House Passes the Faster Labor Contracts Act: Government-Mandated Labor Contracts

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Authors:

Richard S. Cleary
John T. Lovett
John C. Romeo
Catherine F. Burgett
Brice C. Smallwood
Haley S. Crum

This week, a bipartisan majority of the U.S. House of Representatives surprisingly passed the Faster Labor Contracts Act (FLCA). The private-sector employer community has largely ignored the FLCA, as few believed it had any chance in the current Congress. In light of this week's development, however, that must change. We cannot overstate the impact of the FLCA (if it becomes law) on non-unionized employers of all sizes.

What the FLCA would do: The FLCA would impose on every non-union workplace the risk of mandatory, binding arbitration over everything from pay and benefits to working hours, work rules, and production standards — essentially, every term of employment.

- If employees choose union representation, their employer will have to negotiate a contract with the union within 120 days or become subject to this mandatory arbitration.
- And with the government guarantee of a quick first union contract, without ***any*** risk of a strike, union representation will become far more attractive than it has ever been before, increasing the odds of a successful campaign.

Current Landscape: Why This Bill Emerged

Under the National Labor Relations Act (NLRA), employers and unions must bargain in good faith. Currently, there is no deadline for the parties to reach a first union contract after a union is elected. There also is no requirement that the parties ever agree to a union contract should the union insist on terms the employer is unwilling to accept.

Unsurprisingly, first contracts often take a long time to finalize, as they can span hundreds of pages, stay in effect for three to five years, and govern the details of the entire employment relationship for decades, if not longer. Against this backdrop, the FLCA was

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introduced in 2025 with some bipartisan backing and touted as a targeted reform to "accelerate workplace time-to-contract."

Notably, the core concept is not entirely new — it draws from provisions previously included in the Protecting the Right to Organize (PRO) Act, a broader labor reform proposal that passed the Democratically controlled House in 2020 and 2021 but stalled in the Senate due to solid Republican opposition. Today, this picture has changed, and the FLCA has already secured significant Republican backing in the Senate.

How the FLCA Would Work

At its core, the FLCA would amend the NLRA for the first time in over 50 years to impose a tightly compressed timeline and introduce mandatory, binding arbitration if initial negotiations stall.

Under the FLCA, once a union is certified or recognized, the following sequence is set in motion:

- **By day 10:** Employer must begin bargaining.
- **By day 90:** If no agreement is reached, either party may notify the Federal Mediation and Conciliation Service (FMCS), and mandatory federal mediation begins.
- **By day 120:** If FMCS mediation fails after 30 days, binding arbitration is triggered, and authority yields to a three-member arbitration panel to impose a final, two-year contract.

Binding Arbitration: The Critical Change

Under the FLCA, if the parties cannot reach agreement by day 120, authority is effectively stripped from each of them and handed to a federal arbitration panel. That timeframe is extraordinarily short, considering that first contracts currently take, on average, over 400 days to negotiate. The arbitration panel would consist of three members: one selected by the union, one selected by the employer, and one "neutral" mutually agreed upon by the parties. All must be selected within 14 days of the referral to arbitration, or the FMCS will designate members.

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The resulting agreement is binding, typically for a two-year term. In practical terms, this means neither employers nor unions would have ultimate control over the terms of the union contract, which governs virtually every aspect of the employment relationship, from pay rates, bonuses, and pension plans to the ability to impose mandatory overtime and maintain 24-hour operations.

Ironically, despite the compressed timeframe above, the arbitration timeline is unlimited. There is no set date to bring the arbitrators (who have no firsthand knowledge of the parties' circumstances) up to speed. They also have no set time to issue their award. As such, the entire process could take longer than the initial two-year term.

Since 1935, traditional U.S. labor policy has relied on the parties to reach a voluntary agreement (sometimes motivated by economic pressure, such as strikes or lockouts). The FLCA introduces a different model, with mandatory government-facilitated — and ultimately imposed — outcomes dictated by three individuals who may know nothing about the industry, business, company finances, workforce, or market competition.

In effect, this creates a seat for the government at the bargaining table from day one, as the parties must negotiate with an eye toward litigating the dispute in arbitration in the immediate future. In other words, negotiations are not just about making a good deal — they also become about building a case to present to the arbitrators.

It is unclear how the FLCA will impact an employer's rights under existing laws to challenge a union election based on unlawful conduct by the union or erroneous decisions made by the National Labor Relations Board in the lead-up to the election. It also effectively locks employees into the union for two years where, previously, employees had the opportunity to decertify the union if the union did not keep their campaign promises. And it severely diminishes the utility of time-honored economic pressure techniques, such as strikes and lockouts, if not eliminating them altogether — along with an employer's right to impose terms and conditions of employment if and when negotiations reach impasse.

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Practical Implications for Union-Free Employers

For companies with non-union workforces, the FLCA changes the calculus around union risk in several critical ways.

