



Construction Industry Round Table

Press Release

A force for positive change in the design / construction industry

"Bid-Listing" Proposal Undermines Flexibility and Drives-Up Costs in the Construction Contracting Process Without Achieving Its Stated Goals, Finds Exclusive CIRT Poll of Top Design/Construction Firm CEOs

Washington, DC — July 13, 2000—Feedback from the design and construction industry's opinion makers indicates that they are **overwhelmingly opposed** (nearly 80% against, only 13.8% in favor) to reinstating the so-called "bid-listing" requirement on federal construction contracts as proposed in H.R. 4012 the "Construction Quality Assurance Act of 2000." Moreover, nearly three-quarters (72.4 %) of the CEO respondents to an exclusive opinion poll released today by the Construction Industry Round Table (CIRT) also indicate that they believe reinstating *the "bid-listing" requirement for federal construction contracts will reduce flexibility in the contracting process.*

Even more surprising, these same industry CEOs remain *very skeptical* that the bill will actually achieve the proponents' twin goals of ensuring the government will know who it is doing business with (58.6% strongly disagree/disagree, only 24.1% agree/strongly agree), and of preventing prime contractors from shopping the subcontracted work to get a cheaper price (62.1% strongly disagree/disagree, only 24.1% agree/strongly agree).

"While we understand the bill is well intentioned, we believe it saps flexibility from the construction bidding process *without* achieving its stated goals or its advocates' objectives" noted Mark A. Casso, President of CIRT. "Simply stated, the increased regulations and rules the bill envisions will drive-up costs as well as lengthen the time to propose on contracts, and may even impact the quality of the project while actually impeding the entry of new, women, and minority subcontractors into the federal marketplace."

Industry Leaders Feedback

These conclusions are based on findings of an exclusive poll conducted during a three-week period beginning on June 15th and released in

conjunction with House Government Reform subcommittee hearings. The poll had a thirty-percent response rate of construction industry leaders who comprise the CIRT.

H.R. 4012, the "Construction Quality Assurance Act of 2000," would require all federal construction contractors for projects over \$1.0 million dollars to list all subcontractors they intend to use on the job whose work amounts to \$100,000 or more. The bill seeking to reinstate this requirement, after being eliminated during the Reagan Administration, was before the Government Management, Information and Technology Subcommittee of the House Government Reform Committee, on Thursday, July 13th.

Findings

In contrast to the bill's purported goals, a number of potential or likely negative impacts on federal construction contracting are possible. For example:

- Three-quarters of the industry leaders (75.8%) strongly agree or agree that reinstating "bid-listing" will increase the overall cost of federal projects (including preventing "shopping" the costs if that will help keep the overall project on budget);
- Seven out of ten (70.0%) of these CEOs strongly agree or agree that "bid-listing" will also increase the cost and time to prepare proposals (even for non-successful bidders);

- Almost two-thirds (62.1%) believe it will impact finding the most qualified subcontractor; and
- Over half (51.7%) see the "bid-listing" requirement as having a potentially negative impact on the quality of the project.

Finally, the proposed bill may actually have the unintended and undesirable affect of **impeding new subcontractors** (51.7% strongly agreed or agreed this would occur) **as well as minor and women owned subcontractors** (59.3% strongly agreed or agreed this would occur) entry into the federal market.

Recommendations

CIRT contends that these findings are serious concerns that should and must be taken into account by Congress before it embarks upon passage of legislation that creates new requirements and constraints on the construction contracting process.

To that end, the Round Table requested the Subcommittee to delay or defeat the proposed bill. Short of defeating the bill, CIRT has sought modifications to the proposal, recommending three specific changes:

- Apply the "bid-listing" requirement to only the winning proposal.* In this way, the negative impact of the bill will be limited to only the firm or team that has actually won the contract. CIRT contends that the government has no real need of a list from submittals that are *not* going to receive the contract (nor should the unsuccessful firms bare the costs/time of providing such a list).
- Substantially increase the threshold to impose the "bid listing" requirement.* A vast majority (67.9%) of the industry leaders view the \$1.0 million threshold as too low, and recommend its increase (many suggested \$10.0 million).
- Increase the threshold to include a subcontractor on the "bid-list."* Again, some two-thirds (66.7%) of the CEOs believe the proposed \$100,000 figure to be too low, and recommend increasing it to as high as \$1.0 million to warrant inclusion on a subcontractors list.

"At a time when the federal government and the private sector workforces are being challenged to meet the public's infrastructure needs, it seems counterproductive, if not wasteful, to impose discarded and apparently useless requirements on the contractors" observed Casso. "Far better to concentrate on streamlining the process and identifying efficiencies than to create more paper work" concluded Mr. Casso.

For more information on CIRT's "Bid-Listing Requirement" Opinion Poll, [CLICK HERE](#).