



Oregon Contractors Challenge Costly Executive Order Mandating Union-Only Project Labor Agreement

FOR IMMEDIATE RELEASE

SALEM, Ore – February 21, 2025 – A broad coalition of construction groups took their case against Governor Tina Kotek’s recent executive order mandating union-only project labor agreements on state construction projects to court today. The Associated General Contractors, Oregon-Columbia Chapter, Associated Builders and Contractors, Pacific Northwest Chapter, Northwest Utility Contractors Association, the National Federation of Independent Business, along with thirteen Oregon contractors are jointly challenging the executive order’s anti-competitive nature and the fact that it runs contrary to findings by the Oregon Department of Transportation that project labor agreements will increase costs to the state.

In addition to cost concerns, the suit argues that the governor exceeded her executive authority in issuing the order. “We believe that the governor exceeded her executive powers and created an anti-competitive environment, disregarding the advice of one of her own agencies regarding the added cost to Oregon taxpayers,” stated Mike Salsgiver, CEO of the Associated General Contractors, Oregon-Columbia Chapter.

Studies have shown that union-only PLAs needlessly increase construction costs by 13 to 20 percent, while not increasing wages or worker benefits. The *Willamette Week* newspaper [uncovered an analysis by the Oregon Department of Transportation](#) (ODOT) that found that requiring PLAs on the agency’s projects would increase taxpayer costs 10-20%.

The suit (p. 14-15) quoted from ODOT’s October, 2022 Cost Risk Assessment, or CRA, noting that:

This cost increase was attributed to PLAs limiting the bid pool and PLAs increasing labor and/or administration cost. The CRA found “that open shop contractors do not bid on PLA projects at an alarming rate[.]” and puts “non-DBE subcontractors at a significant competitive disadvantage[.]” Regarding overall project cost, the CRA concluded that “[a] PLA will almost certainly increase the project’s construction cost; the uncertainty lies in the magnitude of increase.” In fact, only one bidder submitted a bid for the Newberg-Dundee Bypass Project, which was 22% over the State’s budget.

“PLAs inflate the cost of taxpayer-funded construction projects by artificially reducing the number of companies, including locally owned family businesses, who are able to do the work,” explained Jenny Dixon, Executive Director of the Northwest Utility Contractors Association. “Worse, they prevent the vast majority of Oregon construction workers from working on projects financed with their own tax dollars.”

“The last thing Oregonians can afford right now are the higher costs and cost overruns that come with union-only PLAs,” Laurie Kendall, President of the Associated Builders and Contractors, Pacific Northwest Chapter said. “[A recent study](#) of the impacts of a PLA on supportive housing projects in Los Angeles documented 21 percent in added and unnecessary costs to taxpayers. In fact, California’s governor, Gavin Newsom, vetoed a bill mandating PLAs because of the impact of their costs on the state’s budget.”

Last month [a federal court ruled](#) against the Biden Administration’s attempts to require PLAs on many federal construction projects, determining that they violate the principals of fair and open competition. That [ruling](#) by the United States Court of Federal Claims overturned several project labor agreements issued on federal construction projects during the former president’s administration.

The associations filing suit are made up of both union and non-union contractors including three who are certified women or minority-owned businesses by the state.

While not a party in the suit, Nate McCoy, President and CEO of the National Association of Minority Contractors of Oregon agreed. “The governor’s order limits the participation of contractors of color and other emerging contractors in publicly funded projects, undermines their autonomy, and stifles their potential for growth,” he said. “Furthermore, it dismisses the significant role non-union apprenticeship and workforce development programs play in training Oregon’s workforce, programs that are often more accessible, cost-effective, and inclusive of diverse communities.”

The suit was filed in Marion County Circuit Court.

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ABOUT AGC

Since 1922, the Associated General Contractors Oregon-Columbia Chapter has served as the voice of the commercial construction industry. With nearly 830 member companies, AGC 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.

ABOUT NWUCA

The Northwest Utility Contractors Association is a nonprofit trade association that represents the best interests of contractors engaged in the construction of utility lines, excavation, site work, and trenchless technology, and associate members that support the industry throughout Oregon and Southwest Washington. Their mission is to preserve the identity and common interests of the utility contracting industry; promote better relations between utility contractors and governmental agencies, general contractors, labor, engineers and the public at large; foster, encourage and maintain safety standards; represent the common interests of utility contractors at national, state and local levels; and to engage in research to aid the utility contracting industry.

ABOUT ABC

Founded on the merit shop philosophy, the Associated Builders and Contractors, Pacific Northwest Chapter is one of 67 chapters across the country that help members develop people, win work and deliver that work safely, ethically and profitably for the betterment of the communities in which ABC and its members work. ABC's membership represents all specialties within the U.S. construction industry and is comprised primarily of firms that perform work in the industrial and commercial sectors.

ABOUT NFIB

For more than 80 years, NFIB has been the voice of small business in Congress and in all 50 state capitals. Through advocacy, NFIB gives small and independent businesses a role in governmental decision-making. NFIB is a nonprofit, nonpartisan, and member-driven association. Since its early history, NFIB's state and federal agendas have been determined through a one-member, one-vote balloting process. The typical NFIB member employs between one and nine people and reports gross sales of about \$500,000 a year.