

New report finds project labor agreements lower costs, boost competition in Illinois

Think tank study published as Biden-era executive order on PLAs faces legal challenge

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Editor's note: This story has been corrected from a previous version to reflect that the study used data from the Illinois Capital Development Board and there was no financial backing from the state. Additionally, Alan Golden's name has been updated to correct a misspelling. Capitol News Illinois regrets the errors.

After a major Biden-era executive order mandating the vast majority of federal construction projects use project labor agreements suffered an initial loss in federal court this winter, a new report analyzing the use of these agreements in Illinois is refuting typical criticisms from opponents who claim they unfairly favor unionized labor.

A project labor agreement, or PLA, is a binding contract between a government or private entity that needs a construction project done and a labor union. Before workers are even hired on a project, the two sides negotiate a PLA that sets wages, benefits, work conditions and often provisions for resolving labor disputes to prevent strikes or other work stoppages.

In Illinois – a state with historical ties to the labor movement and a government dominated by labor-friendly Democrats – PLAs have long been a tool that has kept union participation rates high in the construction industry.

Non-union industry groups and conservative organizations have long criticized the practice of governments using, encouraging or mandating PLAs, arguing that forcing projects to use union labor makes them slower and more expensive. But new research from the Illinois Economic Policy Institute and the University of Illinois' Project for Middle Class Renewal found the opposite.

The study, which analyzed seven years of data from the state's Capital Development Board, found that PLAs in Illinois have enhanced bid competition, helped to lower construction costs for taxpayers and increased business for firms owned by people of color, women and veterans.

"The biggest finding in this report, and one that hadn't been shown as much in other research or was unclear, is that Project Labor Agreements promote robust competition," said Frank Manzo, an economist at ILEPI, a nonprofit research organization with a board of directors that's closely tied to organized labor. "The PLAs were linked with a 14% increase in the number of bids submitted by contractors seeking to win public building contracts."

The report analyzed hundreds of public building projects — 499 had PLAs and 274 did not — as well as the bids for state projects.

Previous to this report, in May 2024, the institute analyzed 95 major construction projects at the Port of Seattle. Robert Bruno, a University of Illinois professor, and Manzo found that PLAs did

not significantly impact bid competition or total construction costs but did help stabilize public construction costs. Manzo and Bruno also completed a similar report for the Capital Development Board a decade ago analyzing state projects from 2011 to 2013.

Manzo said he concluded that PLAs in Illinois “promote efficiency for taxpayers,” including faster completion of projects.

PLA opposition

The Illinois findings come as the efficacy and legality of PLAs continue to be debated across the country. In January, the [U.S. Court of Federal Claims](#) sided with private contractors who challenged former President Joe Biden’s 2022 executive order mandating PLAs on federal construction projects valued at \$35 million or more, concluding that PLAs limit full and open competition among contractors.

In *MVL USA Inc. v. United States*, U.S. Court of Federal Claims Judge Ryan Holte [ruled](#) that the mandate violates the Competition in Contracting Act. The court found that the mandate placed unnecessary barriers on bidding, limiting the ability of non-union firms to participate freely in federal contracts. The private contractors who launched the court challenge are now asking for a permanent injunction on Biden’s order, though President Donald Trump could rescind the order at any time.

PLAs experience state-level opposition too. In Rockford, two PLAs were recently negotiated: the Hard Rock Casino and Colman Yards housing project, according to Northwestern Building and Construction President [Alan Golden](#).

The Hard Rock Casino was a project worth more than \$300 million, according to [Golden](#), with a PLA agreement approved for its construction; a 2021 state law passed on an overwhelmingly bipartisan basis required would-be casino operators to enter into PLAs before they could apply for one of Illinois’ six new casino licenses made available two years prior.

After operating in a temporary location for a few years, the Hard Rock Casino opened in August 2024. But the smaller-scale Colman Yards project is a different story, having been delayed by fights over adopting a PLA.

At a July 2023 Rockford City Council meeting, community members spoke in support of redeveloping Colman Yards under a PLA. Speakers included a pastor and the leader of a local community group, who said a PLA would protect both the developer and labor workforce diversity.

However, Ald. Jeffrey Bailey viewed the PLA differently, according to meeting minutes.

“When you look at the history of this city, we’ve never had a PLA agreement for previous projects and it’s political,” Bailey said. “It’s beyond diversity ... It’s about equality, fairness,

valuing other people and what they bring to the table, and a PLA agreement is not going to accomplish that.”

Ten days later, council members rejected the Colman Yards PLA on an 8-7 margin. Despite the vote, **Golden**, the negotiator for these PLAs, said efforts to finalize the Colman Yards agreement are still ongoing.

Though local elected officials sometimes oppose the use of PLAs, the bulk of opposition to the practice comes from private contractors who don’t use union labor, often calling themselves “merit shops.”

