

## What is a Project Labor Agreement?

A project labor agreement – or PLA – is a contract that sets wages and work rules for all tradesmen and laborers on large construction projects such as schools, stadiums and government buildings. While most agreements cover public projects, many private companies – including Boeing, Toyota and Wal-Mart – use PLAs for major construction projects.



In most states, a PLA does not mandate use of union labor.

The benefits of a PLA include:

- **Efficiency.** A PLA establishes uniform work rules for hundreds – if not thousands – of workers on a project. The different trades, for example, may have different rules about start times, number of holidays and when the holidays are observed. A PLA puts everyone on the same page, making project management easier.
- **Stability.** A PLA prohibits any strikes or labor disruptions during the life of the project and sets wages and benefits for the duration of the project. This creates a supply of reliable workers at predictable costs. Also, project managers don't have to worry about the expiration of a collective-bargaining contract with any of the many trades involved in a massive project.
- **Flexibility.** The agreement can include work rules tailored to the specific project. For example, when working on schools or highways where construction is best done at night, a PLA may state that the first shift starts at 4 p.m.
- **Safety.** A PLA can establish a single safety program for the project, replacing the chaos of dozens of contractor programs. Such coordination can reduce insurance costs.
- **Innovation.** Because each agreement covers a single project, a PLA can be used to experiment with job site changes to improve productivity.
- **Workforce development.** A PLA can include provisions for training, including the creation of apprenticeship programs. A PLA also may have provisions for hiring local workers from designated low-income communities.

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