



Project Labor Agreements Improve Construction Efficiency on Public Projects Research Review

Project Labor Agreements (PLAs) are agreements between multiple parties used to set the terms and conditions of employment on major projects. Since World War I, multiple parties use PLAs to improve predictability and productivity on large construction projects¹. For the public sector, PLAs are important construction management tools that deliver timely, cost efficient results to communities.

This research review shows the following: 1) PLAs increase the number of bids a public project receives leading to increased competitiveness and protection of the public interest including taxpayers; 2) PLAs do not discriminate against nonunion contractors; 3) PLAs do not increase or have an impact on construction costs; and 4) PLAs facilitate competent labor in the execution of public sector contracts.

State legislation seeking to limit local governments' abilities to use PLAs on public sector projects will cost Texas taxpayers a shot at highly competitive federal funding and limit taxpayers' ability to use PLAs as accountability tools especially during tight labor markets or economic downturns.

Project Labor Agreements Can Increase Bid Competition

Studies Show a Bid Increase or No Statistical Difference Between PLA and Non-PLA projects

- PLAs increased bid competition by an average of 14 percent, after accounting for project size and complexity, project location, and other factors in a study of 2,574 bids on 773 public building projects awarded by the Illinois Capital Development Board from 2017 to 2023².
 - The same study found that PLAs statistically strengthened bid competition during a tight labor market; subsequently, bids came in 6 percent below the engineers' estimates lower costs for taxpayers³.
- PLAs did not statistically, or negatively, impact the number of bids received in a study of the Port of Seattle conducted on 95 projects from 2016 to 2023⁴. This study showed that bid competition averaged 4.3 bids on 23 projects covered by PLAs and 3.7 bids on the 72 projects that were not.

Project Labor Agreements Have No Effect on Construction Costs⁵

Some studies show higher bid competition results in lower prices for taxpayers

¹ The Tennessee Valley Authority has used a master PLA since 1991; The Hoover Dam and the Trans-Alaska Pipeline are examples of projects constructed using PLAs. See Belman, Dale and Matthew Bodah. "Building Better. A Look at Best Practices for the Design of Project Labor Agreements". Economic Policy Institute Briefing Paper # 274. April 2010. <https://files.epi.org/page/-/pdf/BP274.pdf>

² Manzo, Frank and Robert Bruno, PhD. "The Impacts of Project Labor Agreements on Costs, Competition, and Contractors in Illinois. Evidence from Capital Development Board Projects". Illinois Economic Policy Institute and University of Illinois at Urbana-Champaign March 2025. <https://illinoisupdate.com/wp-content/uploads/2025/03/ilepi-pmcr-impacts-of-plas-in-illinois-final.pdf>.

³ Ibid.

⁴ Manzo, Frank and Robert Bruno, PhD. "The Impacts of Project Labor Agreements on Competition, Costs, Apprenticeships, and Diversity. Evidence from Port of Seattle Projects." Illinois Economic Policy Institute and University of Illinois at Urbana-Champaign. May 2024. <https://lep.illinois.edu/wp-content/uploads/2024/05/ilepi-pmcr-port-of-seattle-pla-study-final.pdf>. Note: This study examines more total bids than any study published in a peer-reviewed academic journal.

⁵ Three out of 4 existing peer-reviewed studies show that PLAs do not affect overall costs (see Manzo & Bruno, page 2). There is only [1 peer-reviewed study](#) that suggested PLAs increased costs; this study has since been disputed by many academic researchers based on the failure to account for project size, complexity, and construction location (urban vs. suburban vs. rural) (See Manzo & Bruno, 2025 page 3).



- A 2009 study analyzed 108 public schools in Massachusetts and found no statistical difference between PLA and non- PLA projects⁶.
- A 2014 study in Ohio of 64 public schools finds no statistical cost difference when projects were adjusted for size and geographic location⁷.
- A 2024 study of Seattle Ports finds no evidence that PLA projects increased construction costs; PLA projects received more bids and bids were more likely to fall below the engineer's estimates⁸.
- A 2025 study in Illinois of 773 general trades building projects shows no evidence that PLAs increased public construction costs⁹. This study found that winning bids came in at the engineer's cost estimate and shows greater levels of competition linked to lower bid prices saving taxpayers money.
- Several research studies support that union and nonunion labor on public works projects show no cost difference¹⁰.

Nonunion Contractors Can Bid on Project Labor Agreement Projects

Despite a common misconception, there is no discrimination against nonunion contractors.

- Competitive bidding on public sector projects and contracts is necessary to uphold public interest and cost effectiveness¹¹; PLAs prohibit discrimination of nonunion contractors¹².
- A private sector PLA with Toyota in Bexar County and San Antonio is an example of successful implementation with nonunion contractors specific to the labor market conditions. This PLA included a provision that Toyota hire local Texans of whom the majority were nonunion workers¹³.
- There are several studies showing no cost difference between union contractors and nonunion contractors on public projects¹⁴. A recent study found union labor provides lower, more predictable projects costs; additionally, union labor is more highly skilled¹⁵.

Project Labor Agreements Put Competent Workers on Public Job Sites

- PLAs increase apprentices, veterans, and locally hired workers on job sites¹⁶.

