



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 29, 2016

S. 1526 **Construction Consensus Procurement Improvement Act of 2015**

*As ordered reported by the Senate Committee on Homeland Security
and Governmental Affairs on February 10, 2016*

S. 1526 would amend current law to modify the federal government's procedures for awarding design and construction contracts for federal facilities and to prohibit the use of reverse auctions for such procurements. Specifically, the legislation would require a two-phase selection process for designing and constructing any federal facility with a cost of more than \$750,000. In phase one, firms would provide basic information on their experience and past performance; agencies then would select a few firms and invite them to submit a more detailed proposal in phase two.

CBO reviewed information on the process of awarding construction contracts by the Army Corps of Engineers (Corps) and the General Services Administration, two agencies that oversee construction of many federal facilities. Those agencies often use a two-phase process to select firms for construction projects but also use other acquisition strategies to award contracts. On the basis of information from those federal agencies, CBO estimates that implementing S. 1526 would cost \$10 million over the 2017-2021 period—\$2 million a year—because some agencies that currently evaluate certain projects using a one-phase process would incur somewhat higher costs to evaluate two rounds of proposals before selecting a firm for each construction project.

CBO also reviewed information on the use of reverse auctions in government procurement contracts by the Corps and GSA. Those agencies have found that using reverse auctions in complex procurements does not consistently result in lower procurement costs than would result from other methods such as sealed bids or negotiated procurements. Those agencies generally do not use reverse auctions to obtain such services. Consequently, CBO estimates that implementing S. 2139 would not result in any significant change in the government's bidding practice and thus would not have a significant effect on the federal budget.

Because enacting the bill could affect direct spending by agencies not funded through annual appropriations, pay-as-you-go procedures apply. CBO estimates, however, that any net change in spending by those agencies would be negligible. Enacting the bill would not affect revenues. CBO estimates that enacting S. 1526 would not increase net direct

spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

S. 1526 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contacts for this estimate are Matthew Pickford and Aurora Swanson. This estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.