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## **Project Labor Agreements: A Costly Way to Build Schools in Ohio**

BOSTON, MA –Project Labor Agreements (PLAs), which effectively limit public projects to union contractors, have increased construction costs when applied to school building projects in Ohio, according to a new study released today by the Beacon Hill Institute (BHI).

There are two costs to consider in assessing the effects of PLAs – the actual construction costs and the winning bids. BHI found that PLAs increase actual construction costs by \$23.12 (or 13.12%) per square foot. They increase the winning bids by \$25.06 (or 15.55%) per square foot.

PLAs are collective bargaining agreements between public and private entities and construction unions that require the hiring of all workers, including non-union workers, through union halls. They require that all workers follow union rules for the project. In exchange for the builder's willingness to enter into a PLA, unions on the project pledge not to strike or to pursue any other job actions.

The BHI findings are based on an analysis of 88 school projects that were undertaken in Ohio from 2003 to the present. Of the 88 projects, 15 were built under PLAs. The study incorporates the available data on Ohio school projects over the chosen period. The results are statistically significant at the 96.1% level of confidence, and they show PLAs adding to costs under a variety of different tests.

Critics of PLAs, mostly open-shop contractors, have argued that PLAs, which are unique to the construction trades, nullify their key competitive advantages, particularly those governing worker flexibility. In addition to raising costs through the adoption of union rules, PLAs reduce competition during the bidding process by effectively excluding open shop bidders.

The BHI study controlled for such features such as whether a school project was new or renovated, whether it called for a new gym or theater and the number stories above grade. "The evidence is growing that PLAs are adding millions of dollars to construction costs, not only in Ohio but all around the country," said David G. Tuerck, BHI Executive Director. "Municipal leaders everywhere need to rethink the whole of idea of entering into PLAs for school or other construction projects, in that PLAs result in spending more tax dollars than necessary on these projects and thus reduce the number of projects that can be built."

The complete study is available at  
<http://www.beaconhill.org/BHIStudies/PLA2017/OHIO-PLA-FINAL2017-0524.pdf>.