

# **The Negative Effect of Government-Mandated Project Labor Agreements: A Review of Key Reports and Studies 2024 Edition**

Government-mandated project labor agreements are special interest schemes that end open, fair and competitive bidding on public work projects. PLAs deny 89.3% of the U.S. construction workforce— those who do not belong to a union—a fair opportunity to build public work projects, thereby reducing competition and significantly driving up costs to taxpayers. With government budgets stretched thin, it is critical that taxpayers get the best quality work at the best price. Union-favoring PLA requirements and preferences put special interests ahead of the public interest by rigging the competitive bidding process. PLAs ensure that only contractors that agree to participate in these corrupt schemes can win taxpayer-funded construction contracts— denying qualified local contractors and their skilled employees the opportunity to do the best job at the best price.

## **Increased Construction Costs and Employee Wage Theft**

Typical anti-competitive PLA mandates increase costs by forcing contractors to:

1. Accept unwanted union representation of their craft employees
2. Hire most or all employees from a union hiring hall
3. Follow inefficient union work rules
4. Exclude apprentices enrolled in government-registered nonunion apprenticeship programs
5. Make contributions to union benefit plans on behalf of any limited number of nonunion employees who may be permitted to work on a PLA project. Such nonunion employees will never benefit from these contributions unless they join a union and become vested in union benefit plans, which results in theft of up to 34% of their take-home pay and benefits. As a result, merit shop contractors pay benefits into existing benefit plans and union benefit plans, needlessly increasing costs for merit shop firms employing their existing nonunion workforce by an estimated 35%.

These unfair mandates discourage competition from nonunion contractors, who employ 89.3% of the U.S. construction workforce, and needlessly increase costs for the occasional merit shop contractor that participates on government-mandated PLA projects.

Academic research and independent reports—available on the [BuildAmericaLocal.com](https://www.buildamericalocal.com) federal coalition website, [the Truth About PLAs blog](#) and [ABC's PLA website](#)—support the truth that government-mandated PLAs increase the cost of construction.

- An October 2021 [study](#) by Dr. John R. McGowan, “Government-Mandated Project Labor Agreements Result in Lost and Stolen Wages for Employees and Excessive Costs and Liability Exposure for Employers: Instead of Reform, Policymakers Want to Perpetuate the Broken System,” found that on average, nonunion employees working on construction projects performed under government-mandated PLAs lost approximately 34% of their total take-home pay to unions and union benefit plans from which they would not see any benefit unless they subsequently joined the union, including the notably underfunded multiemployer pension plans used by construction unions for retirement benefits. The report also found that nonunion employers were burdened with an additional 35% in employee compensation cost due to having to duplicate benefit payments both into their existing plans and the required union contributions under a PLA. In addition, the report found that total construction industry underfunding of the multiemployer pension plan system could rise to \$467.3 billion by the end of 2021.
- A 2021 independent [study](#) by RAND, “The Effects of Project Labor Agreements on the Production of Affordable Housing,” examined a well-publicized public housing initiative in Los Angeles, Proposition HHH, to build up to 10,000 new units for those experiencing homelessness, with a total funding amount of

Updated May 2024

\$1.2 billion. At the time of the study, with most all funds committed, the total number of housing units stood at approximately 7,300 units, due in large part to much higher construction costs than had been forecasted. The study found that an initiative wide PLA requirement for building these units contributed to 14.5% in increased costs, and that absent these cost increases stemming from the PLA, approximately 800 more units could have been built, an additional 11%.

