AMERICAN
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ASA Position Statement: A Fair and Reciprocal Framework for Construction Prequalification

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Executive Summary

Subcontractor prequalification is a necessary part of the project process that ensures general contractors hire competent subcontractors that are capable of successfully completing the project/s. Today's prequalification process is fragmented, duplicative, and too often one-sided. ASA supports prequalification that is fair, reciprocal, secure, and efficient. Subcontractors benefit when every company on the project team, including owners and general contractors, undergoes meaningful, role-appropriate vetting, because consistent prequalification practices promote transparency, trust, and a level playing field for all participants. Our members invest substantial time and expose highly sensitive data across multiple platforms and forms. We advocate for strong widely recognized best practices built on reciprocal disclosure by General Contractors (GCs), standardized data collection, strong data governance, transparency for any risk scoring or benchmarking, and proportionate cost-sharing. This paper outlines the problems and proposes practical remedies, policy asks, and model clauses that owners and GCs can adopt immediately.

The Problem We Must Fix

- Form fatigue and administrative waste: subcontractors are asked to submit similar information repeatedly on different proprietary platforms and with multiple forms.
- One-sided risk: subs are scored and benchmarked without reciprocal visibility into GC financial stability, payment practices, safety performance, or dispute history.
- Opaque algorithms: automated or semi-automated scoring systems drive awards without adequate disclosure of inputs, weighting, or the right to appeal.
- Data exposure: prequalification requires disclosure of bank letters, financials, and HR/safety data; platforms vary in their security controls and data-sharing practices.
- Pay-to-qualify dynamics: some programs shift platform fees and ongoing verification costs disproportionately to subcontractors, despite benefits accruing to owners/GCs and others in the supply chain.

NOTE: ASA offers these recommendations as guidance only. Implementation should reflect each company's independent judgment and applicable law.

ASA’s Position

- Reciprocity: Prequalification must run both ways. Subcontractors have the right to assess GCs on payment reliability, change-order timeliness, safety leadership, and dispute resolution history.
- Standardization: Adopt a single annual data set (e.g., a universal form) that satisfies the majority of GC requests, minimizing rework while allowing project-specific addenda as needed.
- Data Governance: Subcontractors own their data. Platforms must offer granular sharing controls, confidentiality by default, and independent security assurance (e.g., SOC 2 Type II/ISO 27001).
- Prohibit the sale or misuse of subcontractor data
- Algorithmic Transparency and Due Process: If scores, limits, or benchmarks are used, subs must have clear explanations, the ability to correct data, and access to an appeals process.
- If financials are a prerequisite, then allow for a scheduled financial review, outside of any technology platform.
- Proportionate Cost-Sharing: Parties benefiting from prequalification—owners and GCs—should cover or share reasonable platform and verification costs; any fees charged to subs should be nominal and tied to demonstrable efficiencies.

Recommended Remedies & Model Requirements

A. Standardize the Data Once Per Year

- Adopt an industry ‘One Form’ approach updated annually, with the ability to share securely across multiple GCs and owners.
- Allow limited project-specific supplements rather than entirely new submissions each time.
- Accept industry-recognized qualification statements where appropriate (e.g., ConsensusDocs 721) to minimize custom forms.

B. Implement Reciprocal GC Disclosure

- GCs disclose: standard payment terms and average days-to-pay to subs; retainage practices; change-order approval cycle times; safety record and EMR trend; subcontract default history (aggregate, anonymized where required).
- Owners disclose: funding assurance and payment application protocols; lender requirements that impact sub cash flow.

C. Protect Sensitive Data with Enforceable Controls

- Require platforms to maintain independent security attestations (e.g., SOC 2 Type II), encryption at rest and in transit, SSO/MFA, role-based access, and audit logs.

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- Contract for data minimization, purpose limitation, and prohibition on secondary use or sale of sub data without explicit consent.
- Provide a structured data-retention schedule and a right to deletion/export when relationships end.

D. Make Scoring Systems Explainable and Appealable

- Publish the risk domains evaluated (e.g., finance, capacity, safety) and the key metrics/weights in plain language.
- Offer a "right to explanation" for automated scores, a redress channel, and time-bound re-review after corrections.
- Calibrate benchmarking to reduce bias, including trade, region, and company size context; document model governance consistent with recognized frameworks (e.g., NIST AI RMF).

E. Align Prequalification with Prompt Payment and Retainage Fairness

- Flow federal Prompt Payment-style timelines and interest penalties through the contracting chain, and disclose state prompt-pay/retainage caps in bid docs.
- Tie prequalification ‘financial capacity’ limits to fair payment practices (e.g., timely progress payments, reasonable retainage releases).

F. Share Costs Proportionately

- Owners/GCs should underwrite platform licenses where they mandate specific tools; any subcontractor fees must be nominal and offset by real efficiency gains (single annual submission, re-use across buyers).

G. Financial Review

- If financials are a prerequisite, then allow for a scheduled financial review, outside of any technology platform.

Model Clause Library (for RFPs, Contracts, and Platform Agreements)

1. Reciprocal Prequalification

Owner/GC shall provide, upon request, standardized disclosures enabling subcontractor due diligence, including: historical average days-to-pay to first-tier subs; retainage policy and typical release timing; safety metrics (e.g., TRIR/EMR trend); change-order approval cycle time; and summary of subcontractor default remedies applied in the prior 3 years.

2. Data Ownership & Confidentiality

Subcontractor retains ownership of all prequalification data. Platform access is permission-based and revocable. Data shall not be accessed, processed, or shared beyond explicitly authorized counterparties

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and purposes. Provider maintains SOC 2 Type II (or ISO 27001) and will furnish current reports upon request.

3. Algorithmic Transparency & Appeals

If automated scoring or benchmarking influences award decisions, the requesting party will: disclose factors and relative weightings in plain language; provide a written explanation of any adverse score; and offer a defined correction and appeal process with decisions within 10 business days.

Please note**,** ASA offers illustrative contract language separately for members and counsel to adapt; clauses must be tailored to applicable law and project needs.

Conclusion

Prequalification is vital, but it must evolve. By standardizing data, ensuring reciprocity, protecting sensitive information, insisting on transparent scoring, and sharing costs fairly, the industry can reduce friction and improve outcomes for everyone on the jobsite. ASA invites owners, GCs, and platform providers to adopt the model requirements in this paper and join us in building a truly level playing field.

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