

LOCAL HIRE & STATE LICENSING IN FEDERAL CONSTRUCTION

Oppose All Efforts to Encourage the Use of Local Hire and State Licensing Requirements on Federal Construction Projects

Action Needed:

Oppose Local Hire and State Licensing Requirements (H.R. 4321 / H.R. 7900 Sec. 2809 and Sec. 2809B in the National Defense Authorization Act for FY 2023)

These bills would create new and onerous requirements on federal construction contractors that will severely limit the availability qualified workers to hire and prevent contractors from working on federal projects.

Background:

- AGC is committed to recruiting more people – particularly from disadvantaged areas and communities – into high-paying, middle class, construction careers. Unfortunately, local hire requirements do not work to place disadvantaged workers into construction careers, nor do they help construction firms address the chronic challenge of finding enough qualified workers to hire. In addition, AGC opposes requiring federal contractors and subcontractors to be licensed in the state where a particular federal construction project is located.

AGC Message:

- **Local Hire Policies Rarely Result in Long-Term Placements.** Local hire programs create arbitrary local hiring goals that are not based on any analysis of whether the local workforce is qualified to work in construction. As a result, many firms are obliged to hire workers who are neither qualified to work, or interested, in construction. In some communities, as many as 80 percent of workers hired to comply with local hire programs do not stay through the duration of the project.
- **Local Hire Policies Do Nothing to Attract People into Construction.** There is no requirement for officials imposing local hire agreements to actively recruit people into the construction industry. Construction firms have held job fairs to recruit workers in communities with local hire requirements where zero candidates have appeared. Considering the lack of attention placed on construction in most high schools today, too few job seekers even have construction on their radar as a career choice.
- **Local Hire Requirements Rarely Lead to Construction Careers.** As a program designed to entice more people from disadvantaged communities into high-paying, middle class construction careers, they do not work. While they have existed in form or another since the 1970s, local hire requirements have made no measurable impact on the demographics of the construction workforce. It is time to acknowledge these programs do not work and try a better, more effective approach.
- **New State Licensing Requirements Will Lead to Less Jobs.** In the long history of federal construction, contractors and subcontractors have never been required to be licensed in the state where the federal project is located. Such requirements would lead to fewer jobs—not more—in military construction, upend decades of federal precedent, be detrimental to the military construction marketplace, lead to project delivery delays and increased costs, and add confusion to wage and hour compliance.