- A [study](#) released in January 2020 by the Beacon Hill Institute, “The Effects of Project Labor Agreements on Public School Construction in Connecticut,” found that Connecticut schools built under controversial government-mandated PLAs cost 19.8% more than schools that were bid and constructed through fair and open competition without PLA requirements.
- An August 2019 [study](#) by the Beacon Hill Institute, “The Effect of Project Labor Agreements on Public School Construction in New Jersey,” found that New Jersey schools built under government-mandated PLAs cost 16.25% more than schools that were bid and constructed free from PLA requirements.
- A May 2017 [study](#) by the Beacon Hill Institute, “Project Labor Agreements and the Cost of School Construction in Ohio,” found that PLAs raise the base construction cost of building Ohio schools by 13.12%, or \$23.12 per square foot (in 2016 prices), relative to non-PLA projects.
- A U.S. Department of Labor Job Corps Center in Manchester, New Hampshire, was originally bid with a PLA mandate in 2009 and 2012. After nearly a total of three years of PLA-related delays and litigation, the project was finally rebid without a PLA in late 2012. [Bid results](#) from February 2013 prove PLAs increase costs and reduce competition. Without a PLA, there were more than three times as many bidders and the winning bidder’s offer was 16% lower than the offer of lowest PLA bidder. Without a PLA, a local firm from New Hampshire won the contract. In contrast, the low bidder under the PLA mandate was from Florida. Learn more [here](#). A number of other federal, state and local projects across the country have been bid with and without PLAs, and in all cases PLA mandates increased costs, reduced competition or both. Learn more [here](#).
- [On May 14, 2013](#), a \$1.178 billion design-build Package A contract was awarded to Capital Rail Constructors to build Phase 2 of the Dulles Corridor Metrorail Project, also known as the Silver Line, in northern Virginia. Capital Rail Constructors’ bid was 16% to 27% lower than expected and was just \$14.2 million less than the second most responsive bid submitted by Bechtel Transit Partners. While the Metro Washington Airport Authority had originally intended to use a PLA mandate and then a PLA preference on Phase 2 of the project, media scrutiny, public pressure and results from Phase 1 construction led the agency to issue its solicitation for Phase 2’s construction contract [free from anti-competitive and costly PLA requirements or PLA preferences](#). On July 2, 2014, MWAA announced its intent to award a contract to Hensel Phelps Construction Co. of Chantilly, Virginia, to design and build the railyard and maintenance facility for Package B of Phase 2 of the Silver Line. Hensel Phelps’ \$253 million price proposal for Package B was better than three other competitors. Dulles Transit Partners—the joint venture between Bechtel Infrastructure Inc. and Washington Group International (now URS)—constructed Phase 1 of the Silver Line with a PLA that it voluntarily entered into with labor unions, which ensured union labor was used for work self-performed by DTP. The voluntary Phase 1 PLA [did not apply to subcontractors](#) and the MWAA could not identify any subcontractors that voluntarily signed the PLA. Phase 1 cost about \$2.9 billion, which was \$150 million more than initially planned.
- According to a July 2011 [study](#), “Measuring the Cost of Project Labor Agreements on School Construction in California,” released by the National University System Institute for Policy Research, California school construction projects built using government-mandated PLAs experienced increased costs of 13% to 15%, or \$28.90 to \$32.49 per square foot, compared to projects that did not use a PLA.

- In October 2010, the New Jersey Department of Labor and Workforce Development issued an independent [report](#) that found PLAs on school construction projects in the state were 30.5% higher than for all non-PLA projects. The same report found PLA projects tended to have a longer duration than non-PLA projects. For FY 2008, the average duration of PLA projects was 100 weeks compared with 78 weeks for non-PLA projects.
- The Cato Journal (Volume 30 Number 1, Winter 2010, “Are Unions Good for America?”) published a compelling critique of government-mandated PLAs by David G. Tuerck, executive director of the Beacon Hill Institute for Public Policy Research at Suffolk University in Boston. “[Why Project Labor Agreements Are Not in the Public Interest](#)” attacks the faulty logic and methodology often employed in studies promoting PLAs as a mechanism to reduce construction costs.
- A September 2009 Beacon Hill Institute [study](#), “Project Labor Agreements on Federal Construction Projects: A Costly Solution in Search of a Problem,” found that PLAs significantly increase construction costs on federal projects. Had President Barack Obama’s pro-PLA Executive Order 13502 been in effect in 2008, and all 2008 federal construction projects worth \$25 million or more had been performed under PLAs, it would have increased the cost to federal taxpayers by \$1.6 billion to \$2.6 billion. In addition, the BHI review of all \$147 billion in federal construction projects procured from 2001 to 2008—the years under which government-mandated PLAs were prohibited on federal construction contracts via executive orders issued by President George W. Bush—also revealed that there were no instances in which labor disruptions occurred that resulted in significant project delays or increased costs. The study concludes that “the justifications for PLAs provided by Executive Order 13502 are unproven.”
- A June 2009 [study](#) conducted by property and construction consulting firm Rider Levett Bucknall prepared for the U.S. Department of Veterans Affairs Office of Construction and Facilities Management found that PLAs would likely increase construction costs by as much as 9% on three of the five construction markets (Denver, New Orleans and Orlando) in which the VA is planning to build hospitals.
- An October 2009 [report](#) by Dr. John R. McGowan, “The Discriminatory Impact of Union Fringe Benefit Requirements on Nonunion Workers Under Government-Mandated Project Labor Agreements,” found that employees of nonunion contractors that are employed under government-mandated PLAs suffer a reduction in their take-home pay that is conservatively estimated at 20%. For example, the report estimates that, as a result of President Obama’s pro-PLA Executive Order 13502, hundreds of millions of dollars of nonunion employees’ income on federal construction projects will be distributed to union pension funds, from which nonunion employees will likely receive no benefits. In addition, the report found that PLAs on federal projects substantially increase costs, by approximately 25%, for nonunion employers. Finally, the study found that had President Obama’s pro-PLA Executive Order 13502 applied to federal contracts in 2008, additional costs incurred by employers related to wasteful PLA pension requirements would likely have ranged from \$230 to \$767 million per year. Lost wages for nonunion construction workers would have ranged from \$184 million to more than \$613 million, depending on the assumptions made for companies executing contracts via PLAs. In total, the move to PLAs could cost nonunion workers and their employers \$414 million to more than \$1.38 billion annually.
- A December 2006 [report](#) by the Beacon Hill Institute, “Project Labor Agreements and Financing Public School Construction in Massachusetts,” discusses past BHI research on the effect of government-mandated PLAs on school construction in Massachusetts, which found that *bid prices* on projects with a PLA were an estimated \$18.83 per square foot or 14% higher than bid prices on non-PLA projects. In addition, the *actual* cost of construction was 12% higher (in 2001 prices) for projects executed with a PLA.
- A May 2006 [study](#) by the Beacon Hill Institute, “Project Labor Agreements and Public Construction Costs in New York State,” found that PLAs add an estimated \$27 per square foot to the bid cost of New York

