

## BRIEFING ROOM

# FACT SHEET: President Biden Signs Executive Order to Boost Quality of Federal Construction Projects

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*Biden-Harris Administration will make federal procurement more economical and efficient by improving coordination and minimizing disruptions on large federal construction projects*

Tomorrow, the President will sign an Executive Order to improve timeliness, lower costs and increase quality in federal construction projects. Federal construction projects span the country – from the maintenance of nuclear sites to base construction to waterways and flood projects. By requiring the use of project labor agreements (PLAs) on federal construction projects above \$35 million, the Order will help alleviate the management and coordination challenges that can stymie progress on major construction projects. This helps projects get completed on time and helps the government get the best value for taxpayers' dollars.

Based on FY2021 figures, this Order could affect \$262 billion in federal government construction contracting and improve job quality for the nearly 200,000 workers on federal construction contracts. Additionally, the President's Executive Order directs the departments of Defense and Labor, along with the Office of Management Budget, to lead a training strategy for the nearly 40,000-person strong contracting workforce on the implementation of this Order's policy.

This Executive Order is just one of many steps the Biden-Harris Administration is taking that will improve the efficiency of federal procurement. Since taking office, the President fulfilled his commitments to strengthen Buy American rules, and secured a reliable supply of experienced, quality workers for federal service contracts. As of January 30<sup>th</sup>, federal contractors in new or extended contracts must pay a \$15/hour minimum wage, as the President directed in Executive Order 14026.

This new Executive Order, while only applicable to federal procurement, advances the Administration's commitment to rebuild the nation's infrastructure, on-time and at reasonable cost. The Order will only apply to provisions in the Bipartisan Infrastructure Law that are direct federal procurement, which excludes construction projects financed through grant

dollars to non-federal entities. The Executive Order will benefit taxpayers, contractors, and workers by:

- **Alleviating the coordination challenges on large, complex projects.** Multi-million-dollar projects can present real management challenges to the primary contractor on the project, which has to work with multiple businesses and multiple types of skilled labor to complete a project. PLAs can help coordinate diverse contractors and sub-contractors and their employees working on a project and prevent disputes between subcontractors. Additionally, workers will have more confidence in the management of the project and a greater commitment to completing the project if they have a voice at the table. This helps projects get completed on time by minimizing work disruptions. On-time projects save the government, and taxpayers, money.
- **Raising quality standards for contractors bidding on federal projects.** PLAs help raise the standards of all bidders on federal contracts. Contractors who offer lower wages or do not train their workers will need to raise their standards to compete with other high-wage, high-quality companies. Businesses with well-trained workers will be more likely to bid for and win federal contracts. Well-trained, high quality workers are more productive, completing projects well and on time.
- **Reducing uncertainty in the contracting process.** PLAs standardize the work rules, compensation costs, and dispute settlement processes on construction projects. This standardization helps create more certainty for the government and, therefore, taxpayers, about the costs and completion rate for projects.
- **Increasing training for the federal contracting workforce.** The Executive Order directs the Departments of Defense and Labor, along with the Office of Management and Budget, to lead a training strategy for the contracting workforce on Project Labor Agreements and the implementation of this Order. This training will create a more uniform and accessible experience for contractors interacting with departments and agencies across the federal government.

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