

## **Project Stabilization Agreement Training Renewal**

### ***ONLY FOR CONTRACTORS WHO HAVE TAKEN THE LAUSD PSA TRAINING CLASS BEFORE***

Thank you for taking the time to renew your status as a contractor that has taken our Project Stabilization Agreement (PSA) Training Class. If you have taken the class before, it is not necessary to attend the class again to maintain your training status, although anyone is welcome to attend the class multiple times. To renew your training, please review your PSA Training Class Manual and read the information below. Contractors that do not renew their training status annually will be dropped from the list of PSA-trained contractors. Once you have reviewed the materials, print and complete the *PSA training renewal test* and fax or mail it according to the instructions listed on the test. A minimum score of 80 percent will renew your training.

It is our goal to ensure that contractors understand the terms and conditions of their construction contract with LAUSD. We want to emphasize several provisions from the PSA here, but this should not substitute a review of both the Training Class Manual and the PSA itself. Several items that contractors should focus upon include (from Section 5 of your PSA Training Manual):

**Fringe Benefits:** Employee benefits, also called fringe benefits, are part of the required prevailing wage rate paid to a construction worker, and, per the PSA, employee benefits shall be paid to the appropriate trust fund(s) on behalf of each (union and non-union) employee. To prevent violations and penalties, the employee benefit portion of the hourly prevailing wage rate *must* be paid into the appropriate trust fund – *even if* the contractor has its own benefit plan or pays the benefits directly to the employee. Some examples of benefits contributed are health, welfare, vacation pension and training funds.

**Core Employees:** A **core employee** is defined in the PSA as an employee who:

- Appears on the contractor's active payroll for 50 of 100 working days prior to contract award.
- Possesses required licenses.
- Performs work safely.
- Is a District resident as of October 1, 2003, or for the 100 working days prior to the contract award date to the prime contractor.

### **Hiring Procedures for Contractors if they Employ Core Employees:**

Prime contractors may employ their core workforce without hiring anyone from the union, as long as those workers qualify as core employees. Sub-contractors and specialty prime contractors *must* follow an alternating hiring procedure if they intend to use members of their core workforce. See the chart below for a description of the “alternating

hiring procedure” All members of a contractor’s core workforce *must* qualify as core employees and are *not* excluded from any PSA requirements.

CONTRACTOR’S  
CORE WORKFORCE

UNION  
REFERRAL

1ST employee (core)  
3rd employee (core)  
5th employee (core)  
7th employee (core)  
9th employee (core)

2nd employee (from union)  
4th employee (from union)  
6th employee (from union)  
8th employee (from union)  
10th employee (from union)

When a “prime specialty” contractor or sub-contractor employs a maximum of five members of its core workforce, the contractor *must then* hire exclusively from the appropriate union’s referral system. Core employees are not required to join any union; however, the contractor is required to ensure that all employees are registered with the appropriate union.

The applicable Schedule As may require a contractor’s core workforce, and any other persons employed other than through the union hiring hall, to pay monthly working dues or fees that are uniformly required for membership in the union.

**Special notice to all contractors and sub-contractors regarding PSA Sections 3.5(c) and 3.6:** PSA Section 3.6 states, in pertinent part:

“(a) A specialty or sub-contractor may employ, as needed, first, a member of his core workforce, then an employee through a referral from the appropriate union hiring hall, then a second core employee...

“(b) A general and/or multi-trade contractor (not engaged in specialty work) may first employ his core workforce prior to utilizing the referral procedures.”

Subsection (a) of Section 3.6 describes the core employee requirements for “prime specialty” contractors and all sub-contractors on covered work. The authorization to utilize core workforce prior to utilizing referral procedures contained in subsection (b) applies *only* to prime general contractors (i.e., general contractors directly in privity with the District).

All contractors, regardless of whether they are general, specialty, or sub-contractors, must require their core workforce and any other persons employed other than through the union referral process to register with the appropriate union or unions (Section 3.5).

**Letter of Assent:** The Letter of Assent is a one-page document that confirms the contractor’s acceptance of the LAUSD PSA. One Letter of Assent must be executed for each PSA-covered LAUSD construction contract that is awarded (one Letter of Assent

*per contract*). The Letter of Assent *does not* bind the contractor to anything outside the scope of the LAUSD PSA. All contractors and sub-contractors of any tier must submit a Letter of Assent prior to performing PSA-covered work.

