COALITION FOR A
DEMOCRATIC WORKPLACE

Faster Labor Contracts Act Would Impose Government-Mandated Contracts and Destroy Jobs

The Faster Labor Contracts Act (FLCA) presents itself as a bipartisan reform to speed up first-contract negotiations for newly organized workers. In reality, it would replace voluntary collective bargaining with government-imposed contracts, eliminate workers' democratic right to vote on their own agreements, and create perverse incentives that reward bad-faith tactics. The bill would impose unsustainable contract terms on employers—especially small businesses—driving mass layoffs, facility closures, and job losses that fall hardest on the very workers the bill claims to help. Congress should once again reject mandatory arbitration.

HOW THE FLCA WORKS: REPLACING BARGAINING WITH GOVERNMENT MANDATE

The FLCA would impose a 90-day deadline for first-contract negotiations. If parties fail to reach agreement, either side can invoke mandatory federal mediation. If 30 days of mediation fail to produce a deal, the bill mandates binding interest arbitration before a three-person panel that will impose a two-year contract on the parties. Workers have no vote on the result, and employers have no meaningful appeal. The arbitrators must consider "comparator wages" from other unionized employers in the industry—often the largest, most aggressive union contracts available—with no requirement that the award be sustainable or that the employer can afford to pay it.

PERVERSE INCENTIVES: REWARDING BAD-FAITH BARGAINING

Under current law, a union has incentives to reach timely, reasonable agreements that members can then ratify, but under the FLCA, those incentives vanish. Failing to reach a deal becomes a strategy, not a failure. The bill incentivizes parties to make extreme demands, avoid concessions that could be used against them during arbitration, and run out the clock, knowing arbitrators could grant them more than they could ever have achieved on their own.

This is not good-faith bargaining. It is the opposite. A recent study by the Mercatus Center found that when unions wield excessive bargaining power and achieve "big wins at the bargaining table," companies respond by "trimming R&D, cutting capital, reducing company growth, and ultimately shrinking jobs for unionized workers." The FLCA would institutionalize this dynamic across every newly organized workplace in America.

Just look at the consequences for the contracts negotiated between UPS and the Teamsters, UAW and the Big Three automakers, IAM and Boeing, and the Teamsters and Yellow Freight – all of which resulted in lost jobs, decreased investment, and even bankruptcy. Under the FLCA, an arbitrator would look to these same contracts as the "comparator standard" for newly organized employers. The arbitrator would have no ability to account for differences in scale, no obligation to weigh whether the award is sustainable, and no mechanism for holding the panel accountable if the result proves unaffordable.

These consequences could be devastating for smaller businesses – entities that don't have sophisticated legal departments and financial scale to absorb adverse awards following arbitration. The U.S. Chamber of Commerce warns that FLCA mandates "could force

employers into expensive, long-term agreements that include risky pension plans and big spending. That kind of pressure can stop businesses from growing, hiring, or even making payrolls." For small businesses, that observation is not rhetorical. It is a description of basic arithmetic.

The perverse incentives – and how parties can quickly and easily take advantage of it – has played out before. The No Surprises Act was passed by Congress in 2020 with bipartisan majorities to protect patients from unexpected out-of-network medical bills, but it included a mandatory arbitration mechanism. Providers quickly recognized that submitting maximalist demands cost them nothing and won them far more than negotiated rates. In the first half of 2025 alone, providers filed approximately 1.2 million arbitration cases—against an original federal projection of roughly 17,000 per year. Arbitrators approved awards that bore no relationship to market rates, and the law's co-author, Rep. Frank Pallone (D-NJ), has acknowledged the arbitration mechanism spiraled beyond its intent. The FLCA would recreate this dynamic in labor negotiations, with identical results.

ELIMINATION OF WORKER DEMOCRACY: NO RATIFICATION VOTE

The FLCA completely eliminates workers' right to ratify or reject the negotiated contract. Under current law, the democratic core of collective bargaining is the moment when workers themselves vote on proposed terms. Under FLCA arbitration, however, that check disappears entirely. The arbitration panel's decision is final and binding for two years, without a ratification vote. Workers cannot strike against an arbitrated contract. In states without right-to-work protections, workers can be forced to pay union dues to an organization whose contract they never voted to accept.

Joshua Arnold, an IAM member and Boeing shop steward, testified before the Senate HELP Committee that a government-imposed contract workers could not ratify would be "removing the democracy in the workplace, which is the whole point of the union—giving the worker a say." That critique came from a union member invited to testify by a Democratic Senator. New polling from the U.S. Chamber of Commerce found that 90 percent of voters oppose government-mandated union contracts that workers themselves do not approve. The FLCA is precisely such a mandate.

FLCA ARBITRATOR CAN INSERT EXTREME POLITICAL POSITIONS INTO CONTRACTS

The FLCA has no filter on what unions can demand or what arbitrators can impose. In current negotiations, unions have actively pursued contract provisions on immigration enforcement, gender-affirming healthcare, and diversity, equity, and inclusion (DEI) programs — many of which conflict with current federal policy. Once one contract includes such provisions, those become the "comparator standard" for future arbitrations. The FLCA opens a back door through which ideological agendas of organized labor's most powerful locals can be nationalized and imposed on unwilling employers and workers. This is not collective bargaining over wages and working conditions. It is the weaponization of the arbitration

process to impose political demands without worker ratification, employer consent, or electoral legitimacy.

CONGRESS SHOULD REJECT MANDATORY ARBITRATION — AGAIN

Congress has considered this mechanism twice before. It declined to enact compulsory first-contract arbitration as part of the Employee Free Choice Act, even when Democrats held a Senate supermajority. It declined it again when it considered the Protecting the Right to Organize (PRO) Act. The FLCA offers the identical mechanism with Republican co-sponsors' names attached. The evidence that has accumulated since those earlier debates — in peer-reviewed economics journals, in bankruptcy courts, on factory floors from Toledo to Chattanooga — does not strengthen the case for compulsory arbitration; it strengthens the case against it.

The FLCA would not accelerate collective bargaining. It would replace it with government mandate. It would strip workers of democratic voice over their own contracts, expose employers to economically unsustainable outcomes, and open a pipeline through which the political demands of organized labor's most powerful locals could be imposed on unwilling workers and employers without consent or ratification.

Members of Congress who care about workers' wages, workers' democratic voice, and the survival of the employers who create the jobs that make those wages possible should oppose the Faster Labor Contracts Act.