Use of Stipends
Real Experiences and Best Practices from a Panel of Experts

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Maryland State Highway Administration’s Approach to Stipend Payments

Presented by:
Lisa B. Choplin
Maryland State Highway Administration
Maryland’s Design-Build History

- Program was initiated in late 1990s
- Twenty-five projects have been completed since 1998
- Four currently under construction
- Projects vary in size from $1 M - $40 M
- SHA advertised first mega design-build project – The Intercounty Connector in 2006
- ICC Contracts vary in size between $50 M to $500 M
- Three contracts are currently under construction
Stipend Payments...

- Allowable under 23CFR Part 636
- In response to higher costs in the engineering effort to submit a responsive bid
- Only cover a proportion of the actual cost
- May encourage competition
- Ability to use information presented in the unsuccessful bidder’s proposal
Stipend Payment Evolution

- First two design-build projects did not include stipends.
- Since 2005, SHA has based stipend payment on approximately 0.18% of construction value.
- Value may vary depending upon complexity of the project.
Paul Parsoneault, P.E.
U.S. Army Corps of Engineers
Policy

- Authority to use Stipends in place since May 2005
- Applies only to design build, two step procurements, Military Construction Programs
- Defined as a payment to unsuccessful offerors in design-build construction procurements
Justification

- Legal justification for payment of stipends is to promote or maintain a reasonable level of competition to ensure price competition and program success.
Process

- The decision to pay a stipend is made early in the project’s acquisition cycle by the PDT
- Approval is obtained at HDQTRS from the project’s P&D funds manager
- Amounts of stipends vary, they are at the discretion of the PDT
Outcome

- **Expected outcome** is to significantly enhance the quality of competitive proposals
- Paid to unsuccessful phase 2 offerors
If The Answer is “Yes” to These 3 Questions, Then Stipends Will Benefit the Federal Owner:

1. Do you want the best possible contractors participating and proposing?

2. Do you want the best possible proposals to be submitted?

3. Do you want an easier process of evaluating the proposals and awarding the project?
Panel Discussion
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Questions from Audience

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