⁶ Belman, Phd. Dale, et. al. "Project Labor Agreements' Effect on School Construction Costs in Massachusetts". Dec 2009. https://faircontracting.org/wp-content/uploads/2022/04/Project_Labor_Agreements_Effect_on_School.pdf

⁷ Waddoups, Jeffrey C. and David C. May. "Do Responsible Contractor Policies Increase Construction Bid Costs?". Industrial Relations, Vol. 53, No. 2 April 2014. See <https://www.faircontracting.org/wp-content/uploads/2014/08/WaddoupsMayResponsibleContractorPolicies2014.pdf>

⁸ Manzo and Bruno, 2024

⁹ Manzo and Bruno, 2025, page. 14 figure 7.

¹⁰ See Manzo and Bruno, 2025 page 19 citations: Duncan, Case, & Manzo, 2024; Duncan & Waddoups, 2020; Atalah, 2013a; Atalah, 2013b; Kim, Kuo-Liang, & Philips, 2012.

¹¹ Kotler, JD., Fred B. "Project Labor Agreements in New York State II: In the Public Interest and of Proven Value". Cornell University, ILR School. May 2011. See pages 26-30. <https://ecommons.cornell.edu/items/c9e27392-e0b2-4e35-92ee-f25e8b4434cf>; see also

¹² Belman, et.al. 2005 page 2: "While nonunion contractors are the most vocal PLA opponents, many PLAs accommodate nonunion firms by, among other things, prohibiting discrimination in bidding based on union status and allowing nonunion firms to bring at least certain core workers with them to projects. Evidence suggests that, where they have attempted to gain PLA work, nonunion firms have been successful in competing for it.

¹³ Belman Phd., Dale., Mathew Boda, Phd. and Peter Philips, Phd. "Project Labor Agreements: Productivity Enhancement". Foundation for Electrical Construction, Inc. January 2004. Pages 47-50.

¹⁴ Manzo and Bruno, 2025. See citations on page 19.

¹⁵ McFadden, Michael., Santosh, Sai and Shetty, Ronit. "Quantifying the Value of Union Labor in Construction Projects." Prepared for Mechanical Industry Advancement Fund. October 2022. https://www.mcaa.org/wp-content/uploads/2022/10/F1_MCAAY201RES.pdf

¹⁶ Ormiston, Russell and Kevin Duncan. Project Labor Agreements: A Research Review. 2022. <https://icereres.org/wp-content/uploads/2022/10/ICERES-PLA-Research-Review.pdf>



- Research also supports that union labor invests in job quality and work training result in a more responsive workforce as the union segment of the workforce was less impacted by the recent skilled labor shortage¹⁷.
- Research shows that PLAs guarantee timeliness in project completion- a crucial tool for taxpayers and the public sector¹⁸.

Restricting Localities' Use of PLAs May Make Texas Less Competitive

Numerous federal agencies¹⁹ provide competitive funding opportunities to local governments for public infrastructure projects. Some of these federal agencies' requests for proposals include PLAs as an opportunity to keep public project costs accountable to the public's interest and ensure high quality results. Public sector entities may face a distinct disadvantage, when competing with other states, if the Texas Legislature limits their abilities to offer PLAs on public work projects. Removing localities' and employers' ability to maximize efficiency and positive economic outcomes ultimately undermines taxpayers and their communities. Inevitably, Texas will face another labor shortage at some point in the future; research proves that projects under PLAs, in collaboration with the union segment of the workforce, are better able to meet construction demand during an economic downturn or a tight labor market.

¹⁷ Manzo, Frank, Larissa Pertrucci, Phd, and Robert Bruno, Phd. "The Union Advantage During the Construction Labor Shortage: Evidence from Surveys of Association General Contractors of America Member Firms". University of Illinois- Labor & Employment Relations and Illinois Economic Policy Institute. May 2022. <https://illinoisupdate.com/wp-content/uploads/2022/02/ilepi-pmcr-construction-labor-shortage-agc-report-final.pdf>

¹⁸ See Belman, et.al 2007 and Petrucci, Larissa, Grace Dunn, and Matthew Hinkel. (2023). The Effect of Project Labor Agreements on Completion Timeliness for Public Works Construction in California. NorCal Construction Industry Compliance; Illinois Economic Policy Institute; Alma College. See also Mangundayao, Ihna, et.al. "Project labor agreements on federal construction projects will benefit 200,000 workers". Economic Policy Institute cites: The Dulles Corridor Metrorail Project (DCMP) in D.C. used a PLA in Phase I of its construction, which started in 2009 and opened to the public in 2014. DCMP notes that the PLA included many cost-saving provisions, such as using "nonunion and merit-shop sub-contractors" in addition to union workers. This PLA provided cost-saving and organizational measures that led to the timely completion of a complex project, while also investing further in the community by providing good-paying jobs. The PLA was such a success that DCMP decided to require a PLA when planning for Phase II of the Dulles Metrorail extension. <https://www.epi.org/blog/project-labor-agreements-on-federal-construction-projects-will-benefit-nearly-200000-workers/>

¹⁹ Since passage of the Inflation Reduction Act (IRA) Every Texan identified competitive federal grants, that localities may be eligible to apply for funding, from the following agencies: Department of Agriculture, Department of Treasury, Centers for Disease Control and Prevention, Department of Transportation, Federal Aviation Administration, Federal Railroad Administration, Department of Energy, Environmental Protection Agency. See