school construction projects (in 2004 prices), representing an almost 20% increase in costs over the average non-PLA project.

- A September 2004 [study](#) by the Beacon Hill Institute completed an extensive statistical analysis of the effects of PLAs on bid and final costs of school construction projects in Connecticut for the period of 1996 through 2004. “Project Labor Agreements and the Cost of Public School Construction Projects in Connecticut” found that PLAs raise the *actual or final base* construction costs by \$30 per square foot (in 2002 prices), representing an almost 18% increase in costs over non-PLA projects. BHI concluded that “our key finding is that PLA projects cost more than non-PLA projects, holding the effects of project size and type constant. This is true whether one considers bid costs or final project costs. The effect is statistically significant and robust.”

### **Reduced Opportunities for Contractors and Craft Labor**

PLAs by nature are a form of worker discrimination aimed at steering work only to those contractors and their employees that affiliate with unions. PLAs discriminate against local nonunion employees (who are paying the taxes that support the projects), women and minorities that are disproportionately underrepresented within the labor union workforce and small disadvantaged businesses that are not typically signatory to unions. Despite their many promises by advocates, PLAs impede the ability for the large majority of construction workers and contractors that most cities and states would like to see working on their projects to take part.

- The U.S. Department of Labor’s Bureau of Labor Statistics January 2024 [report](#) states that a record-low 10.7% of the nation’s construction workforce was unionized in 2023. Therefore, since union-favoring PLAs discourage merit shop companies from working on a PLA project, PLAs discriminate against the majority of companies and nearly 9 out of 10 construction workers who do not belong to a union. These workers’ hard-earned tax dollars fund these projects and they should not be summarily subject to such discrimination.
- ABC conducted a number of surveys during the past 20 years asking its members whether they would be discouraged from bidding on federal construction projects because of a PLA requirement. In an overwhelming response from hundreds of members to the most recent survey, [98% of contractors indicated they would be less likely to bid on a job if a government-mandated PLA were imposed as a condition of performing the work.](#)
- PLA mandates impede the ability of potential prime contractors and subcontractors to meet federal, state and local small, minority and disadvantaged business utilization goals and mandates. For example, following the release of President Biden’s pro-PLA Executive Order 13502 and related FAR Council proposed rule, surveyed ABC member small business contractors said they were [less likely to bid on projects subject to PLAs](#) and PLAs decrease hiring of small, minority and disadvantaged contractors. Federal government data indicates that the number of small business federal contractors who have been awarded federal contracts decreased by 60% from 2010 to 2020.
- A March 17, 2020, [letter](#) to Virginia lawmakers by the National Black Chamber of Commerce said “Government-mandated PLAs are opposed by the NBCC because almost all minority-owned contracting firms are not affiliated with unions. African American-owned contracting firms are typically small businesses and employ their own core workforce of skilled construction workers who are not unionized and are generally more diverse than construction workers coming from union hiring halls. Despite efforts of various construction trade unions to diversify their membership over the years, they simply are not recruiting enough African American members into the trades. In addition, claims that a PLA can be a tool to ensure minority construction workers and businesses are used on a public project is a farce. These goals can be achieved via contracting and workforce requirements independent of a discriminatory PLA mandate.”

