requires limited numbers of employees and less sophisticated contractors it may be less expensive to work without a PLA; however, on large projects there is no better mechanism that can deliver large numbers of skilled craftspeople and a level of management expertise like a PLA can. In fact, in 2022 Independent Project Analysis conducted a study to compare union and non-union projects. The executive summary is as follows:

This study expands on an earlier study that found that union labor is more productive than open shop labor and projects that employed union labor cost less, despite the higher average all-in wage rate paid to union labor. Other studies have found that higher craft labor costs for union labor on prevailing wage projects do not result in higher project costs than non - prevailing wage projects. The current study confirmed the findings from the earlier IPA study and examined some of the underlying differences in union labor versus open shop labor that may explain the differences in productivity as well as the overall effect on project outcomes. The study found:

- *Productivity for union labor is 14 percent higher versus open shop labor*
- *Productivity for projects that used a mix of union and open shop labor were 8 percent more productive than projects that used all open shop labor*
- *The use of union labor reduces the total cost of projects by an average of 4 percent versus when open shop labor was used*
- *The union craft labor and foremen have demonstrated a significantly higher level of skills versus open shop labor*
- *Strong relationships exist between higher craft skills and lower project total costs as well as better construction schedule predictability*
- *Projects are 40 percent less likely to experience a shortage of skilled labor when union labor was sourced versus open shop labor*
- *Projects that are short on skilled labor are twice as likely to have a 10 percent or higher cost overrun and are more likely to have schedule slip of 25 percent or higher*
- *Turnover of labor on projects was one-third less likely when union labor was employed versus open shop labor*
- *Turnover of labor was linked to worse project cost and schedule outcomes*

The overall findings indicate that the combination of better skills, more reliable sourcing of sufficient skilled labor, and better labor stability (e.g., less labor turnover) all contribute to better productivity and better project outcomes.

This independent study, from an organization that is the industry standard, has provided the definitive data that industry professionals such as myself have experienced anecdotally for years. Our collective goal should be to create a construction industry that is efficient, equitable, and capable of meeting the infrastructure and construction needs of our nation.

Thank you again for inviting me to testify. I look forward to answering your questions and contributing to this important conversation.

Respectfully,

J. Jacob Snyder

COO

Enerfab