

ARGUMENTS AGAINST: GOVERNMENT-MANDATED PROJECT LABOR AGREEMENTS ON TAXPAYER-FUNDED CONSTRUCTION PROJECTS

Government-mandated project labor agreements

create a rigged bidding process because politicians steer taxpayer-funded construction contracts to special interests, needlessly increase construction costs by **12% to 20%** and deny jobs to local construction industry workers and businesses due to anti-competitive language in typical PLAs.

PLA schemes prevent the more than 88% of the construction workforce that chooses not to belong to a union from rebuilding their own communities, create a procurement system that is not cost effective and rob hardworking taxpayers of the value they deserve. This results in fewer construction projects and less job creation at a time when America must make effective investments in infrastructure to keep the U.S. economy competitive.

POLICY BACKGROUND

What Americans Need to Know

- President Joe Biden's Feb. 4, 2022, ***Executive Order 14063*** requires project labor agreements on federal construction contracts of \$35 million or more in total value. In addition, independent of the EO, the Biden administration is encouraging PLAs on federally assisted water, sewer, broadband, energy and other infrastructure projects ***via grant programs*** administered by federal agencies for state and local government and private sector applicants.
- The Biden administration's executive actions to steer taxpayer-funded construction projects to unionized contractors and labor fly in the face of bipartisan legislation passed by Congress that specifically does not contain these provisions.
- President Biden has repeatedly said he wants infrastructure projects to be built with ***union labor, discriminating against 88.3% of the U.S. construction workforce that freely chooses not to join a union.***
- ***A diverse coalition of construction industry and business associations*** oppose President Biden's ***EO 14063 and other regulations*** pushing government-mandated PLAs on federal and federally assisted construction projects.
- The coalition ***supports*** the Fair and Open Competition Act (***S. 537/H.R. 1209***), which was introduced on Feb. 27, 2023, by ***Sen. Todd Young***, R-Ind., and Rep. ***James Comer***, R-Ky. The legislation would restrict government-mandated PLAs and PLA preferences and support fair and open competition on federal and federally assisted construction projects.
- ***Governors*** and ***members of Congress*** have written ***letters*** to the White House in opposition to anti-competitive, pro-PLA policies championed by the Biden administration.
- ***President Barack Obama's pro-PLA EO 13502*** currently encourages federal agencies to mandate PLAs on large-scale federal construction projects exceeding \$25 million in total costs on a case-by case basis. It also allows—but does not formally encourage—federally assisted projects procured by state and local governments to require PLAs under certain circumstances. Government-mandated PLAs were rarely used on federal projects from FY2009 to FY2022—just 12 contracts valued at \$1.26 billion out of 2,298 opportunities worth a total of \$145.8 billion while some states and localities have required PLAs on billions of dollars' worth of federally assisted projects.
- Unless hardworking taxpayers take action and voice their opposition by visiting ***BuildAmericaLocal.com*** and telling elected officials their concerns, Americans should expect infrastructure projects funded by the bipartisan Infrastructure Investment and Jobs Act of 2021 and additional legislation to be subjected to Biden administration executive actions encouraging or requiring the use of anti-competitive and inflationary PLAs on taxpayer-funded construction projects.



TAXPAYERS BEWARE:

Government-mandated project labor agreements will needlessly:

- Increase taxpayer-funded construction costs by 12%-20%.
- Result in less school, road, transportation, utility, clean energy and affordable housing construction.
- Steer contracts to contractors employing less than 12% of the U.S. construction industry and create jobs for unionized construction workers at the expense of hardworking taxpayers and local construction workers and businesses.
- Discourage competition from construction contractors not affiliated with unions, who employ 88% of America's construction workforce.
- Exacerbate the more than half a million-person skilled labor shortage facing America's construction industry by excluding almost 9 out of 10 construction workers from taxpayer-funded construction projects.
- Harm America's small, minority and women contractors, as well as the overall construction industry, because almost all are not affiliated with specific unions designated in a PLA.
- Undermine existing collective bargaining agreements with union-signatory contractors.
- Increase federal, state and local taxes.
- Cut new construction projects, infrastructure maintenance and important government services.

GOVERNMENT-MANDATED PLAS EXCLUDE NEARLY 9 OUT OF 10 WORKERS IN THE U.S. CONSTRUCTION INDUSTRY FROM REBUILDING AMERICA AND THEIR OWN COMMUNITIES BECAUSE THEY CHOOSE NOT TO BELONG TO A UNION.



Visit BuildAmericaLocal.com and tell President Biden and Congress to oppose government-mandated project labor agreements on federal and federally assisted construction projects and support the Fair and Open Competition Act.

THE TRUTH ABOUT GOVERNMENT-MANDATED PROJECT LABOR AGREEMENTS

Anti-Competitive

When mandated by the government, PLAs discourage quality nonunion contractors and subcontractors—which employ 88.3% of America's construction industry—as well as some unionized contractors and union members—from competing to build projects funded by taxpayer dollars.

