

Contracting Reform

Small businesses are the foundation of our economy. Accordingly, the typical electrical contracting firm's size is very small, and the vast majority of electrical contractors classify as small businesses. In fact, nearly 80 percent have fewer than ten employees. NECA supports legislation that increases opportunities for small businesses, prevents government waste and fraud, and provides a framework for growth in the construction industry. Congress must act to promote efficient federal government procurement through simple, cost-effective solutions.

KEY POINTS

Reform the administration of change orders on federal construction projects. Slow processing of change order requests and delayed payment for extra and changed work are major problems threatening project success and contractor viability. With ongoing supply chain disruptions affecting all sectors of the economy, contractors need an expedited process to avoid bearing the financial burden of costs beyond their control.

Support bid listing to ensure transparency in federal construction. Bid shopping and bid peddling are unethical business practices that threaten the integrity of the competitive bidding system. Requiring bidders to list their subcontractors in bids (bid listing) will significantly reduce these practices on federal construction projects and protect fair competition.

Prohibit utilization of reverse auctions for the procurement of federal construction contracts. Reverse auctions rely solely on driving the price of a good or service to an absolute minimum and awarding the contract to the lowest bidder, undoing years of progress in "best value" contracting. This race-to-the-bottom approach forces contractors to cut costs in materials and labor, ignoring quality construction, life-cycle costs, and long-term value to taxpayers.

Establish a statute of repose for federal construction projects. NECA supports establishing a reasonable six-year federal statute of repose for latent defect claims. Construction contractors face a substantial degree of liability exposure well after job completion. Statutes of repose bar actions against contractors following the completion of services after a reasonable period.

Ensure payment protections for construction subcontractors and suppliers performing under Public-Private Partnerships (P3) on federal construction projects. Unlike traditional procurement methods, the public entity signs a contract with a private partner under a P3. The public entity commits funds to repay the private partner, plus a profit, over a period of time ranging from 30 to 99 years. Even though procurement methods have evolved, construction remains a risky business. The risk makes the protections that surety bonds provide for taxpayers' investments and payment guarantees for subcontractors and suppliers just as crucial in P3s.

NECA ASKS

- Support common-sense reforms to improve the federal procurement system.

Powering Solutions.



The **National Electrical Contractors Association (NECA)** is the voice of the \$270 billion electrical construction industry that brings power, light, and communication technology to buildings and communities across North America. NECA's national office and 118 local chapters advance the industry through advocacy, education, research, and standards development.