

May 13, 2021

The Honorable Pete Buttigieg
Secretary of Transportation
1200 New Jersey Avenue SE
Washington, DC 20590

Dear Secretary Buttigieg:

We commend you and President Biden for your commitment to launching a much-needed and long-overdue renewal and revitalization of the nation's infrastructure networks. A robustly funded and appropriately structured initiative has the potential to spur meaningful economic activity and attract bipartisan support.

From first-hand experience, you and the president know pitting interests, communities, and individuals against one another in a legislative discussion is not a path to unity. In that regard, we urge your caution in considering modifications to the procurement of federal-aid transportation infrastructure projects. While some existing practices can certainly be improved and we are open to such a dialogue, we must not overlook the successes and benefits of existing procedures.

Our associations and members share a particular concern about mandatory hiring preferences on federal-aid highway and transit projects. Longstanding federal policy has prohibited these mandates, and for good reason. The unintended consequences of this approach include the following:

- Creating "winners and losers" in a state's employment market. According to the latest U.S. Census Bureau data, 90 percent of the value of all highway and street construction work in each state, on average, is performed by contractors located in that state. This means the vast majority of federal-aid highway funds already support employment of individuals residing in the state to which those funds are apportioned. Mandating project employment for individuals within narrower geographic boundaries will simply preclude other residents of that state from those opportunities. It may also cause multiple localities to adopt retaliatory hiring restrictions, further segmenting job opportunities.
- Compromising safety on the job site. For the safety of the travelling public and construction workers, it is imperative that all project personnel are adequately trained and skilled in work zone safety practices, as well as other critical tasks. Highway and public transportation construction projects cannot be built anywhere and by anyone. Placing inexperienced workers in potentially hazardous work zones can undermine jobsite safety. However, geographic hiring mandates often require virtually immediate employment of favored individuals regardless of their training, and project-based

mandates frequently result in only short-term employment. These realities conflict with the best practice of thorough, ongoing safety training – and long-term career building – for transportation construction personnel.

- Increasing costs on projects. In the procurement process, contractors “price” their perception of risks on a particular project, which factor into their bids. More mandates result in higher bids. In a 2015 nationwide survey of transportation construction firms, 74 percent said they would likely add costs when bidding on a project that included a hiring mandate, due to related risk, training requirements, and potential financial penalties. Ultimately, higher costs result in fewer projects and job opportunities overall.

We recognize—and fully endorse—the stated goals of hiring initiatives: creating and supporting employment opportunities through federal transportation investment. However, the best ways to ensure this result are by 1.) growing the transportation construction market through multi-year increases in that federal investment, 2.) working with the industry to fashion targeted hiring initiatives on a cooperative or incentive basis, and 3.) helping local communities provide career and technical education programs, exposing students to construction careers and teaching them essential craft skills.

The transportation construction industry continues to have workforce needs. Our member-firms welcome anyone who is serious about joining their team and helping build projects safely and efficiently.

While there is debate on what the focus of a federal infrastructure initiative should be, recent experience has shown strong bipartisan support for building and maintaining transportation infrastructure facilities to promote interstate commerce. In turn, this will create employment opportunities across the nation. We look forward to working with you to achieve these goals.

Sincerely,

American Road & Transportation Builders Association

Associated General Contractors of America

American Concrete Pavement Association (ACPA)

American Concrete Pipe Association

Associated Equipment Distributors

National Asphalt Pavement Association (NAPA)

National Ready Mixed Concrete Association

National Stone, Sand & Gravel Association

AGC of Metropolitan Washington DC
AGC of Missouri
AGC of South Dakota, Highway-Heavy-Utilities Chapter
Alabama Road Builders Association
Arizona Chapter Associated General Contractors
Arizona Transportation Builders Association
Associated General Contractors of California
Associated General Contractors of Colorado
Associated General Contractors Florida East Coast Chapter
Associated General Contractors of Georgia
Associated General Contractors of Iowa
Associated General Contractors of Kentucky
Associated General Contractors of Maine
Associated General Contractors of Minnesota
Associated General Contractors of Mississippi
Associated General Contractors of New Hampshire
Associated General Contractors of New York State (AGC NYS)
Associated General Contractors of North Dakota
Associated General Contractors Oregon-Columbia Chapter
Associated General Contractors of Texas
Associated General Contractors of Utah
Associated General Contractors of Virginia
Associated General Contractors of Wisconsin
Associated General Contractors of Wyoming
Associated Pennsylvania Constructors (APC)
Association of Oklahoma General Contractors
Carolinas AGC

Colorado Contractors Association
Construction Industries of Massachusetts
Construction Industries of Rhode Island
Contractors Association of West Virginia
Florida Transportation Builders' Association, Inc.
General Contractors Association of New York
Georgia Highway Contractors Association
Indiana Constructors, Inc
Illinois Road and Transportation Builders Association
Inland Northwest AGC
Kansas Contractors Association
Kentucky Association of Highway Contractors
Long Island Contractors' Association
Maryland Transportation Builders & Materials Association
Michigan Infrastructure & Transportation Association
Mississippi Road Builders Association
Montana Contractors Association
Nebraska Chapter Associated General Contractors
Nevada Chapter AGC
Ohio Contractors Association (OCA)
Southern California Contractors Association (SCCA)
Tennessee Road Builders Association
Utility & Transportation Contractors Association (UTCANJ)
Virginia Transportation Construction Alliance
Wisconsin Transportation Builders Association