



STEPHEN E. SANDHERR, Chief Executive Officer

March 6, 2023

The Honorable Gina Raimondo
Secretary, U.S. Department of Commerce
1401 Constitution Ave NW
Washington, D.C. 20230

Dear Secretary Raimondo:

Rest assured, the commercial construction industry stands ready to build what is necessary to firmly establish our nation as the technological superpower for decades to come under the CHIPS and Science Act. From building military and manufacturing facilities to help win World War II to delivering on the promise of President Eisenhower's interstate highway system, when the government and our industry partner to meet an objective, we achieve it. Our commitment to your department to meet the needs of the nation remains similarly steadfast.

As your partner, however, we must respectfully take issue with the Department's notice of funding opportunity for the CHIPS Incentives Program's Commercial Fabrication Facilities issued on February 28. We are significantly concerned with the Department's strong encouragement of the use of project labor agreements (PLAs) as a part of the application for project funding. In particular, we are concerned with the NOFO providing applications with PLAs ostensibly preferred status, whereas it applies additional scrutiny for applications that do not include PLAs.

Let me be clear, AGC neither supports nor opposes contractors' voluntary use of PLAs on government projects, but strongly opposes any government mandates or preferences for contractors' use of PLAs. If a PLA would benefit the construction of a particular project, the contractors otherwise qualified to perform the work are in the best position to decide whether a PLA should be used on a project and are the most qualified to negotiate such an agreement.

AGC is committed to free and open competition for publicly funded work and believes that the lawful labor relations policies and practices of private construction contractors should not be a factor in a government agency's selection or funding awards process.

As you know, the construction industry is struggling with a significant shortage of workers. According to the [2023 Construction Hiring and Business Outlook](#) we released in early January, over 80 percent of commercial construction firms report having difficulty finding qualified workers to hire.

The NOFO's position on PLAs will not improve this reality. For example, in a [2022 survey](#) we released, over 83 percent of union construction firms said that projects that require PLAs under President Biden's PLA Executive Order 14063 would not have enough union workers because the labor unions are facing shortages among their own ranks.

In your recent remarks before the Georgetown School of Foreign Service, you acknowledged that we have to find new ways to bring new people into the high paying careers construction offers. We agree and are doing just that. A new [report](#) we published in late February catalogues the many steps our industry is taking to address labor shortages. We also list dozens of new workforce approaches that our members crafted during a recent workforce summit we hosted.

The NOFO's position on PLAs will not help advance another objective we both share: to recruit, train, and retain a new, larger, and more diverse construction workforce. Unfortunately, too few women and minorities are in construction careers because their communities lack resources to attract people to them.

As an association, we are working on ways to fill the gap. AGC has established a construction [scholarship fund](#) for Historically Black Colleges and Universities, put forth the multipronged [Culture of Care](#) campaign to help firms create more inclusive workplaces, awarded [grants](#) to help women in construction receive proper fitting safety harnesses, and created a diversity and inclusion assessment [tool](#) to assist firms with understanding how to measure and improve the management of their diversity and inclusion programs, policies, and practices.

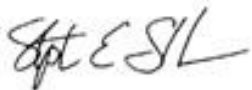
We need the federal government to step up as well. Sadly, for every five dollars the Administration spends on urging students to enroll in college and enter the service sector, it only invests one dollar in career and technical education. As a result, too few communities provide the kind of career and technical education classes – particularly at the secondary level – that are needed to expose future workers to construction as a career path or to provide them with the skills needed to qualify for most entry-level construction positions.

But we can make a difference together. We challenge you to work with our association and industry to ensure that the federal government provides adequate resources to support career and technical education programs – especially for underserved communities – that can provide more access to the field to more people.

The Department's strong encouragement for the use of PLAs will not help address our industry's workforce needs or the successful delivery of semiconductor manufacturing facilities. Your influence and support for redressing the higher education bias in federal education funding will.

As such, I respectfully request a meeting with you and your team to further explain our concerns with government mandates or preferences for PLAs and how, working together, we can craft effective measures that will help prepare, recruit, and retain a more diverse workforce. This will help us build the semiconductor manufacturing facilities essential to our nation's national security and economic growth.

Sincerely,



Stephen E. Sandherr