



## Support Partial Payment for Change Orders

### Background:

Change orders or requests for equitable adjustment occur on a contract when the owner of the job orders something be done that is different from the original scope of work after the project has begun. Contractors and subcontractors on federal construction projects are plagued by the slow approval of and delayed payment on these changes. While these processes slow, contractors and subcontractors must continue to cover the costs of running their businesses. This bill would require federal agencies to make interim partial payments to their construction prime contractors for unilateral changes directed by the contract owner.

### Key Points:

- *Contractor Request for Payment for Agency's Unilateral Change.* When a federal agency orders a prime construction contractor to change the scope of work on a job (unilateral change order), meaning an additional task must be performed, an increase in price may occur. Once this change is proposed, the prime contractor in consultation with their subcontractors must provide an estimate for the work.
- *Interim Partial Payment for Unilateral Changes.* Once it receives the estimated price and revised scope of work from the prime contractor, a federal agency would be required to make a partial payment of at least 50 percent within the time frame of the Prompt Payment Act (31 USC 39).
- *Payment of Subcontractors and Suppliers.* A federal prime construction contractor is required to pay its subcontractors within seven days of receiving payment from the federal agency for work performed on the unilateral change to the prime contractor.

NECA Ask- Co Sponsor H.R. 2344 - Small Business Payment for Performance Act of 2019