

GOVERNMENT-MANDATED PROJECT LABOR AGREEMENTS

Oppose Government-Mandated Use of Project Labor Agreements (PLAs)

Action Needed:

Support the Fair and Open Competition Act (H.R. 1209 /S. 537)

These bills would preserve open competition and federal government neutrality towards the labor relations of federal government contractors on federal and federally funded construction projects.

Background:

Government-mandated use of a project labor agreement (PLA) requires contractors to negotiate a pre-hire collective bargaining agreement (CBA) that establishes the terms and conditions of employment for a specific construction project with one or more labor unions working on the project. PLAs typically restrict the pool of available workers to only those whom unions are willing to refer to the project. PLAs can also create long-term obligations to union benefit plans, which discourage non-union companies, and many small businesses, disadvantaged and minority firms from participating in these public contracting opportunities. The Biden administration issued a rule (FAR Case 2022-003) mandating that every general contractor and subcontractor agree to PLAs on federal construction projects valued at \$35 million or more with limited exceptions.

AGC Message:

- **AGC is committed to full and open competition for all public projects.** The choice of whether to adopt a CBA should be left to the contractor-employers and their employees, and such a choice should not be imposed as a condition to competing for, or performing on, a publicly funded project. Government mandates and preferences for PLAs can restrain competition, drive up costs, cause delays, lead to jobsite disputes, and disrupt local collective bargaining. In cases where a PLA would benefit a project, the contractors qualified to perform the work would be the first to recognize it and adopt a PLA voluntarily.
- **Government-mandated use of PLAs can limit the number of competitors on a project.** Government mandates for PLAs typically require contractors to make fundamental, and often costly, changes in the way they do business. For example, a PLA may require a contractor to recognize the local unions as the representatives of even their non-union employees on that job, use the union hiring hall to obtain workers, and pay into union-benefit and multiemployer pension plans that non-union employees will never be able to access, forcing non-signatory employers to pay twice for retirement and health care benefits. Such changes are impracticable for many contractors and subcontractors.
- **There is no independent evidence proving that PLAs will improve the economy or efficiency of a project.** While case studies of the economic benefits of PLAs have had varying conclusions, [AGC analysis](#) found that the Department of Defense federal construction agencies rejected PLA mandates 99.4% of the time even when encouraged to do so under the Obama-Biden administration.