The American Institute Of Architects

Revising the Fee Limitation for Federal Contracts

The Ask

Will you (Member of Congress) send a letter to the members for the Federal Acquisition Regulatory Council to express our concerns and ask which types of contracts the 6% fee limitation applies to?

More Information

Alexander Cochran
alexandercochran@aia.org

Anne Law
annelaw@aia.org

Erin Waldron
erinwaldron@aia.org

BACKGROUND

The 6% fee limitation that applies to federally procured projects is a cap (ceiling) on the fee that an architecture or engineering (A/E) firm can receive for certain federal projects. The limitation applies to all Department of Defense (DoD) projects and any civilian projects using a cost-plus-a-fixed-fee contract.

In 1939 Congress authorized the Army and the Navy to procure A/E services from private firms on a cost-plus-a-fixed-fee basis. The A/E fees were set at "6% of estimated project costs". The purpose was to enable the military to prepare for possible attacks from Germany and Japan at that time. The cap was extended to all federal contracts through the Federal Property and Administrative Services Act of 1949 due to language that was ambiguous. In 2011, Congress enacted a law to re-establish and clarify that the 6% fee cap was only for cost-plus-a-fixed-fee contracts. However, it is still applied to more than just those contracts to this day.

WHY DOES THE FEE LIMITATION NEED TO BE REVISED?

Arbitrary "caps" on federal architecture and engineering design fees are unfair to architectural and engineering designers since the scope of A/E services has expanded when comparing design services offered now to those offered over 80 years ago when the fee limitation was conceived. It is an arbitrary and outdated number and unfairly causes architects to be federally constrained in their pay through existing law. Artificially limiting the compensation of architects detrimentally impacts the profession's ability to attract and retain diverse and talented potential applicants and to remain competitive.

.