ABC: Gov. Kotek's Inflationary Project Labor Agreement Scheme Is More Bad News for Oregon Taxpayers

SALEM, Oregon, Dec. 24—The Associated Builders and Contractors Pacific Northwest chapter released the following statement in response to Gov. Tina Kotek's Dec. 18, 2024, Executive Order 24-31 requiring controversial union-only project labor agreements on virtually all state and state-assisted construction contracts:

"Gov. Kotek's misguided policy will needlessly inflate the cost of state government-procured and -funded construction projects by 12% to 20% and discourage competition from local quality contractors and their skilled workforce who have successfully built public works projects in Oregon for decades," said Laurie Kendall, president of ABC Pacific Northwest. "Kotek's anti-competitive and inflationary executive order ensures that taxpayer-funded construction projects are steered to union-signatory firms and will be built by union labor—including out-of-state union labor—even though only 14.9% of Oregon's construction workforce is unionized. The new policy is expected to exacerbate Oregon's infrastructure funding crisis, persistent construction industry skilled labor shortage and anti-small business reputation."

Despite the Kotek administration's misguided claims that PLAs must be "non-exclusionary to open-shop and local firms" and "state agencies are advancing gender and racial equity in their contracting through PLAs," government-mandated PLAs have a long history of doing just the opposite across the country.

In fact, prominent Democrats like California Gov. Gavin Newsom, Maine Gov. Janet Mills and District of Columbia Mayor Muriel Bowser recently opposed proposed PLA policies because government-mandated PLAs "raise costs" on schools, infrastructure and affordable housing, and "could end up favoring out-of-state unions in the region" over local companies and workers.

Even a *Boston Globe* editorial board recently declared that PLAs are bad policy.

"The bottom line is that PLA mandates are anti-worker, anti-small business and anti-taxpayer," said Kendall. "This scheme benefits special interests at the expense of everyone else. ABC Pacific Northwest and a coalition of local stakeholders will fight to ensure that all Oregonians have a fair shot to compete to build our infrastructure, energy, manufacturing and affordable housing."

A PLA is a jobsite-specific collective bargaining agreement unique to the construction industry that typically requires all general contractors and subcontractors to agree to recognize unions as the representatives of their employees on that job, use the union hiring hall to obtain most or all construction labor, hire apprentices from union-affiliated

apprenticeship programs, follow union work rules and pay into union benefit and multiemployer pension plans that nonunion employees cannot access. This forces employers to pay "double benefits" into their existing plans and union plans, puts them at a significant competitive disadvantage and exposes them to unfunded [multiemployer pension plan liabilities](#).

In addition, PLAs typically require construction workers to pay union dues and/or join a union if they want to receive union benefits and work on a PLA project. If they do not satisfy these stipulations, any token nonunion workers permitted on a PLA project [lose an estimated 34% of their wages and benefits to union coffers and benefits plans](#)—making them the victims of wage theft. PLA mandates result in more money for labor unions and unionized contractors, who then contribute to pro-PLA lawmakers to further this cycle of costly government corruption.

Earlier this year, [ABC filed a lawsuit in federal court](#) challenging a similar pro-PLA executive order favoring unions enacted by the Biden administration, which requires PLAs on all federal construction projects of $35 million or more.

Earlier this month, ABC announced that Oregon ranked 35th in its 10th annual [Merit Shop Scorecard](#) ranking state construction environments.