Government-mandated PLAs require contractors to follow union work rules and hire most or all workers on a jobsite from specified union halls and union apprenticeship programs instead of journey-level workers and apprentices already employed by their company. That limits the pool of bidders since nonunion contractors and even some union contractors do not want to abandon their existing employees and quality control practices—key components of a safe and productive workplace—for strangers from union halls governed by unfamiliar rules.

Increases Costs and Decreases Infrastructure Investment

Studies on the effect of government-mandated PLAs in California, Connecticut, New York, Massachusetts, New Jersey and Ohio found PLAs increase the cost of school construction by 12% to 20%. Likewise, a 2021 study in California found PLA mandates increased the cost of affordable housing construction by 14.5% and resulted in the construction of 800 fewer units than could have been produced with the same amount of funding without PLA mandates. America simply cannot afford such waste with distressed federal, state and local budgets and so many infrastructure, school, affordable housing and renewable energy construction needs.

Harms America's Small Businesses and Employees

When federal, state and local governments mandate PLAs, large companies and their unionized workforce will have an unfair advantage and disrupt the local market at the expense of the local small businesses and their skilled construction workforce. In addition, local small, woman- and minority-owned businesses will be harmed, because they are predominately nonunion and will be discouraged from competing for projects subject to special-interest PLA schemes.

Hurts Local Workers and Businesses

It is no surprise that construction unions and their members—who make up just 11.7% of the U.S. private construction workforce—spend millions lobbying for government-mandated PLAs on taxpayer-funded



construction contracts. It means more contracts for union-signatory contractors and more jobs for union members—likely from out of the area—at the expense of hardworking taxpayers, fair and open competition and local workers and businesses.

Creates Wage and Benefits Theft

Workers employed in the construction industry could experience wage theft due to government-mandated PLAs as ***nonunion workers (and some union workers) lose an estimated 34% of wages and benefits*** earned on a PLA project unless they accept union representation, join a specific union, pay membership dues and meet the union benefits plan's vesting requirements. In addition, under PLA mandates, construction workers are typically forced to pay into ***union-affiliated multiemployer pension programs***. Unfortunately, many of these plans are in poor financial shape and are unreliable retirement vehicles that will ultimately cost taxpayers more money in plan bailouts and public assistance to participants.

Exacerbates a Skilled Labor Shortage

Special interests that make up just ***11.7% of the U.S. private construction workforce*** benefit from government-mandated PLA labor monopolies but do not have enough members or skilled labor to rebuild America without meaningful participation from the 88.3% of the U.S. private construction workforce that chooses not to join a labor union. The truth is government-mandated PLAs ***will exacerbate the construction industry's skilled labor shortage and choke off a viable workforce development pipeline*** fed by government-registered apprenticeship and workforce educational programs developed by contractors, trade associations and community workforce development stakeholders not affiliated with unions.

Reduces Economic Investment

Federal, state and local governments mandating PLAs on public works projects will increase construction costs and decrease the value of infrastructure investments paid for by hardworking taxpayers. Overall, this will lead to fewer construction projects and fewer construction industry jobs created and/or additional state and local tax hikes to pay for construction needs.

States Support Fair and Open Competition

A ***total of 24 states*** outlaw government-mandated PLAs on public works projects, thereby ensuring fair and open competition on taxpayer-funded construction projects so the public can get the best possible construction project at the best possible price. The federal government and taxpayers would benefit from fair and open competition on federal and federally assisted construction projects via the Fair and Open Competition Act (***S. 537/H.R. 1209***).



Visit BuildAmericaLocal.com and tell President Biden and Congress to oppose government-mandated project labor agreements on federal and federally assisted construction projects and support the Fair and Open Competition Act



TAKE ACTION AND BUILD AMERICA LOCAL

- Visit BuildAmericaLocal.com/Take-Action to write to President Biden and Congress to tell them you oppose government-mandated PLA schemes.
- Educate your lawmakers about the negative impact of government-mandated PLAs in your community and the positive benefits of fair and open competition on taxpayer-funded construction projects.
- Ask President Biden and Congress to support fair and open competition legislation ([S. 537/H.R. 1209](#)) and oppose anti-competitive and costly government-mandated PLA schemes.
- Urge President Biden and Congress to allow America's entire construction workforce and best businesses to compete on a level playing field to rebuild their own communities and America's crumbling infrastructure
- President Biden and Congress recognize the value of investing in schools, roads, bridges, utilities, clean energy, transportation, affordable housing and other infrastructure projects to keep America economically competitive, which is why they must support the effective and efficient investment of taxpayer dollars and job creation for all.
- Download the BuildAmericaLocal.com's [social media kit](#) and educate the public and stakeholders about the benefits of fair and open competition.