- Testimony from an Aug. 6, 1998, U.S. House Small Business Committee hearing called “The Administration's Policy of Discrimination: Project Labor Agreement’s Negative Impact on Women and Minority Owned Small Businesses” highlights the negative impact of PLAs on women and minority owned businesses and their employees. The National Black Chamber of Commerce, Women Construction Owners and Executives and the National Association of Small and Disadvantaged Businesses are among a diverse coalition of groups that have actively opposed PLAs. These groups represent workers that are significantly underrepresented in all crafts of building trades unions. Encouraging PLAs on construction projects will make it even more difficult for minority-owned contractors and their workforce to compete.

## **Local Hiring**

Organized labor and PLA supporters in local, state and federal governments claim that a benefit of using PLAs is that they ensure local workers will be the main beneficiary of hiring associated with a project. However, [numerous examples](#) undermine this argument for many reasons, including the tenure-based practices of union hiring halls dispatching labor to contractors, the low percentage of union labor compared to nonunion workers in most localities and the failure of unions to have enough local labor to meet local hire goals and project labor needs.

- The \$3.1 billion Tappan Zee Bridge replacement project in New York state in 2014 was subject to a government-mandated PLA, which designated unions like the Dockbuilders and Timbermen Local 1556 and the NYC District Council of Carpenters to dispatch union welders to the jobsite. Media [reported](#) that they had difficulties finding qualified welders and instead outsourced the welding to robotic welders and a handful of human welders from a Louisiana-based union contractor, while local nonunion contractors were forced to stay on the sidelines due to the PLA.
- In a 2013 [report](#) by Axis Philly writer Tom Ferrick Jr., research showed that Philadelphia construction trade unions were dominated by non-local white males, even after past promises of diversity reform. In 2007, “99% [of the Philadelphia building trades] were male, 74% were white and 70% lived in the suburbs.” In 2012, “99% were male, 76% were white and 67% lived in the suburbs.” Still, mid-2013, the National Black Chamber of Commerce wrote to Congressional Black Caucus Chair U.S. Rep. Marcia Fudge, expressing concerns about the widespread use of PLAs and union-only requirements in Philadelphia, which in turn discriminated against minority and women construction workers and contractors. Philadelphia Mayor Nutter canceled all PLAs in response, but then quickly reinstated them at the unions’ behest.
- In 2013, the state of Iowa began building a new 800-bed prison in Fort Madison under a state-approved PLA. In a [report](#) by the Des Moines Register, evidence showed “that, of the 888,691 contractor hours worked on the project, just 476,001 hours—or about 53% of the work—was done by Iowa construction workers.”
- A 2013 dredging project on the Massachusetts Clean Energy Center’s South Terminal was subjected to a PLA mandate that set a goal for local unions to first hire from the local workforce. According to September 2013 media [reports](#), 4 of the 38 workers from Local 25 of New Jersey—the union performing the dredging—were local. Only 26 of the 70 total workers on the South Terminal were local. In response, the union said they could improve local hiring percentages by relocating local union members from out-of-state jobs and/or bring in less-qualified local union workers that had less experience with dredging to do the work.
- During a 2012 [examination](#) of large-scale federal construction projects in Washington by Del. Eleanor Holmes Norton, data was collected from certified payrolls for numerous projects that showed an absence of correlation between PLAs and an increase in local hiring. The only two projects that had been subject to

PLAs at the time of data collection—the U.S. General Service Administration’s \$57.4 million Adaptive Reuse contract for the DHS headquarters at St. Elizabeth’s Hospital and the \$55.6 million Lafayette Building, both won by Grunley Construction—showed no increased level of local hiring.

- The voluntary PLA covering portions of Phase 1 of the Silver Line Metrorail project in Virginia directly decreased the level of employment of Virginia construction workers on the project compared to other portions of the project not covered by a PLA. A [report](#) by the Metropolitan Washington Airports Authority showed that ,in March 2012, 52% of the craft workers on Phase 1 were employees of Dulles Transit Partners, the project’s prime contractor that voluntarily signed a PLA covering its own workforce. Of those 52%, 58.4% were out-of-state craft workers. In contrast, subcontractors that did not sign a PLA only employed out-of-state workers at a rate of 44.6%.
- [A 2010 city-funded report](#) found that union hiring practices were an impediment to San Francisco residents working on the city’s Redevelopment Agency projects. On 29 city-funded construction projects, the report found that less than 25% of the work went to locals. In response, San Francisco Building and Construction Trades Council Secretary-Treasurer Michael Theriault said, “Hiring is generally done under the principle that the worker who has been out of work longest has first crack at the work.” This is a troubling response for many reasons, but among those is that meritless tenure is more important than local workers being allowed to work on projects funded by their own taxes.
- The Washington Nationals Park was supposed to be a boon to local construction workers, and the PLA placed on the project required 50% of the total journeyman hours worked on the project must be performed by Washington residents. A 2007 [study](#) by the District Economic Empowerment Coalition found that 71.1% of the total journeyman hours were worked by non-district residents. This included members of Roofers Local 30, the roofer’s union signatory to the ballpark’s PLA, which was based in Philadelphia. Additional [research in 2009 by DC Progress](#) found that only 26% of the higher-paying, journey-level worker hours were performed by Washington residents, costing district residents \$12.3 million in lost wages.

