

PROJECT LABOR AGREEMENTS: WHY DO THEY MATTER?

In every business venture, community leaders and employers search for productive, safe, and problem-free working arrangements while striving to maximize profit.

Project Labor Agreements (PLAs) are the magnet that brings these elements together. It is an agreement between the owner of a project and the contractor that lays out both parties' responsibility on a particular construction project. PLAs are exceptional arrangements owners can utilize to set standards that support a successful and profitable project. With a PLA, project leadership has a solid voice in all construction activities and holds everyone accountable for their work.



The advantages of PLAs are varied, tested, and most importantly, have worked successfully in the construction industry since the 1930s.

PLAs endure because of the benefits they offer, including:

- **Cost:** PLAs eliminate hidden costs. Jobsite standards and labor costs are determined before starting a project and reduce expensive slowdowns and over-runs.
- **Quality:** PLAs encourage higher quality workmanship by including opportunities for trained construction workers and apprentices who have the skill needed to complete the project.
- **Economy:** PLAs frequently require local worker language so that projects engage and work with communities, when possible, which boosts the regional economy and helps get people out of poverty.
- **Safety:** PLAs often have requirements for workers to have OSHA training. This reduces expenses from potential work-related injuries.

PLAs are transparent, fair, and mutually agreed upon contracts that benefit everyone, from project owners and contractors to the workforce. It improves and clarifies communications between all parties while establishing guidelines that everyone has agreed to follow.

PLAs are a practical and manageable way of bringing participants aboard before a project begins. They clearly outline and explain responsibilities before ever taking that first step. PLAs are vital for transparency and gaining effective cooperation. This allows all parties to know what they are paying for and what to expect before the project begins.

The 3 Most Common Myths About PLAs

Myth 1: Less Competition

FACT: All contractors — union and non-union — can bid on projects that have a PLA.

Myth 2: Increased Cost

FACT: PLAs establish transparency with costs upfront, reducing overruns.

Myth 3: Restricts Management

FACT: Management retains all its rights under PLAs.



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