

## NOTICE CONCERNING EXPERIENCE MODIFICATION FACTORS (RATIOS)

HB 1108<sup>1</sup> became effective on July 1, 2016. It prohibits VDOT from requiring a construction contractor to have a specified experience modification factor<sup>2</sup> (EMF) to be eligible to bid.

HB1108 will not change VDOT's ongoing use of EMFs within its process for prequalifying bidders. To become prequalified, a contractor must submit a letter from its workers' compensation insurance carrier stating the contractor's annual EMF for each of the most-recent six years. VDOT then averages the six annual EMFs. A contractor's six-year EMF average accounts for five percent of a its overall Prequalification Score. There is no specified maximum EMF, and a contractor can overcome a poor EMF by scoring well on the other 95% of factors considered as part of its overall Prequalification Score.

In accordance with HB1108, VDOT does not solicit bids or proposals for construction services, or extend offers to contract for such services, conditioned on a bidder, offeror, or contractor having a specified EMF.

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<sup>1</sup> HB1108 amended §§ 2.2-4302.1 and 2.2-4302.2 of the *Code of Virginia* and added § 11-9.8.

<sup>2</sup> Referred to as "experience modification ratio" (EMR) within VDOT's *Rules Governing Prequalification Privileges*.