



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

February 22, 2016

H.R. 1671 **Government Neutrality in Contracting Act**

*As ordered reported by the House Committee on Oversight and Government Reform
on January 12, 2016*

H.R. 1671 would prohibit federal agencies working on construction projects from either requiring or prohibiting the use of project labor agreements (PLA) except in specific circumstances. On February 9, 2009, Executive Order 13502 encouraged all federal agencies to use PLAs on construction projects exceeding \$25 million. A PLA is a collective bargaining agreement that applies to a specific project and is effective only for the duration of that project. Under those agreements, which generally include provisions regarding wages and fringe benefits and procedures for resolving labor disputes, workers generally agree not to strike and contractors agree not to lock out workers. The bill would allow contractors and unions working on construction projects that involve the expenditure of federal funds to voluntarily negotiate and execute a PLA.

Information from the Army Corps of Engineers, General Services Administration, the Congressional Research Service, as well as union and non-union contractors, is not sufficient to allow CBO to determine whether the use of PLAs under current law results in any significant costs or savings to the federal government. However, because CBO expects that H.R. 1671 would not significantly change the contracting process or the use of PLAs, CBO estimates that implementing the bill would not have a significant effect on the federal budget.

Because enacting the bill could affect direct spending by agencies not funded through annual appropriations, pay-as-you-go procedures apply. CBO estimates, however, that any net change in spending by those agencies would be negligible. Enacting H.R. 1671 would not affect revenues.

CBO estimates that enacting H.R. 1671 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 1671 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Matthew Pickford. This estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.