

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6515

March 3, 2017

The Honorable Gene L. Dodaro
Comptroller General of the United States
Government Accountability Office
441 G St., NW
Washington, DC 20548

Dear Mr. Dodaro:

Federal contracting can be a complex and challenging undertaking for any business, especially for our nation's small businesses. Nowhere is this more apparent than in the construction field. Small business firms that agree to do construction work for federal agencies face an array of challenges, ranging from acquiring financing and bonding, assembling a team with the required expertise, dealing with scheduling issues, and responding to numerous government-initiated, unilateral contract modifications, also referred to as change orders. With respect to the latter, the Small Business Committee is concerned about the impact the process for issuing and addressing change orders on construction contracts may be having on the ability of small businesses to maintain viability while fully and efficiently performing these modified contracts.

Given the Committee's concerns, we request that the Government Accountability Office conduct a review of the use of change orders on construction contracts. We ask that you select at least one major civilian and one defense agency with a significant volume of construction activity and address the following:

1. What is the statutory and regulatory framework that applies to the use of construction contract change orders on the prime and subcontract level?
2. What, if any, time frames apply to the issuance and settlement of change orders on the prime and subcontract levels? How long does it take, and should it take, for agencies to determine the cost impact of change orders and compensate the contractor?
3. What guidelines do agencies have for issuing and paying for change orders on the prime and subcontract levels?
4. What evidence exists of change order bundling, i.e; that agencies may be aggregating change orders and delaying payments due to the contractors until completion of the

contracts, or later? What is the purpose of agencies engaging in these actions? What safeguards, if any, exist to prevent improper bundling of change orders? How does change order bundling affect the ability to obtain surety bonds?

5. Is there evidence that agencies otherwise may be acting in bad faith in delaying the settlement of change order requests for equitable adjustment?

Please work with Vivian Ling, Counsel to Chairman Chabot, who can be reached at (202) 225-5821 and Halimah Locke, Professional Staff Member for Procurement to Ranking Member Velázquez, who can be reached at 202-225-4038 on the time frames and other issues related to your review. Thank you in advance for your attention to this request.

Sincerely,



Steve Chabot
Chairman
House Small Business Committee



Nydia Velázquez
Ranking Member
House Small Business Committee



Steve Knight
Subcommittee Chairman
Contracting and Workforce



Stephanie Murphy
Subcommittee Ranking Member
Contracting and Workforce