**Shift Pay:** PSA Section 6.4(b) states:

“Contractors, the Council and the Union recognize the economic impact upon the District and District rate payers of the massive project being undertaken by the District and agree that all parties to this Agreement desire and intend Project Work to be undertaken in a cost efficient and effective manner to the highest standard of quality and craftsmanship. Recognizing the economic conditions, the parties agree that, **to the extent permitted by law**, employees performing Project Work shall not be entitled to any differentials or additional pay based upon the shift or work schedule of the employees. Instead, all employees working on Project Work shall be paid at the same base rate regardless of shift or work schedule worked.” [*Emphasis added.*]

This PSA provision only eliminates shift differential pay if the law does not require shift differential to be paid. When the law requires it, contractors and sub-contractors must pay shift differential to their workers on LAUSD projects.

*Labor Code* section 1770 requires the Department of Industrial Relations Division of Labor Statistics and Research (“DLSR”) to issue determinations of the prevailing wage rate for a particular trade. If that determination contains a shift differential pay requirement, contractors and sub-contractors must pay shift differential for workers in that trade, *even if* they are working under the PSA.

**TEST: Please print test and circle the correct answer.**

**Once you have complete the test please fax it to Dan Sloan at (626)440-4120, or email it to dan.sloan@parsons.com**

DATE \_\_\_\_\_

CONTRACTOR NAME \_\_\_\_\_

NAME OF PERSON TAKING THE TEST \_\_\_\_\_

PHONE NUMBER: \_\_\_\_\_ FAX NUMBER \_\_\_\_\_

ADDRESS: \_\_\_\_\_

EMAIL ADDRESS (OPTIONAL) \_\_\_\_\_

1. Contractors are required to submit the fringe benefit portion of their employees' prevailing wage to (Training Manual, Section 5, Page 17):
  - a. The employee
  - b. The appropriate trust fund
  - c. LAUSD
  - d. Training
  
2. The following statement is true about the PSA hiring procedure (Training Manual, Section 5, Page 9):
  - a. Sub-contractors who wish to use their own non-union core employees must use an alternating hiring procedure (alternating core employees with workers dispatched from the appropriate local union)
  - b. Contractors are required to use only workers from a union
  - c. Sub-contractors may hire as many non-union workers as they need
  - d. Unions may refuse to dispatch workers to contractors that are not signatory to any union.
  
3. If a contractor uses core employees, the contractor must (Training Manual, Section 5, Page 9):
  - a. Refuse union workers
  - b. Register with the "We Build" Program
  - c. Ensure that all core employees are registered with the appropriate union.
  - d. Use a non-union workforce
  
4. The PSA limits shift differential pay:
  - a. Never
  - b. For core employees only
  - c. On projects costing more than \$20,000.00
  - d. To the extent permitted by law
  
5. Neither contractors nor their employees are required to (Training Manual, Section 5, Page 1):
  - a. Join a union to work on PSA-covered contracts
  - b. Pay fringe benefits to an appropriate trust fund
  - c. Use shift differential pay
  - d. Allow union representatives onsite
  
6. The Letter of Assent, a one-page document that confirms the contractor's acceptance of the PSA, must be executed for each PSA-covered construction \_\_\_\_\_ (Training Manual, Section 5, Page 2).

- a. Contract
- b. Project
- c. School
- d. Site

7. When **must** the Letter of Assent be received by the PSA Coordinator (Training Manual, Section 5, Page 3)?

- a. Six months prior to the commencement of work
- b. One year prior to the commencement of work
- c. 48 hours prior to the commencement of work
- d. No more than 30 days following the commencement of work

8. True or False: All contractors and sub-contractors, of any tier, must submit a Letter of Assent to the PSA Coordinator.

- a. True
- b. False

9. A union participation and/or subscription agreement cannot (Training Manual, Section 5, Page 5):

- a. Bind the contractor beyond the terms and conditions of the PSA
- b. Exceed ten pages
- c. Be signed by a contractor
- d. Use harsh language

10. Strikes, slow downs, disruptions of work, picketing and lock-outs are (Training Manual, Section 6, Page 2):

- a. Permitted
- b. Encouraged
- c. Prohibited by the PSA
- d. Worked around