

ENSURE COMPETITIVE GOVERNMENT CONTRACTS

Rachel Greszler, Senior Research Fellow



TOPLINE: Government contracts should be awarded through full and open competition so that taxpayers—not politically connected contractors—receive the best value.

BACKGROUND: Federal procurement law is built on the principle of full and open competition, recognizing that competition lowers costs, improves quality, encourages innovation, and protects taxpayers from favoritism and waste. Yet federal, state, and local governments increasingly impose procurement mandates and preferences that unnecessarily restrict competition by favoring certain contractors, labor arrangements, or business models over others. These restrictions—including diversity, equity, and inclusion initiatives; mandatory project labor agreements; environmental justice or affordable housing commitments; and unnecessary qualification requirements—can discourage qualified firms from bidding, reduce the number of competing offers, and increase costs.

Government procurement should remain competitively neutral by evaluating bids based on price, quality, past performance, and the ability to complete the work—not on whether contractors satisfy politically preferred criteria unrelated to successful project completion. Agencies should also be required to publicly justify any procurement restrictions that limit competition and demonstrate that any such restriction is the only way to achieve a stated purpose of the project.

Action Items (Congress, Administration, and States):

- Lawmakers should strengthen and enforce **full and open competition in government procurement**.
- Federal and state executive agencies should **prohibit agencies from imposing procurement requirements that unnecessarily restrict qualified competition** or favor particular contractors, labor arrangements, or business models, and require justification and public reporting for any exceptions.

How It Would Make Life More Affordable:

- Increased competition would lower procurement costs, saving taxpayers money.
- Removing unnecessary barriers would expand opportunities for small businesses, merit-shop contractors, and innovative firms, increasing productivity and improving project quality.

Related Legislation: Fair and Open Competition Act of 2025 ([S. 1064](#), [H.R. 2126](#)).

BOTTOMLINE: Government should award contracts through full and open competition—prohibiting special-interest procurement requirements that favor politically connected contractors—so that taxpayers receive the highest-quality goods and services at the lowest possible cost.