

Gov. Kotek's Executive Order and The Problem with Mandated PLAs

What are Project Labor Agreements (or PLAs)?

Project Labor Agreements (PLAs) are pre-hire collective bargaining agreements that require the use of union labor for on-site construction work, along with other terms and conditions of employment for construction projects. There have been successful voluntary PLA negotiations on large and complex projects in Oregon in recent years, however when they are mandated by the government, it restricts the number of contractors that are able to bid on the projects and makes the public contracting process less open and competitive.

Governor Kotek's Executive Order – December 18, 2024

Oregon Governor Tina Kotek signed an executive order on December 18, 2024, that requires the use of mandated PLAs on projects awarded by state agencies, or where a state agency is obligating funds. This will apply to most all contracts from the state, as the threshold requires that projects have 15% labor costs (almost all construction projects hit this threshold). This mandate is effective *immediately*.

Why are mandated PLAs a problem?

Increased Costs: Studies have shown that PLAs increase the cost of projects between 15% to over 22%, as compared to projects without PLAs.¹ This cost increase doesn't mean higher wages for the workers on the projects – everyone on a public works project must be paid prevailing wage, so all will be receiving that rate regardless of whether there is a PLA on the project.

Oregon has a recent example of this cost increase, with the Newberg Dundee Bypass project. There was only one bidder on the project, and the cost of the bid was 22% above the budgeted amount for the project.² When mandated PLAs are put on public projects, the costs increase, meaning less can be built with the same public funds.

Liability for Contractors: PLAs require the use of union labor on construction projects, regardless of the union status of the contractor. If an open shop contractor wanted to work on a project with a mandated PLA, they would not be able to use their own labor force. Rather, they would need to hire people from the union hiring hall opening themselves up to

¹ [Learn More - Build America](#)

² Agenda item K – Oregon Transportation Committee Meeting, October 10, 2024

risks associated with an unknown workforce and subject themselves to liability in the union health and welfare funds.

PLAs Conflict with Oregon's Fair, Open, and Competitive Contracting Requirements

Oregon's public contracting code was created to ensure a fair, open, and competitive playing field in construction where public funds are used. Mandating PLAs by the state government creates a public contracting environment that is anything but fair and open. It forces non-union contractors into choosing whether to engage in a business model they do not want or not competing for the work at all. This is at odds with the spirit of Oregon's public contracting laws, and does not ensure the best use public funds or protect the interests of Oregon taxpayers.

Opposition to Mandated PLAs is not a Union vs. Non-Union Issue

The master agreements that have been negotiated between the state and labor representatives, without the input of contractors in past attempts to mandate PLAs have required all contractors, including subcontractors to sign the agreements. This is also a problem for union contractors who utilize open shop subcontractors that will not be able to employ their own workforce on the construction project and will be unlikely to want to bid on these projects.

Opposition to the PLA Mandate Continues to Grow

A wide range of associations, businesses, and others have expressed this opposition to this mandate, noting the cost implications and the unlevel playing field it creates. Construction and business organizations whose memberships will be significantly impacted by this order were not included in the discussion or given the opportunity to provide feedback and concerns before the order was finalized.

Concerned? Join us.

We are continuing to fight against this harmful executive order, to ensure that all contractors in Oregon have the ability to bid on projects in their communities and that Oregon's fair and open public contracting laws are protected. If you're concerned about the impacts of this order and want to join the coalition, please reach out to Kirsten Adams, Mike Salsgiver or Tanner Lloyd at AGC. We look forward to adding your voice to ours as we push back against mandated PLAs.

Kirsten Adams – kirstena@agc-oregon.org

Mike Salsgiver – mikes@agc-oregon.org

Tanner Lloyd – tannerl@agc-oregon.org