## **Labor Unrest**

A perplexing argument made by government-mandated PLA advocates is that PLAs prevent labor unrest caused by unions on the jobsite that might impact on-time, on-budget delivery of the project. However, examples of strikes on projects are relatively rare in today’s construction industry:

- [The U.S. Department of Labor Bureau of Labor Statistics’ Work Stoppages Program](#), which tracks major work stoppages involving 1,000 or more workers, [found there have been just five major work stoppages in the construction industry from 2012 to 2024](#).
- According to the [Labor Action Tracker](#) by Cornell University’s School of Industrial and Labor Relations, there were only 12 labor actions in 19 locations from 2021 to May 2024 specific to the construction industry.
- According to the [most recent data available](#) from [the Federal Mediation and Conciliation Service](#), there were just 45 construction industry work stoppages from 2015 to 2019 and 101 work stoppages from 2010 to 2014. A [report](#) by the Beacon Hill Institute studied federal construction projects of \$25 million or more completed under executive orders under the President George W. Bush administration prohibiting government-mandated PLAs on such projects funded or partially funded by federal tax dollars. The study found that on \$147 billion worth of such projects built from 2001 to 2009, only one project suffered from a labor dispute-related delay (of two days and a cost of \$16,000).

In contrast, there are [numerous examples](#) of unions breaking their pledge to avoid strikes or picketing, causing issues on an array of PLA projects across the country. A few examples:

- In 2018, [the National Labor Relations Board imposed a settlement](#) requiring that the steamfitters union stop illegal strikes and job actions against firms working at the [\\$20 billion Hudson Yards multibuilding private development in New York City](#), which was subject to a PLA. In 2015, the project was also subjected to a PLA-violating strike that impacted 30 other NYC jobsites and was resolved [after a judge issued a restraining order against striking workers](#).
- [In July 2015](#), members of the New York City District Council of Carpenters walked off up to 20 jobsites in a strike after contracts between the union and the Cement League, as well as the Building Contractors Association and the Contractors' Association of Greater New York, expired June 30. At least 12 of those projects were subject to a PLA.
- Seattle's \$1.4 billion Highway 99 tunnel project saw a [strike in 2013](#) that shut down the project for four weeks due do a dispute between the building trades unions and the International Longshore and Warehouse Union Local 19, despite that project having a PLA.
- [In 2013](#), 350 members of Local 2790, the New York carpenters union, went on strike, affecting New York and New Jersey projects at 4 World Trade Center, the General Motors building on Fifth Avenue and 59th Street and the Time Warner building at Columbus Circle, among others. Some of the projects affected were covered by PLAs, including the 4 WTC project. The 4 WTC PLA contained the following no-strike provision: "There shall be no strikes, sympathy strikes, picketing, work stoppages, slowdowns, demonstrations or unlawful disruptive activity. There shall be no lockouts at the Project by any signatory Contractor, Construction Manager or the Owner-developer." The strike violated this provision.
- In June 2011, the Operating Engineers Local 150 in Indiana struck on multiple PLA projects, including a [university building](#) and the [Crown Point Sports Complex](#). It turned out the union did not honor the PLAs' no-strike promise because it was not party to the PLAs, despite performing crucial aspects of the project. Local taxpayers were outraged after they learned that officials granted striking workers overtime to get the projects back on schedule and may have paid a premium to use an all-union workforce subject to a dysfunctional PLA.
- [In the summer of 2011](#), a strike and walkout by NYC concrete union laborers impacted the following NYC PLA projects: Weill Cornell Medical Center, the Barclays Center at Atlantic Yards in Brooklyn, Madison Square Garden, 2 World Trade Center and Extell Development's Carnegie 57 luxury hotel and high-rise project across from Carnegie Hall on West 57th St.
- [In 2010](#), the Illinois Tollway had to suspend its major projects, while the resurfacing of Chicago-area expressways and streets was already halted, due to picketing of asphalt plants and concrete-mix facilities by striking laborers,. Those picket lines were honored by union materials and equipment drivers. The toll authority had a multi-PLA prohibiting strikes, slowdowns or stoppages and lockouts.
- In the February 2008 edition of The Ironworker. Joseph Hunt, president of the Ironworkers Union, devoted his President's Page column ("[Ironworkers Have Tradition and Honor in Project Labor Agreements](#)") to ask union members to stop striking on projects subject to a PLA. "Once again, it is my duty to inform you there has been an increase in work stoppages on jobs governed by project labor agreements," wrote Hunt. "A No Work Stoppage-No Lock Out clause is the most important because it is the foremost reason owners and contractors are willing to use the agreement [a PLA] to commit to an all-union job. ... They [owners] have a choice and they know that the non-union do not have jurisdictional disputers nor do they have strikes."

