

ART DANIEL, President
EDDIE STEWART, Senior Vice President
DIRK ELSPERMAN, Vice President
MICHAEL MORRAND, Treasurer
STEPHEN E. SANDHERR, Chief Executive Officer
DAVID LUKENS, Chief Operating Officer



March 27, 2017

The Honorable Jason Chaffetz
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

RE: Support Fair and Open Competition Act, H.R. 1552

Dear Chairman Chaffetz:

The Associated General Contractors of America (AGC) urges you to support the Fair and Open Competition Act, H.R. 1552, which would ensure fair and open competition on federal construction contracts by preventing federal agencies from mandating contractors to sign a project labor agreement (PLA) as a condition of winning a federal construction contract or by implementing a preference policy for bids with a PLA.

AGC supports free, open, and competitive bidding for all federal and federally funded work – among all qualified firms, without regard to their lawful labor policies. Government-mandated PLAs – whether mandated in contract specifications or by government rules, regulation or Executive Order – effectively compel both union and open shop contractors to alter their hiring practices, work rules, job assignments, and benefits in order to compete for, or perform work on, publicly funded projects. PLAs typically restrict the majority of employment to those workers whom unions are willing to refer to the project. For these reasons, PLA mandates – even when competition is facially neutral and open to all contractors – effectively discriminate against open-shop companies, small companies, and disadvantaged businesses, limiting the number of competitors on a project, increasing costs to the government and, ultimately, the taxpayers. They can also negatively impact union contractors because the PLA supersedes the hard-fought terms and conditions a union has negotiated to achieve in its collective bargaining agreement.

Project owners have many ways to ensure that their construction contractors complete their projects in a timely manner, and there is no reliable evidence that PLAs improve the performance an owner can expect in the absence of such an agreement. In addition, PLAs can give rise to jurisdictional disputes that would not otherwise occur.

The choice of whether to enter into a collective bargaining agreement should be left to the employers and employees who will be subject to the agreement. The choice should not be imposed as a condition to, or advantage in, competing for publicly funded work. In cases where the use of a PLA would benefit a particular project, the construction contractors otherwise qualified to perform the work would be the first to recognize that fact and would adopt a PLA without the mandate.

Please support the Fair and Open Competition Act, H.R. 1552 to keep in place the existing labor-management relations in the construction industry and ensure the flexibility that offers the most cost-effective construction of public works.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey D. Shoaf".

Jeffrey D. Shoaf
Senior Executive Director, Government Affairs