

Congress of the United States
Washington, DC 20515

December 13, 2010

The Honorable Martha Johnson
Administrator
General Services Administration
1800 F Street, NW
Washington, DC 20405

Dear Administrator Johnson:

With our national deficits continuing to swell while job growth remains stagnant, it is more important than ever that the federal government aggressively assure that taxpayer funds are used as efficiently as possible. The General Services Agency (GSA) received \$6.1 billion as part of the American Recovery and Reinvestment Act (ARRA P.L. 111-5) to build, rehabilitate and improve federal buildings. We are concerned by media reports that rather than seeking the lowest cost/highest value for federal construction projects, the GSA has instead used taxpayer funds to require higher cost Project Labor Agreements (PLAs) for federal construction projects in the District of Columbia.

According to the enclosed April 30, 2010, memo from the GSA's Public Building Service (Instructional Bulletin 10-4), the GSA has changed its procurement policy to encourage the use of PLAs on all GSA construction projects exceeding \$25 million.¹ It appears this change gives contractors who agree to execute PLAs an unfair advantage when competing against qualified contractors unwilling to use PLAs. We are concerned that this violates the longstanding competitive bidding principles governing federal procurement.

The GSA's PLA preference is problematic. As Members of Congress we have heard numerous complaints from the construction community that PLAs discourage competition from qualified contractors and their skilled employees, including small and minority and women-owned businesses. PLAs serve as a barrier to new jobs for more than 85 percent of the U.S. construction workforce—those who have decided not to join a labor union—and several studies found that PLAs increase the cost of construction by as much as 18 percent.²

One recent ARRA-funded GSA project provides an example. As documented on USASpending.gov, the GSA issued a \$3.3 million change order for the general contractor on the Lafayette Building and Modernization Project in Washington, D.C. to build the project with a PLA.³ At a time when spending tax dollars efficiently and wisely must be a priority for all government agencies, this excess use of funds causes us concern.

¹ See Enclosure 1.

² See The Beacon Hill Institute for Public Policy Research *available at* <http://www.beaconhill.org/BHISTudies/PLA2009/PLAFinal090923.pdf>.

³ See Enclosure 2.

We understand that the GSA has commissioned a study by Rider Levett Bucknall that estimates the impact of government-mandated PLAs on cost and competition in the D.C. market.⁴ Upon completion of the study, please provide us with a copy so that we may better understand the benefits and costs of PLAs on federal construction projects in D.C.

In addition, please provide us with the following information on or before December 20, 2010:

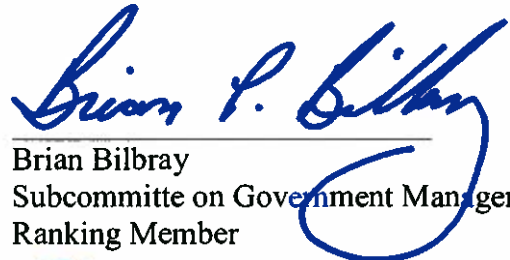
1. Produce any guidance memoranda or other documents prepared by agency officials relating to the implementation of a PLA, or any other document relating to the agency's contemplation of implementing a PLA.
2. Identify all large scale construction projects on which the agency is considering the use of a PLA. Provide the location and nature of the construction project, the source of financing, identity of the unions and contractors involved, and the expected cost.
3. Should your agency use a PLA on a large scale construction project, we request that you brief our staff regarding the decision-making process, the mechanics of implementation, and terms of the PLA. To facilitate the Committee's oversight work in this area, please identify a staff contact with subject matter expertise on PLAs to serve as a liaison between the agency and this Committee.

Congress and the Administration must work together to ensure that taxpayers are getting the best value for their money and that no one seeking to work on a federal construction project is barred from a job because they lack membership in a labor union. We look forward to your prompt response.

Sincerely,



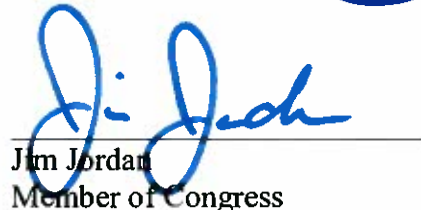
Darrell Issa
Ranking Member



Brian Bilbray
Subcommittee on Government Management
Ranking Member



Blaine Luetkemeyer
Member of Congress



Jim Jordan
Member of Congress



Jason Chaffetz
Member of Congress



John Sullivan
Member of Congress

⁴ Rider Levett Bucknall, Rider Levett Bucknall Wins Nationwide Cost Engineering/Cost Estimating Contract with the GSA (2010), available at http://www.riderhunt.com/news/current/news_gsa.html.



Dan Burton
Member of Congress



Joe Wilson
Member of Congress



Gregg Harper
Member of Congress



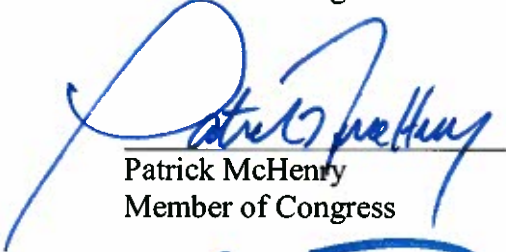
Dana Rohrabacher
Member of Congress



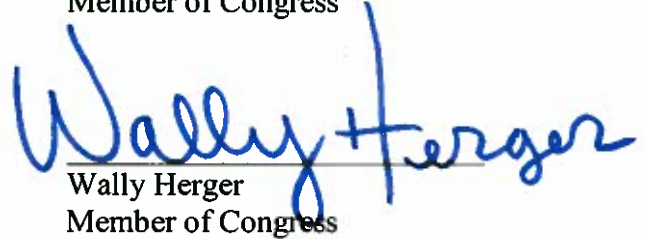
Tom Cole
Member of Congress



Rob Bishop
Member of Congress



Patrick McHenry
Member of Congress



Wally Herger
Member of Congress



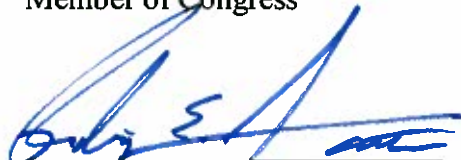
Charles Boustany
Member of Congress



Lynn Jenkins
Member of Congress



Todd Platts
Member of Congress



Robert Latta
Member of Congress



Ron Paul
Member of Congress