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March 16, 2020

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Charles Schumer
Minority Leader
U.S. Senate
Washington, D.C. 20510

RE: AGC Opposes House-Passed Paid Leave Proposal

Dear Majority Leader McConnell and Minority Leader Schumer:

On behalf of the Associated General Contractors of America (AGC) and its more than 27,000 construction company members, I write to categorically stress the need to address the 14 weeks of employer-fronted paid leave mandated under the House-passed H.R. 6201, the Families First Coronavirus Response Act, and to offer workable solutions. **AGC cannot support a Senate product that includes this House-passed proposal in H.R. 6201 and reserves the right to record the vote on legislation including such a proposal as an AGC “Key Vote” for the education of its membership.**

AGC appreciates the efforts of Congress and the Administration to take swift action to act on public health and economic needs amid the COVID-19 pandemic. Many of the provisions within H.R. 6201 take level-headed action to mitigate risks to our communities. However, the institution of a regime whereby small business employers of fewer than 500 employees must front up to 12 weeks of paid family and medical leave at two-thirds pay in addition to two weeks of paid sick leave at full or two-thirds pay is at best problematic, and at worst unworkable. That remains the case even with the proposed 100 percent tax credit coverage capped at \$511 per employee per day and \$200 per day, respectively.

The construction industry encompasses over 700,000 firms—over 90 percent of which are small businesses of 20 or fewer employees—that depends upon reliable cash flows to meet the capital-intensive demands of maintaining existing payrolls with construction project execution needs. Such a mandate, at a time of extreme economic uncertainty among so many small business employers already exposed to cash-flow difficulties, could lead to mass layoffs, employer bankruptcies, and supply chain issues that could delay delivery of medical and emergency response facility projects.

AGC recommends that the federal government—not construction employers—is best equipped to administer and front compensation for COVID-19-related illness leave. To that end, AGC recommends that Congress and the Administration consider utilizing agencies, like the Social Security Administration (SSA), or programs, like the unemployment insurance program, with providing financial assistance to employees affected by COVID-19. Federally-backed agencies

and programs could provide the financial security and economic resiliency for both employers and employees to endure through this crisis.

As Congress considers this and other COVID-19 related responses, I urge you to also consider:

- Requiring federal agencies and state/local agencies utilizing direct federal and federal-aid construction funds to continue payments to contractors for one year—in spite of any work delays—to ensure such employers can maintain cash flows to pay employees' salaries and benefits, and their subcontractors, especially small businesses. Payments made for work not completed would cover future performance of that work;
- Ensuring that the multiemployer pension system—with its millions of retirees, active participants and thousands of contributing employers—has the tools and resources to weather the economic impact of COVID-19; and
- Passing a three-month cancellation of all payroll taxes to further ensure construction employers can meet payroll demands, avoid mass layoffs and the real threat of bankruptcy imposed by this crisis.

As always, thank you for the consideration of AGC's concerns.

Sincerely,

Jimmy Christianson
Vice President of Government Relations

cc: All members of the U.S. Senate