Nationwide industry groups have long fought against PLAs. That includes Associated Builders and Contractors, which represents 23,000 construction companies across the U.S.

“We do not support the use of project labor agreements, and there have been multiple studies that show that PLAs negatively impact merit shop contractors,” ABC Illinois chapter CEO Alicia Martin said.

PLAs do not strictly mandate union labor, but they do require all contractors — union and non-union — to adhere to the same wage, benefit and working condition standards outlined in the agreement. While non-union contractors can bid on PLA-covered projects, they must follow union-scale wages and benefits, which can make union participation more prevalent.

According to Manzo and Bruno’s analysis of 773 public building projects approved by the Capital Development Board from 2017 to 2023, projects with PLAs tend to receive more bids than those without, increasing competition and driving down taxpayer costs. On average, they found most budgets come in 6% below initial projections, and PLAs help stabilize public construction costs regardless of a project’s size, complexity or location.

But Martin doesn’t agree with that finding.

“The provisions and project labor agreements require that a non-union contractor either go through a union hiring hall or their workers must join the union for the duration of the project,” she said. “They have to pay into the union benefit plans, their training funds“ ... They have to abide by the union work rules and other onerous requirements, so it discourages competition from the whole of the industry, raising costs for taxpayers and pushing out Illinois non-union contractors in favor of union labor.”

PLAs and unionization rates

According to Bruno and Manzo’s study, PLAs can help develop a steady pipeline of skilled labor through apprenticeships and workforce training. PLAs often require contractors to hire apprentices from certified training programs, ensuring that new workers gain hands-on experience under the supervision of professionals. These agreements help standardize skill development across the industry, union or non-union alike.

Illinois AFL-CIO President Tim Drea emphasized PLAs' commitment to such training. He pointed out that union-affiliated programs ensure hands-on training and skill development.

"Unions have apprentices and built-in on-the-job training," Drea said. "With a project labor agreement, contractors can be confident in the training workers receive because it comes from a joint contractor-union program."

Bruno and Manzo also are seeking to highlight how PLAs benefit diversity in public contracting. They said that building projects with PLAs increases participation among minority-owned, women-owned, and veteran-owned businesses by creating an even playing field.

Martin, though, disagrees with that view.

"It does hit me as a female in the construction industry, I do have a commitment to a more diverse workforce and a more diverse industry here in Illinois," she said. "The best way to uplift minority and women-owned businesses is by leveling the playing field and allowing all to compete and not reward with any type of political favor or one segment of the industry based on labor affiliation."

While many states have seen unionization rates in the construction industry plummet over the decades, Illinois has bucked that trend. Illinois and Hawaii trade the No. 1 and No. 2 spots for unionization in the construction sector, according to the Union Membership and Coverage Database, which uses U.S. Census and Bureau of Labor Statistics data and is maintained by a trio of economics professors at different universities in the American south.

By contrast, some right-to-work states like Florida and Georgia have unionization rates below 2% for the construction sector, while South Carolina's unionization rate is so low it's effectively 0%, according to the UMC Database.

Right-to-work laws bar employers from requiring workers to be union members to keep their jobs. As a result, unionization rates are lower in those states. Right-to-work laws have seen a resurgence in Republican-controlled states in the last decade or so after an initial wave of southern and rural states adopted such laws in the 1940s and '50s. But in 2022, Illinois voters approved a constitutional amendment that prohibits future General Assemblies and local governments from ever enacting such laws.

About a decade before, lawmakers approved legislation mandating the use of PLAs in all state government construction projects when a state agency can demonstrate a PLA "advances the state's interests" on metrics like costs, efficiency, quality, safety, or policy goals like boosting minority- and female-owned businesses.

Before then, Democratic governors like Pat Quinn and Rod Blagojevich signed executive orders to the same effect. But when Gov. JB Pritzker was sworn into office in early 2019, he signed a more ceremonial executive order requiring state agencies to adhere to the 2011 Project Labor Agreements Act. More than 800 PLAs were inked during Pritzker's first term.

[According to the Illinois Capital Development Board](#), PLAs have been used in state public works projects since 1992, and their use expanded in 2003 Blagojevich issued his executive order on PLAs.

Both Manzo and Bruno's study and the Capital Development Board highlighted the broader history of PLAs, which have been used in federal construction since the 1930s, including with notable projects like the Kennedy Space Center. Use of PLAs was reinforced in 1997 by President Bill Clinton's memorandum encouraging PLAs on large-scale projects, then expanded in 2009 when President Barack Obama signed an executive order allowing PLAs on federally funded projects.

The next few years could be key in determining whether PLAs continue to expand — or diminish in the face of political and legal challenges.

Bruno said that he and Manzo hope that anyone reading their report — but especially legislators — will come away with “a more confident, clearer, objective understanding of the policy.”

“Maybe,” he added, “we’ve tamped down some of the abstraction for them.”

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