- [In August 2007](#), the Operating Engineers Local 12 in Los Angeles struck during the construction of the Los Angeles Police Department headquarters, despite the project being covered by a PLA. The strike delayed the project, which was already \$30 million over budget, by 14 days, and the LA Board of Public Works was forced to approve a \$343,000 change order payment to the prime contractor in order to cover overtime costs to get the project back on schedule.
- [In 2006](#), the company developing the \$850-million Trump International Hotel and Tower in downtown Chicago sued three labor organizations for breaching the terms of a PLA after union members walked off the private project during a strike. The suit was eventually settled against the Chicago and Cook County Building and Construction Trades Council, the Construction and General Laborers' District Council of Chicago and Vicinity and Laborers' International Union Local 6.

## **Productivity and Quality**

Government-mandated PLAs [do not guarantee better workforce skills productivity](#). Merely having a union status does not guarantee better performance as there is no credible evidence that union labor is more productive than labor free from archaic union work rules. Some of the largest and most successful projects completed every year are built on time and within budget by merit shop companies and without government-mandated PLAs.

The union label is not needed for construction to be of top quality. Project quality is determined by sound business strategies such as ensuring competition from the best contractors, quality project management, [rigorous safety practices](#), and [government-registered apprenticeship as part of an all-of-the-above approach to workforce development](#), and is governed by voluminous procurement laws and regulations, project specifications and bonding requirements. Safeguards against shoddy work practices and stiff market competition also prevent unqualified companies from competing for and winning public contracts. Moreover, quality lies with the worker's individual motivation and performance. There is no evidence that a PLA regularly produces quality construction and is the only method to achieve quality, safe and cost-effective construction.

- [In 2011](#), the New York building associations representing contractors signatory to union agreements with numerous trades asked for reforms to inefficient work rules contained in union agreements that increase costs and reduce productivity. They cited changes in work rules outlined in a Regional Plan Association report found that “arcane union work rules, inefficient practices, and featherbedding impose 20% to 30% in excess costs, leading to dramatic increase in nonunion work on NYC construction sites.” The study also mentioned that New York developers complained that NYC PLAs were a failure, saying, “Management has been almost universally disappointed with the actual savings achieved—2 to 4% rather than the promised 20%.”
- [A 2004 study](#) by the Electrical Contracting Foundation, produced by union interests, highlighted the differences between union and nonunion contractors and how inefficient union work rules impact project costs. “A comparison of Operational Costs of Union vs. Non-union Electrical Contractors,” found that unions have unnecessary and inefficient regulations, while open shop contractors can exercise a beneficial amount of freedom and innovation, and open shop contractors bring a better style of labor management to the table.
- A September 2001 [study](#) of PLAs in the New York area by Ernst & Young concluded that “[t]here is no quantitative evidence that suggests a difference in the quality of work performed by union or open shop contractors.”
- Open shop contractors use multiskilled labor, a labor utilization strategy that can only be used outside of labor unions. Under union work rules, trades are put in silos under rigid descriptions that cannot crossover



with the false excuse that this ensures higher-quality work. Some of those descriptions create “featherbedding,” the unnecessary spreading of employment to increase the number of employees or time to complete a project. While under union rules, a plumber cannot perform basic carpentry tasks that must be done to complete their plumbing work, or a painter might have to use a roller with a specific width. On the other hand, multiskilling allows a worker to perform more than one task and have flexibility to complete the project efficiently without reducing quality. A [1998 study by the Construction Industry Institute](#) found that multiskilling fostered “productivity improvements” in over 75% of those surveyed, could save 5% or more on total labor cost, provide a 35% reduction on required workforce and could increase duration of employment by up to 47%. It also provides an increase in earning potential.”

- Although building trades unions promote PLAs by claiming open shop contractors do not have the capability of managing very large construction jobs, a [study](#) by Dr. Herbert R. Northup—a professor emeritus of management at Wharton’s UPenn—concludes that “the facts demonstrate that open-shop contractors can and do successfully both perform and manage large projects.”

