

FOR IMMEDIATE RELEASE
December 20, 2024

AGC Oregon-Columbia Chapter Criticizes New Executive Order Mandating Union-Only Project Labor Agreements

SALEM, OR — The AGC Oregon-Columbia Chapter voiced strong opposition today to Governor Tina Kotek’s recent executive order mandating the use of union-only project labor agreements (PLAs) on significant state-funded construction projects.

“While we respect the right of workers to organize and collectively bargain, mandating union-only agreements on every major project adds costs, reduces competition, and shuts out small minority and emerging contractors who are vital to Oregon’s economy,” said Mike Salsgiver, Executive Director of the AGC Oregon-Columbia Chapter.

The order, issued December 18, requires union collective bargaining agreements and that non-union workers join a prescribed union and pay dues on taxpayer funded construction projects. [Studies have shown](#) that PLAs needlessly increase construction costs, while not increasing wages or worker benefits.

With the state already struggling to pay for basic road, highway, and other public works construction costs, Salsgiver says the order couldn’t come at a worse time for Oregon taxpayers. “This order comes at a time when our state faces an infrastructure funding crisis,” Salsgiver said. “PLAs inflate project costs, meaning taxpayers will get less for their money, either through higher taxes or fewer completed projects Oregon needs smart solutions, not mandates that create more barriers for businesses and workers.”

California Governor Gavin Newsom [recently vetoed legislation](#) that would have expanded the use of PLAs in California citing the “additional cost pressure” the mandate would create in the state budget.

The order came with no heads up to many of Oregon’s largest affected contractors. “To say we are disappointed in this action is an understatement,” Salsgiver said. “This is a sweeping decision made without consulting the construction industry or the state legislature, without including affected contractors in discussions before the order was issued. Additionally, it is based on a variety of incorrect statements and half-truths.”

While the order promises “quality, efficiency and the lowest possible cost,” numerous studies have documented cost overruns on PLA projects as well the fact that the agreements often mean significantly higher overall costs. The order also suggests that

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union programs are the only available training opportunities in the state -- glossing over the fact that non-union contractors sponsor some of the largest and fastest growing apprenticeship training programs in the state at lower cost.

“Excluding contractors from discussion about the work they will be required to build is a growing practice in Oregon that leads to unsupportable decisions like this. AGC has no problem with project labor agreements — when they are mutually agreed upon by project owners, public agencies, organized labor, and contractors,” Salsgiver said. “We strongly oppose government-mandated PLAs and will be working to reverse this expensive and unnecessary order,”

The governor’s order will cover projects where onsite labor costs account for at least 15% of total costs—a threshold that applies to virtually all state-funded construction. The executive order bypasses the legislature and ignores its significant impacts on taxpayers, small businesses, and non-union contractors.

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Since 1922, the AGC Oregon-Columbia Chapter has served as the voice of the commercial construction industry. With nearly 830 member companies, AGC Oregon-Columbia Chapter is the only trade association representing the full range of commercial construction companies, from industrial to building, heavy highway to multi-family residential. The organization provides its members with a forum for the exchange of ideas and services designed to enhance the professionalism of the construction industry, including workers’ compensation and health insurance, legislative and governmental representation, safety management consulting, professional education, and training and workforce development programs.