



December 20, 2011

TO: School District Superintendents, Chief Business Officials and School District Construction/Facilities Administrators

**FROM: Alice Petrossian, President, Association of California School Administrators
Gary Matsumoto, President, California Association of School Business Officials**

RE: Recent Issues Regarding the Use of Project Labor Agreements

As you may be aware, the State Allocation Board just approved nearly \$1 Billion in bond funding for school construction/modernization projects. As the funds are distributed to recipient districts, the debate about the usefulness and costs of union project labor agreements (PLAs) will undoubtedly arise. Following the release of research that found PLAs often result in greater overall costs for school construction projects, groups representing the building trades entered the debate, backing a separate analysis of the research by the UCLA Labor Center to blunt its impact. Following the release of the various reports on this issue, there may be more questions than answers about the practicality of PLAs. As the leading K-12 statewide management organizations deeply engaged in issues involving school construction and finance, ACSA and CASBO feel compelled to provide some perspective and guidance on this matter.

While we know that PLAs have been helpful in certain circumstances and may even be justified by some districts despite potential increased costs, they are not always the right answer and have some definite drawbacks. We have found the original study by the National University System Institute for Policy Research (NUSIPR) to be credible, and moreover, the research has been validated up by an independent third-party review of its methodology and conclusions by USC's Keston Institute for Public Finance and Infrastructure Policy. In fact a subsequent NUSIPR response challenges the UCLA Labor Center's critique, and the work by USC only solidifies the credibility of the original report. For example, it was suggested that the original study didn't account for land acquisition costs, when in fact the opposite is true.

It is important to note that Governor Brown recently signed SB 922, which sets guidelines on the use of PLAs and prevents local city and county charters from prohibiting the use of PLAs. SB 922 does not require the use of PLAs and local governments of all kinds are urged to use due diligence before committing to a PLA.

Given all of the above, our advice to LEAs as they approach school construction planning is to be cautious of PLAs as a universally accepted solution and to review all the research as part of the normal due diligence process. While they may have been helpful to districts in specific instances, it is important to understand all the potential costs and consequences that come with PLAs, including documented cost increases of the overall project beyond alternatives.

Background

On July 25, the National University System Institute for Policy Research (NUSIPR) released a study called, "[Measuring the Cost of Project Labor Agreements on School Construction in California](#)." The research examined 551 school construction projects in 180 districts and concluded that projects with a PLA cost on average 13 to 15 percent more than those without such an agreement. In the [news release](#) announcing the findings, NUSIPR disclosed that 20 percent of the study costs were funded through a grant from the Associated Builders and Contractors of California, Cooperation Committee, an organization representing non-union contractors and one that opposes the use of PLAs. The authors have noted that this grant resulted in no editorial input toward the study findings and only helped expand the efforts to gather data for analysis.

Additionally and as noted above, the study's statistical methodology and conclusions were independently reviewed and validated by the [Keston Institute](#) for Public Finance and Infrastructure Policy at the University of Southern California. The analysis noted that their organization does not have a position for or against PLAs. The Institute's Director, Richard Little, readily makes himself available to answer questions regarding their analysis.

Summary

Local education leaders have worked hard to maximize scarce resources, facing unprecedented cuts to classroom instructional services. Given the state's lack of adequate funding for public education, we cannot afford to waste a single penny. The promotion of PLAs without a thorough and honest evaluation sends the wrong impression to taxpayers, one that we work everyday to avoid. This is why, generally speaking, we have serious questions with regard to their usefulness for school construction.

We ask you to critically analyze the information we have provided and take all factors into consideration. Only then can we restore public trust in our ultimate objective, which is to ensure every school has the resources needed to provide students with the best possible education. Below are the web addresses/links for all of the research cited by groups on every side of this issue. Please don't hesitate to let us know if you have any questions. The governmental relations office of ACSA can be reached at 916-444-3216 and CASBO can be reached at 916-447-3783.

References:

[Measuring the Cost of Project Labor Agreements on School Construction in California](#) (Vince Vasquez, Dr. Dale Glaser, and W. Erik Bruvold; 2011) examined the inflation-adjusted square foot construction costs for 551 school projects in California built between 1995 and 2009 – a dataset more than four times larger than any previous similar study, such as the three studies examining the impact of PLAs on school construction costs in Mass., Conn., and NY by the [Beacon Hill Institute](#) at Suffolk University in Boston, which also found that there is a statistically robust correlation between PLAs and greater school construction costs when compared to school projects constructed without a PLA.

[NUSIPR Response to UCLA Labor Center Review](#) (Vince Vasquez, Dr. Dale Glaser, and W. Erik Bruvold; 2011)