

FEDERAL CONSTRUCTION CONTRACTING REFORM

CQC Position:

The Campaign for Quality Construction is developing a comprehensive package of federal construction contracting reform proposals to introduce in Congress and will support their passage into law.

Issue:

Many of these proposals have been presented as individual bills previously, but the time appears right to incorporate them into a single package that could include:

- **Contractor Eligibility and Responsibility Reform**
 - Require that contractors have a clean record of abiding by environmental, labor, antitrust, tax, anti-fraud, OSHA and federal state and local felony laws, and
 - Require certification that contractors are abiding by legal employment and workforce eligibility laws and are submitting proper withholding taxes if operating as independent contractors.
- **Prime and Subcontractor Selection Procedures**
 - Construction exempted from use of internet reverse auctions on bid contracts.
 - Bid list required on bid contracts.
 - Bid shopping and peddling forbidden on bid contracts.
- **Contract Administration**
 - Compliance with prevailing wage law.
 - Compliance with laws against employment of illegal workers.
- **Eligibility and Debarment Reform**
 - Create a contractor accountability database for use by all contracting agencies.
 - Maintain and enforce a list of contractors debarred from receiving public contracts.

Status:

CQC is currently discussing the proposal package with potential sponsors.

Key Points:

The Federal government is the largest consumer of goods and services. It is in the best interest of the government (and taxpayers) to procure construction from legitimate firms with strong quality performance records and to assure that public gets full value for its construction dollar through quality workmanship.

- Every time the Federal government awards a contract to an unethical contractor, a responsible and deserving contractor

loses work, and the government and public interests are at risk. Sanctions against contractors that violate federal rules and regulations should be fully enforced.

- Contracting officers are responsible for protecting the business interests of the government. A computerized central database, available to all agencies and contracting officers, would assure every contracting officer has a contractor's full performance record. Such a database has been successfully used in cities such as New York and Los Angeles.
- The corporate accounting scandals revealed in recent years illustrate the importance of accountability in the contracting arena.
- The reform package will include a prohibition against the internet reverse auction bidding process. Reverse auctions do not allow for a contract to be awarded based on "best value," but focus instead on driving the price to an absolute minimum and awarding the contract to the low bidder. Reverse auctions deprive taxpayers of quality construction.
- The reform package will include a requirement for prevailing wage law provisions in all federal construction contracts using federal funds or being built with federal assistance. This insures that normal workers' wages in an area will not be undercut by low-ball bids on federal projects that figure the use of untrained, unskilled labor. It also insures that quality workmanship and a quality product will result from the expenditure of taxpayer dollars.
- The reform package will include a requirement for bid listing on all federal contracts to halt the practices of bid shopping and bid peddling. CQC believes that these practices are unethical. They cheat the customer out of full value for his construction dollar. Reducing a bid price after bid day requires cutting costs primarily in the areas of materials and/or labor – meaning that the consumer is no longer getting what he paid for. Bid listing prevents this from occurring. Bid shopping and bid peddling do not save the government money. Instead, they allow a prime contractor to extract a windfall profit from his subs.

Updated April 2007



Campaign for Quality Construction

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