## **Safety**

Unions claim projects built with a merit shop workforce are unsafe and/or union workers are safer than nonunion workers. However, there is no strong evidence to support this claim. Today’s construction worksites are governed by numerous laws, Occupational Safety and Health Administration regulations and safety procedures designed to protect the safety and health of craftspeople. Jobsite safety is not determined by the labor affiliation of a project’s workforce as the majority of reputable and competitive construction companies employ craftspeople that have completed safety training. Contractor qualification and selection, workforce management and safety programs are more appropriate indicators of a project’s quality and safety performance. For example, [ABC’s STEP Safety Management System](#) enables top-performing ABC members to achieve incident rates 576% safer than the U.S. BLS construction industry average. Established in 1989, STEP provides contractors and suppliers with a robust, no-cost framework for measuring safety data and benchmarking with peers in the industry.

In addition, there are a number of government-mandated PLA projects that have experienced unfortunate safety problems and OSHA violations cited [elsewhere](#) and in Maury Baskin’s “Public Record of Poor Performance.”

- [2021 analysis](#) of government data conducted by ABC found that states with laws prohibiting government-mandated PLAs averaged a lower level of total recordable incidents, with an average of 2.4, while states that allow and encourage government-mandated PLAs averaged 3.5 total recordable construction incidents.
- On Seattle’s Highway 99 tunnel project underneath the downtown waterfront, safety problems abounded, totaling more than \$2.5 million as of [March 2016](#). According to the state Division of Occupational Health, between 2012 and 2014, 117 workers were injured, resulting in \$1 million of workers’ compensation claims. In February 2015, it was reported that a whistleblower complained to state authorities that construction workers were showing up to work drunk and the jobsite had a pervasive quid pro quo system of workers needing to bring alcohol to the foreperson in exchange for perks such as overtime, better shifts and assistance with tasks at the jobsite. The whistleblower also made sexual harassment accusations.
- [In 2013](#), two fatal accidents occurred on the construction of the new San Francisco 49ers stadium, which was built under a PLA. A union worker was tragically killed when a bundle of rebar he was unloading fell on him, and a unionized elevator mechanic was struck by an elevator counterweight at the bottom of an elevator shaft and died.

- [In 2013](#), a slab of concrete tragically killed a construction worker operating a backhoe during the demolition phase of construction on the future site of the \$63 million St. Paul Saints’ Minor League Baseball park, subject to a PLA mandated by the City of St. Paul, Minnesota.
- [In June 2013](#), the New York Bridge Authority suspended work on the “Hamilton Fish” Newburgh-Beacon Bridge following two accidents on the \$23 million contract. On June 13, a painter had to be airlifted to a hospital from the jobsite following an accident. A May 21 incident left two painters dangling from safety harnesses under the bridge.
- [In 2012](#), the NYC Port Authority was finally forced to crack down on drinking by construction union members following a series of accidents and reports of excessive workday boozing by union tradespeople employed at various World Trade Center construction projects covered by PLAs. In February of that year, 40 tons of steel crashed 40 stories to the ground. In June, a worker was impaled by a length of steel, and a beam also broke a glass window at 46 stories. In addition, a worker on 3 World Trade Center suffered a serious injury due to a fall in August. Beginning in 2009, news outlets began exposing lunch drinking by union workers, including Ironworkers Local 40, at neighborhood bars. Typically, PLAs contain provisions requiring a drug- and alcohol-free work zone, a commitment to the highest safety standards and compliance with labor laws. In 2016, an investigative report by ABC 7 in New York caught union workers drinking heavily before reporting for work at PLA-covered worksites in Manhattan.
- [In 2011](#), four union construction workers were seriously injured in an accident at the union-only \$40 million Potrero Launch apartment project in San Francisco’s Dogpatch neighborhood financed partially by federal funds and the AFL-CIO Housing Investment Trust.
- [In August 2010](#), the U.S. Department of Labor’s Occupational Safety and Health Administration fined three construction companies and 14 site contractors a total of \$16.6 million—the second-largest OSHA fine ever at the time—following a gas explosion during the construction of the Kleen Energy Plant in Middletown, Connecticut, which killed 6 workers and injured 30 people on Feb. 7, 2010. The accident occurred while the project was built under a PLA and used union labor from as far away as Kentucky and California.
- In April 2010, a 25-story apartment complex in Seattle known as Carpenter’s Tower owned by a Seattle-based venture formed by pension funds and Carpenters Local 131 evicted hundreds of residents and business owners because of major structural flaws found in the building. The \$32 million project was built by all-union labor in 2001, according to the [Seattle Times](#), and the [building was demolished in May 2011](#) because it was cheaper to raze than to repair the extensive construction defects.
- Safety problems have plagued the [\\$25 billion](#) Massachusetts Central Artery/[Big Dig Project](#)—famous for its well-documented record of missed deadlines, cost overruns, construction defects (including a motorist fatality due to a collapsed tunnel ceiling panel and multiple fatalities due to deadly safety rails) and reports of union workers visiting methadone clinics, sleeping and drinking on the job. The state auditor charged “that faulty design work on the cross-harbor portion ... jeopardizes workers and increased costs by more than \$1 million. ... Inadequate controls resulted in a serious leak in the sunken tube tunnel, threatening worker safety.”

