END PROJECT LABOR AGREEMENT MANDATES

Rachel Greszler, Senior Research Fellow

TOPLINE: By restricting competition, project labor agreements (PLAs) drive up costs, enable inefficiencies, and limit job opportunities.

BACKGROUND: PLAs are collective bargaining agreements (CBAs) that set certain labor relations terms of a project before an entity is hired for that project. By requiring union contracts, government-mandated PLAs prevent non-unionized companies and non-unionized workers from working on government-funded construction projects. Economic analyses of PLAs conclude that they increase costs and limit the number of bids, reducing project efficiency. Scientifically rigorous evaluations of school construction costs in California and Ohio found that schools built under PLAs cost between 13% and 15% more than those without PLAs, and New Jersey's analysis found that projects with PLAs cost 30.5% more per square foot than those without PLAs. A survey of builders and contractors revealed their overwhelming belief that PLAs limit competition, decrease efficiency, increase costs, harm workers, undermine workforce development, and may reduce safety and quality. PLAs also can cause workers who are forced to temporarily join unions to lose the unvested pension contributions made on their behalf.

When the Obama-Biden Administration encouraged—but did not mandate—PLAs, a study found that the Department of War decided against PLAs in 99.4% of its merit-based decisions. Among the reasons were concerns about increased costs and reduced efficiencies; labor unrest and contractor disputes; delays; and discrimination against non-union employees and contractors. The Biden administration abandoned the policy of simply encouraging PLAs and finalized a rule **mandating** the use of PLAs on federally funded projects of $35 million or more. About 25 states have laws that prohibit mandated PLAs in public construction.

Action Items (Congress, the Administration, and States):

- Lawmakers should **require open competition in government contracts**.
- Absent legislative action, the administration should **eliminate PLA mandates**.

How It Would Make Life More Affordable:

- Ending PLA mandates could reduce taxpayers' costs for government projects by roughly 10% to 30%, saving tens of billions of dollars annually.
- Opening government contracts to construction companies and workers who are not unionized would lead to better matching of construction teams and projects, enhancing opportunity and driving efficiency gains throughout the industry.

Related Legislation: Fair and Open Competition Act of 2025 (S. 1064, H.R. 2126).

BOTTOMLINE: Lawmakers should not impose project labor agreement mandates that drive up costs, reduce quality, and limit opportunity.