



## News Release

# LEGAL QUESTIONS SURROUND PRESIDENT OBAMA'S EXECUTIVE ORDER ON PROJECT LABOR AGREEMENTS

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WASHINGTON, D.C. – Associated Builders and Contractors (ABC) today questioned the legality of a July 10 Office of Management and Budget (OMB) policy memorandum encouraging federal department and agency heads to immediately consider the use of publicly funded project labor agreements (PLAs) on upcoming federal construction projects. The memo came in advance of the Federal Acquisition Regulation (FAR) Council's July 14 release of a proposed rule implementing President Obama's Executive Order 13502, which encourages the use of PLAs on construction projects costing more than \$25 million, including those funded by the American Recovery and Reinvestment Act of 2009.

"We believe that Executive Order 13502, and the FAR Council's proposed rule, exceeds the president's statutory authority and violates the Competition in Contracting Act and other procurement laws and regulations," said 2009 ABC National Chairman Jerry Gorski, president of Gorski Engineering, Inc., Collegeville, Pa. "We are also troubled that the Office of Management and Budget has directed federal agencies to start considering union-only mandates without even waiting for the proposed rule to become final. Any agency that issues an unlawful union-only PLA should expect to face a legal challenge.

"Executive Order 13502 and the FAR Council proposed rule will lead to an increase in costly and discriminatory publicly funded project labor agreements on federal construction projects procured by federal agencies," said Gorski. "More than 84 percent of the construction workforce are hardworking taxpayers that choose not to be represented by a union. However, government mandated project labor agreements will create a monopoly for unionized contractors on federal construction projects at taxpayers' expense. Forcing PLAs onto federal projects violates longstanding federal procurement laws that require free and open competition, without favoritism.

"America's construction workforce stands to lose the most from these politically motivated actions. Thousands of workers will have part of their wages taken by union pension plans, from which the workers will receive no benefits," said Gorski. "U.S. taxpayers lose, too, as academic studies have found that PLAs increase the cost of construction between 14 percent and 20 percent. Now is the worst possible time to inflate the cost of federal construction projects – the federal government should instead be making every effort to stretch federal investment in our community's infrastructure.

"ABC and a coalition of construction, trade and taxpayer associations are determined to exhaust every avenue to challenge this illegal policy that is tantamount to a federal government endorsement of union set-asides," said Gorski.

Click [here](#) to download the OMB memorandum. Click [here](#) for an analysis of Executive Order 13502.

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Associated Builders and Contractors (ABC) is a national association with 79 chapters representing 25,000 merit shop construction and construction-related firms with two million employees. Visit us at [www.abc.org](http://www.abc.org). For more information about government mandated PLAs, visit [www.TheTruthAboutPLAs.com](http://www.TheTruthAboutPLAs.com) or [www.abc.org/pla](http://www.abc.org/pla).