## **List of Studies**

Studies referenced below are available at [TheTruthAboutPLAs.com](http://TheTruthAboutPLAs.com) and ABC’s website at [abc.org/pla](http://abc.org/pla).

**Government-Mandated Project Labor Agreements Result in Lost and Stolen Wages for Employees and Excessive Costs and Liability Exposure for Employers: Instead of Reform, Policymakers Want to Perpetuate the Broken System**—John R. McGowan, Ph.D., CPA ([October 2021](#))

Updated May 2024

**The Effects of Project Labor Agreements on the Production of Affordable Housing**—Jason M. Ward, RAND ([August 2021](#))

**The Effects of Project Labor Agreements on Public School Construction in Connecticut**—William F. Burke and David G. Tuerck, Beacon Hill Institute ([January 2020](#))

**The Effects of Project Labor Agreements on Public School Construction in New Jersey**—William F. Burke and David G. Tuerck, Beacon Hill Institute ([August 2019](#))

**Project Labor Agreements and the Cost of School Construction in Ohio**—Paul Bachman and David G. Tuerck, Beacon Hill Institute ([May 2017](#))

**Government-Mandated Project Labor Agreements: The Public Record of Poor Performance**—Maurice N. Baskin ([2011 edition](#))

**Measuring the Cost of Project Labor Agreements on School Construction in California**—Vince Vasquez, Dr. Dale Glaser, and W. Erik Bruvold, National University System Institute for Policy Research (NUSIPR) ([July 2011](#))

**Use of Project Labor Agreements in Public Works Building Projects in Fiscal Year 2008**—New Jersey Department of Labor And Workforce Development ([October 2010](#))

**The Problem with PLAs in the District of Columbia**—Anirban Basu, Sage Policy Group ([April 2010](#))

**Why Project Labor Agreements Are Not in the Public Interest**—David G. Tuerck, CATO Journal, Volume 30 Number 1, *Are Unions Good for America?* ([Winter 2010](#))

**The True Cost of the Washington Nationals Ballpark Project Labor Agreement**—DC Progress ([November 2009](#))

**The Discriminatory Impact of Union Fringe Benefit Requirements on Nonunion Workers Under Government-Mandated Project Labor Agreements**—Dr. John R. McGowan, St. Louis University ([October 2009](#))

**Project Labor Agreements on Federal Construction Projects: A Costly Solution in Search of a Problem**—Paul Bachman and David G. Tuerck, Beacon Hill Institute at Suffolk University ([August 2009](#))

**Project Labor Agreements – Impact Study for the Department of Veterans Affairs**—Rider, Levett, Bucknall ([June 2009](#))

**The DC Baseball Stadium Project: Broke Promises, Big Losses for DC Residents**—The District Economic Empowerment Coalition (DEEC) ([October 2007](#))

**Project Labor Agreements and Financing Public School Construction in Massachusetts**—David G. Tuerck and Paul Bachman, Beacon Hill Institute at Suffolk University ([December 2006](#))

**Washington National’s Ballpark: Cost and Timeliness Implications of Using a Project Labor Agreement**—David G. Tuerck and Alex Taylor, Beacon Hill Institute at Suffolk University ([September 2006](#))

**Project Labor Agreements and the Cost of Public School Construction Projects in New York State**—Paul Bachman and David G. Tuerck, Beacon Hill Institute at Suffolk University ([April 2006](#))

**The PLA for the Iowa Events Center: An Unnecessary Burden on the Workers, Businesses and Taxpayers of Iowa**—Public Industry Institute Staff, Mt. Pleasant, IA ([March 2006](#))

**Project Labor Agreements: Union Monopoly in Public Works Construction**—Carl F. Horowitz, the National Institute for Labor Relations Research ([April 2005](#))

**Project Labor Agreements and the Cost of Public School Construction Projects in Connecticut**—Paul Bachman, Jonathan Haughton and David G. Tuerck, Beacon Hill Institute at Suffolk University ([September 2004](#))

**Project Labor Agreements and the Cost of Public School Construction Projects in Massachusetts**—Paul Bachman, Jonathan Haughton and David G. Tuerck, Beacon Hill Institute at Suffolk University ([September 2003](#))