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GOVERNMENT-MANDATED PROJECT LABOR AGREEMENTS WOULD KEEP THREE-QUARTERS OF FIRMS FROM BIDDING ON NEW FEDERAL PROJECTS, SURVEY FINDS

Survey of Federal Contractors Also Finds that the Biden Administration's Plans to Impose Project Labor Agreements Will Make It Harder for Firms to Subcontract with Small, Minority & Disadvantaged Businesses

Nearly three-quarters of federal contractors report they will stop bidding on federal projects if the Biden administration were to follow through on its plans to impose government-mandated project labor agreements according to the results of a [survey](#) of firms released today by the Associated General Contractors of America. The survey also found that the federal mandate will make it harder for contractors to partner with small, veteran, minority or disabled-owned firms.

In addition to limiting competition for federal projects, the survey found that imposing project labor agreements will make it harder for firms to find enough workers to hire. Nearly 40 percent of the survey respondents operate under a collective bargaining agreement. Of these respondents, 83 percent said there are not enough union workers to guarantee completion of the project on time and on budget. Among firms that have worked on a project that involved a government-mandated project labor agreement, 67 percent said the agreement made it harder to find workers to hire.

“Having fewer firms competing for federal projects undermines the President’s claim that his executive order will make federal construction more efficient and cost-effective,” said Stephen E. Sandherr, the association’s chief executive officer. “Worse, these project labor agreements will hurt minority, disadvantaged and veteran-owned businesses at a time when many of them are still recovering from the economic impacts of the pandemic.”

Earlier this year President Biden issued an executive order that seeks to impose project labor agreements on all federal construction projects worth at least \$35 million. Seventy-three percent of surveyed firms report they are currently bidding on federal construction projects valued at \$35 million or more. Yet the same percentage, 73 percent, report they would not bid on those projects if a project labor agreement were required.

Government-mandated project labor agreements require every general contractor or subcontractor performing work to negotiate with or become a party to an agreement with one or more union. Eighty-two percent of firms report this mandate will make it harder for general contractors to subcontract with small, disadvantaged businesses—such as women-owned, HUBZone, and service-disabled veteran-owned small businesses—because those firms typically are not accustomed or prepared to operate on a union basis.

Association officials are urging the Biden administration to abandon its plan to impose project labor agreements on most federal construction projects. They are sharing details from the survey in comments the association is filing with the administration outlining how the President’s executive order will limit competition, impede efficiency in federal procurement, and harm disadvantaged business enterprises. “This executive order will turn Build Back Better into build back fewer: fewer firms, hiring fewer people to build fewer projects,” Sandherr added.

The association conducted the [survey](#) between April 21, 2022 until May 5, 2022 to evaluate the potential impact of a Biden administration executive order that seeks to require project labor agreements for all federal construction projects that cost \$35 million or more. Nearly 300 firms participated in the survey, 78 percent of which perform federal construction work and 41 percent of which are small businesses.

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