



## Connecticut Subcontractors Association

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Testimony of **William Flynn**  
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**Senate Bill 785, An Act Concerning Construction Change Orders**  
General Law Committee  
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My name is Bill Flynn. I am the President and a founding Board Member of the Connecticut Subcontractors Association, a trade association that represents all segments of the Connecticut construction subcontracting industry. I also am Vice-President of Electrical Contractors, Inc. of Hartford, one of the largest electrical contractors in the State. Our construction firm has performed dozens of projects for the State DPW, many towns and cities, and a variety of large private owners in our state.

The Connecticut Subcontractors Association strongly supports Senate Bill 785, An Act Concerning Construction Change Orders. The CSA thanks this committee for raising the bill.

Senate Bill 785 addresses a critical problem in our construction industry—paying contractors and subcontractors for authorized, extra work that they have properly performed, but for which they cannot bill because a “change order” has not issued “through no fault of their own.” If those “bottlenecked” change directives exceed 5% of the contract amount, then the contractor or subcontractor does not have to perform additional extra work under new change directives until the current, pending change directives are processed and can be billed. The bill does NOT apply to approved change orders or to original contract work. The bill does NOT apply to DISPUTED work. The 5% threshold also tracks the current change order limits for state funding required on public school construction projects under Conn. Gen. Stat. §10-286(c), which reduces State funding by 50% for change order work on school building projects that exceeds the authorized project cost by 5%.

The bill also requires that every contractor and subcontractor include a statement with each monthly payment requisition indicating the status of all pending and approved change orders and change directives. This provides a necessary method for all parties—the owner, the contractor, and the subcontractors—to track the status of change orders and change directives.

In summary the proposed legislation will:

- Protect against owners running out of money during the course of the project;
- Increase transparency;
- Match the change order limits mandated for public school construction;
- Help to eliminate delays and unanticipated disputes on projects; and
- Reduce the unfair shifting of project financing burdens from owners to trade contractors.

**Senate Bill No. 785 should be approved because:**

- Owners and Project Managers will utilize a standardized procedure to keep track of the status of all extra work on the project, whether per approved change orders or pending change directives;
- Owners will be able to follow the project needs and commitments, so they can stay currently apprised of their financial obligations. It provides full transparency for all extra work – including cost, dates and status;
- Contractors and Subcontractors will be able to track their extra work in terms of the status of each approved and pending change order or directive;
- Contractors and Subcontractors will get paid promptly for all authorized extra work performed, and will not have to finance the cost of authorized extra work indefinitely.

The proposed legislation would require all parties to manage the project properly and move forward with approvals for previously performed work in order for new changed work to be performed. Both public and private owners and contractors will be required to acknowledge outstanding extra work that has been authorized and performed, but cannot be processed for payment through no fault of the subcontractor.

The proposed legislation will benefit the Owners on public and private projects. It shines a light on authorized change directives that need to be processed for billing and payment, rather than delaying the processing and payment of change orders until the end of the job. This will avoid unexpected disputes when the growing amount of authorized, but unpaid change directives reaches a "boiling point." It also will prevent the unfair and unethical practice of an owner, or contractor, batching all unprocessed change directives that is then "leveraged" against the subcontractor for payment purposes.

Again, thanks to the General Law Committee for considering this important legislation.