



Labor and Employment *ALERT*

Current Law Developments and Legal Issues

That May Affect You Or Your Business

Lafayette Shreveport

February 16, 2009

[President Obama Signs Executive Order Encouraging Union Project Labor Agreements on Federal Construction Projects](#)

Continuing his early practice of doing what he can to help out his supporters in organized labor when federal funds are involved, President Obama signed an Executive Order on February 6, 2009, that “encourages” federal agencies to consider requiring the use of project labor agreements on a project-by-project basis for large-scale, federally funded construction projects of at least \$25 million. The order revokes two Bush administration executive orders that prohibited federal agencies from making a project labor agreement a bid specification on a federal construction project.

A Project Labor Agreement (PLA) typically requires all contractors and subcontractors on a construction project to be part of a project labor agreement with unions that represent the crafts being used on any particular construction project. The PLA governs all terms and conditions of all craft workers on the project. The order does not contain an outright mandate for PLAs on any construction project, but does not limit the projects on which PLAs may be used. However, OMB, with advice from the Department of Labor, was instructed to provide recommendations in 180 days on whether the order should be broadened.

The action came despite pleas from some Republicans in Congress, including members of the Louisiana Republican delegation. Critics of PLAs point out the increased cost of performing construction work at “union scale”. Nonunion contractors who desire to work on federally funded construction projects will have to carefully consider the practical and legal consequences of submitting bids on these projects in light of their overall labor relations philosophy and practices.

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