

S. 1434, Construction Consensus Procurement Improvement Act of 2019

As ordered reported by the Senate Committee on Homeland Security and Governmental Affairs on May 15, 2019

By Fiscal Year, Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	0	*	*
Revenues	0	0	0
Deficit Effect	0	*	*
Spending Subject to Appropriation (Outlays)	0	*	n.e.
Pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
n.e. = not estimated; * = between zero and \$500,000.			

S. 1434 would prohibit federal agencies from purchasing design or construction services using a specific type of reverse auction. Unlike a traditional auction where a buyer with the highest bid wins the right to purchase a good or service, in a reverse action a buyer seeking a good or service solicits bids, multiple sellers offer bids, and the seller with the lowest bid wins the competition. The legislation would prohibit federal agencies from using a specific type of reverse auction that allows sellers to submit revised bids during the auction.

CBO reviewed available information on the use of reverse auctions in government procurement contracts for the Army Corps of Engineers and the General Services Administration. In addition, CBO reviewed studies prepared by the Government Accountability Office on the use of reverse auctions. In general, reverse actions have not been suitable for complex contracts like design and construction services because they do not consistently result in procurement costs that are lower than what would result from other contracting methods such as sealed bids or negotiated procurements. CBO estimates that implementing S. 1434 would not require agencies to significantly change their typical contracting process and thus would not have a significant effect on the federal budget.

Enacting S. 1434 could affect direct spending by some agencies (such as Tennessee Valley Authority) that are authorized to spend receipts from fees, the sale of goods, and other collections to cover their operating costs. Because most of those agencies can adjust the



amounts they collect as operating costs change, CBO estimates that any net change on direct spending by those agencies would be negligible.

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