1. Loss of Control Over Contract Terms

Historically, employers could use the post-election negotiation period to align expectations, manage economic exposure, carefully analyze potential terms, and negotiate a sustainable, workable agreement, regardless of how long that took to achieve.

The FLCA destroys that dynamic. Under its framework, once a union is elected, a contract is guaranteed within a narrow, specified timeframe — whether negotiated or federally imposed with terms that were not agreed upon by either party.

Binding arbitration introduces a fundamentally different risk to potential union organization:

- Third-party arbitrators could determine wages, benefits, and all other terms and conditions of employment, including seniority systems, layoff and recall procedures, job classifications and descriptions, safety standards and protocols, uniforms, workplace rules, discipline procedures — and the list goes on.
- To do that, arbitrators would be required to consider a rigid set of statutorily prescribed factors, despite having no on-the-ground experience with the given workplace or business.
- For that reason, the panel's decisions are unlikely to accurately reflect the employer's financial constraints, operational model, or competitive reality. In order to educate the panel about those realities, employers will be forced to choose between publicly sharing highly confidential financial and other information or running the risk of an uneducated panel.

The loss of control is also a reality for workers, who would be stripped of their right to vote on the terms and conditions of their own employment and locked into a contract they had no

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opportunity to approve or reject. In short, the FLCA effectively overrides traditional private-sector bargaining, setting terms without any direct accountability to either party.

2. Widely Different Bargaining Positions

Required arbitration dramatically alters the bargaining position of both parties. Unions generally have limited business interests at stake in an initial contract, including a dues-collection clause, membership clause, and guaranteed time for union representatives to perform union-related duties. That list is dwarfed by the list of business interests the employer has at stake, given that virtually every aspect of the employment relationship (and, in turn, the employer's operations) will eventually be governed by the union contract.

The prospect of mandatory arbitration if the parties fail to reach a deal in an unrealistic timeframe creates a stark imbalance in bargaining positions. The risk of running out the clock would be minimal for unions, who have comparatively little on the line and can decline to reach agreement with the employer to see if a panel might give the union "more." To the contrary, that risk would be enormous for employers, who have virtually endless business interests at stake.

3. Compressed Timelines Require Immediate Readiness and Shifted Focus

The FLCA's framework gives employers almost no time to prepare once a union is certified. Employers would be required to begin bargaining in no more than 10 days, despite the reality that it takes months — not a week and a half — to prepare for negotiations that will impact the business for the next three to five years.

This means preparation must occur *before* any organizing campaign succeeds, including cost analysis and modeling, development of negotiation strategy, and leadership alignment. The FLCA would virtually eliminate any post-election window to strategize. The consequence? Leaving that preparation to occur during an

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organizing campaign would hamstring the company's ability to effectively campaign during the lead-up to the election.

4. Uncertainty For New or Expanded Operations

Beyond the practical implications for boots-on-the-ground workers and employers alike, the FLCA would create an economic concern on a larger scale: the risk that companies would be fearful of opening or expanding U.S. operations given the immense uncertainty associated with a potential government-mandated union contract. This uncertainty could discourage long-term investment as businesses struggle to predict future labor costs and operational flexibility. In turn, reduced investment and heightened perceived regulatory risk could dampen job creation and slow economic growth, particularly in industries that rely on agile workforce management and cost predictability.

What Happens Next, and What Employers Should Do Now

The FLCA is not yet law. Now that it has been passed by the House, the bill moves to the Senate, where its fate may depend upon the strength of opposition from the private-sector employer community. That said, the bill has bipartisan sponsorship and outspoken support from some Senate Republicans. And employers should take note that 20 Republicans crossed party lines to advance the bill in the House, using a rare procedural mechanism to do it.

For union-free workforces, the FLCA signals a need to reassess labor strategy — now, not later. Key proactive actions include evaluating union vulnerability, strengthening employee engagement and retention strategies, and developing preemptive bargaining frameworks.

Employers are not the only ones with their rights on the line. Despite the message unions may disseminate, the FLCA would not be the cure-all for employees. Labor unions' first priorities in both negotiations and before arbitrators will remain contract terms that

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benefit the union, such as employer collection of union dues, and, where lawful, mandatory payment of union dues. And although the union and the employer may have their positions heard by an arbitration panel, employees will not — to the contrary, they would lose their current right to approve or reject any union contract. Employers must be prepared to help their employees understand what they stand to lose under the FLCA scheme.

Bottom Line

The House's passage of the Faster Labor Contracts Act is a pivotal moment. Even if the FLCA evolves or fails in the Senate, its momentum underscores a broader trend toward faster, more enforceable union outcomes. Union-free employers must stay aware and take proactive measures to mitigate the potential risks of an extremely short runway to initial labor contracts with government-imposed terms.

FBT Gibbons has a team standing ready to help you be prepared for the effects of the FLCA if and when it is signed into law. For more information, please contact the authors or any attorney in FBT Gibbons' Labor & Employment practice group.

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