



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

February 23, 2018

S. 2113 **Construction Consensus Procurement Improvement Act of 2017**

*As ordered reported by the Senate Committee on Homeland Security
and Governmental Affairs on February 14, 2018*

S. 2113 would modify the federal government's procedures for awarding design and construction contracts for federal facilities and would prohibit the use of reverse auctions for such awards. Specifically, the legislation would require the selection process for designing and constructing any federal facility with a cost of more than \$3 million to occur in two phases. In phase one, potential contractors would provide basic information on their experience and past performance. Agencies would then select several contractors and invite them to submit more detailed proposals in phase two.

CBO reviewed information on the process of awarding contracts used by the Army Corps of Engineers (Corps) and the General Services Administration (GSA), two agencies that oversee construction of many federal facilities. Those agencies often use a two-phase selection process but also use other acquisition strategies to award contracts. Using information from those agencies, CBO estimates that implementing S. 2113 would cost about \$600,000 a year and \$3 million over the 2018-2022 period, primarily for the Corps, which would incur somewhat higher costs to evaluate two rounds of proposals before selecting a contractor for each construction project. Such spending would be subject to the availability of appropriated funds.

CBO found that the Corps and GSA generally do not use reverse auctions for complex procurements because such auctions do not consistently result in costs that are lower than those from sealed bids or negotiated procurements. On the basis of that information, CBO estimates that implementing S. 2113 would not result in a significant changes in bidding practices for federal construction projects 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. 2113 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

S. 2113 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

On February 16, 2017, CBO transmitted a cost estimate for H.R. 679, the Construction Consensus Procurement Improvement Act of 2017, as ordered reported by the House Committee on Oversight and Government Reform on February 2, 2017. The two bills are similar and CBO's estimates of their budgetary effects are the same.

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.