



**SENATE EDUCATION COMMITTEE
HOUSE BILL 96 TESTIMONY
Ohio Facilities Construction Commission Proposals
*Support Retainage Reform; Oppose Integrated Project Delivery***

**Provided on May 14, 2025
Andrea Ashley, Vice President of Government Relations
Associated General Contractors (AGC) of Ohio**

Chair Brenner, Vice Chair Blessing, Ranking Member Ingram, and Senators on the Education Committee:

AGC of Ohio is a construction association representing large and small, open shop (nonunion) and union, commercial building and industrial contractors across the state. Our members build and renovate hospitals, offices, schools, wastewater treatment plants, warehouses and manufacturing facilities, mixed-use developments, and other vertical structures. They compete for the public construction projects found in the capital bill.

Thank you for the opportunity to testify on the Ohio Facilities Construction Commission (OFCC) proposals in the budget. During her testimony, the OFCC executive director referenced a package of proposals in the budget stemming from “collaborative meetings” with industry groups. My testimony today will focus on the only two proposals where there was a broad industry consensus:

1. Retainage reform is long overdue, and the agreed-upon language belongs in the budget.
2. Integrated project delivery does not belong in the budget; it needs to be vetted first to determine whether it’s a viable public procurement option

RETAINAGE REFORM

Every construction employer association involved in the OFCC meetings supported retainage reform. Retainage is a portion of a contractor's payment withheld until the project is completed and all obligations are met. The proposal simplifies retainage by requiring 4% of labor costs to be withheld throughout the project (instead of the current patchwork of 8% until 50% complete on labor). It ensures the prompt release of retainage, eliminates the

requirement to escrow funds, and prohibits contractors from holding more retainage than what is withheld on them.

An amendment to the retainage reform language further clarifies that a public owner can continue to withhold money for any final outstanding work (aka punch list items) when the retainage is released under the provision. Our association supports that clarification.

We urge your support of retainage reform and the clarifying amendment (SC1477).

INTEGRATED PROJECT DELIVERY

Ohio law provides delivery systems in which public construction can be procured. Under Chapter 153, those procurement systems include multiple prime, single prime (or general contract), construction manager at risk, and design build. The executive version of the budget would add another public procurement delivery option: integrated project delivery

Nearly every construction industry organization with a presence at the statehouse opposes the Integrated Project Delivery procurement proposal. It is an extremely complex project delivery system used sparingly in the private sector. No state authorizes it as a public procurement method, nor does the federal government. No one has seriously considered whether it makes sense for the public sector in Ohio... whether it addresses state needs, availability of Ohio contractors and design professionals who can work on IPD projects, legal frameworks and compliance with Ohio's public procurement laws, insurance and risk, etc.

Public owners, including OFCC, are spread thin and lack resources. Adding a new, untested project delivery system will tax an already stretched system. And, given IPD's risk structure... if mismanaged by public owners, contractors and design professionals on those projects could go out of business.

In addition to AGC, some of the other industry groups opposed include: the Ohio Contractors Association, Affiliated Construction Trades of Ohio, Central Midwest Carpenters, Construction Employers Association, Mechanical Contractors Association of Ohio, chapters of the National Electrical Contractors Association, and Ohio Operating Engineers Local 18.

We urge you to remove the IPD language from the budget (SC_136_0365).

AGC of Ohio appreciates your consideration. At this time, I'm happy to answer any questions.