

REPORT OF THE ACQUISITION ADVISORY PANEL

to the Office of Federal Procurement Policy
and the United States Congress

January 2007



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CHAPTER 4

Small Business

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Chapter 4 – Small Business Findings and Recommendations

Findings	Recommendations
<p>Finding: Contracting officers need definitive guidance on the priority for applying the various small business contracting preferences to particular acquisitions.</p> <p>Finding: Contracting officers need explicit guidance on how to exercise their discretion in selecting the appropriate small business contracting method for a procurement.</p> <p>Finding: The current practice of cascading procurements fails to balance adequately the government’s interest in quick contracting with the requirement to provide maximum practicable small business contracting opportunities.</p>	<p>1. Guidance in Using Small Business Contracting Programs</p> <p>(a) Recommendation: Amend the Small Business Act to provide consistent statutory language governing the applicability of the various small business preference programs.</p> <p>(b) Recommendation: Provide guidance clarifying that contracting officer discretion in selecting small business contracting methods should be based on small business goal achievements and market research.</p> <p>(c) Recommendation: Amend governing statutes and regulations to expressly preclude cascading procurements as an acquisition strategy.</p>
<p>Finding: The contracting community does not properly apply and follow the governing contract bundling definition and requirements in planning acquisitions.</p> <p>Finding: Agency officials need targeted training to better acquaint them with the requirements and benefits of contracting with small businesses.</p>	<p>2. Guidance with Contract Consolidation</p> <p>(a) Recommendation: OFPP create an inter-agency task force to develop best practices and strategies to unbundle contracts and mitigate the effects of contract bundling.</p> <p>(b) Recommendation: OFPP coordinate the development of a government-wide training module on small business contracting and subcontracting with small businesses.</p>
<p>Finding: The strategy of reserving prime contract awards for small businesses in full and open multiple award procurements may be effective in providing small business prime contracting opportunities.</p>	<p>3. Competition for Multiple Award Contracts</p> <p>Recommendation: Provide express statutory authorization for small business reservations of prime contract awards in full and open multiple award procurements that are not suitable for competition exclusively by small businesses.</p>
<p>Finding: The contracting community needs explicit guidance on utilizing small business reservations for orders against multiple award IDIQ contracts.</p>	<p>4. Competition for Task Orders [under Multiple Award Contracts]</p> <p>Recommendation: Provide a statutory and regulatory amendment granting agencies explicit discretion to limit competition for orders to small businesses.</p>

CHAPTER 1

Commercial Practices

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Chapter 1—Commercial Practices Findings and Recommendations

Findings	Recommendations
<p>8. Statutory and Regulatory Definitions of Commercial Services</p> <p>Finding: The current regulatory treatment of commercial items and services allows goods and services not sold in substantial quantities in the commercial marketplace to be classified nonetheless as “commercial” and acquired using the streamlined procedures of FAR Part 12.</p>	<p>1. Definition of Commercial Services</p> <p>Recommendation: The definition of stand-alone commercial services in FAR 2.101 should be amended to delete the phrase “of a type” in the first sentence of the definition. Only those services that are actually sold in substantial quantities in the commercial marketplace should be deemed “commercial.” The government should acquire all other services under traditional contracting methods, e.g., FAR Part 15.</p>
<p>1. Commercial “Best Practices” Generally</p> <p>Finding: “Best practices” by commercial buyers of services include a clear definition of requirements, reliance on competition for pricing and innovative solutions, and use of fixed-price contracts.</p> <p>2. Defining Requirements</p> <p>Finding: Commercial organizations invest the time and resources necessary to understand and define their requirements. They use multi-disciplinary teams to plan their procurements, conduct competitions for award, and monitor contract performance. They rely on well-defined requirements and competitive awards to reduce prices and to obtain innovative, high quality goods and services. Procurements with clear requirements are far more likely to meet customer needs and be successful in execution.</p>	<p>2. Improving the Requirements Process</p> <p>Recommendation: Current policies mandating acquisition planning should be better enforced. Agencies must place greater emphasis on defining requirements, structuring solicitations to facilitate competition and fixed-price offers, and monitoring contract performance. Agencies should support requirements development by establishing centers of expertise in requirements analysis and development. Agencies should then ensure that no acquisition of complex services (e.g., information technology or management) occurs without express advance approval of requirements by the program manager or user and the contracting officer, regardless of which type of acquisition vehicle is used.</p>

Findings	Recommendations
<p>3. Competition in the Commercial Marketplace</p> <p>Finding: Commercial buyers rely extensively on competition when acquiring goods and services. Commercial buyers further facilitate competition by defining their requirements in a manner that allows services to be acquired on a fixed-price basis in most instances.</p> <p>5. Pricing of Commercial Contracts by Commercial Buyers</p> <p>Finding: Commercial buyers rely on competition for the pricing of commercial goods and services. They achieve competition by carefully defining their requirements in a manner that facilitates competitive offers and fixed-price bids. In the absence of competition, commercial buyers rely on market research, benchmarking, and, in some cases, cost-related data provided by the seller, to determine a price range.</p> <p>6. "Commercial Practices" Adopted by the Government</p> <p>(a) Finding: The government has implemented a number of different approaches to acquiring commercial items and services. Each approach has distinct strengths and weaknesses. The extent to which each of these approaches achieves competition, openness, and transparency varies. Competition for government contracts differs in significant respects from commercial practice, even where the government has attempted to adopt commercial approaches.</p> <p>(b) Finding: The Panel received evidence from witnesses and through reports by inspectors general and the GAO concerning improper use of task and delivery order contracts, multiple award IDIQ contracts, and other government-wide contracts, including Federal Supply Schedule contracts, including improper use of these vehicles by some assisting entities. Nonetheless, the Panel strongly believes that when properly used these contract vehicles serve an important function and that the government derives considerable benefits from using them. Accordingly, the Panel has made specific recommendations in an effort to balance corrections to the identified problems while preserving important benefits of such contract vehicles.</p>	<p>3. Improving Competition</p> <p>(a) Recommendation: The requirements of Section 803 of the FY 2002 Defense Authorization Act regarding orders for services over \$100,000 placed against multiple award contracts, including Federal Supply Service schedules, should apply uniformly government-wide to all orders valued over the Simplified Acquisition Threshold. Further, the requirements of Section 803 should apply to all orders, not just orders for services.</p> <p>(b) Recommendation: Competitive procedures should be strengthened in policy, procedures, training, and application. For services orders over \$5 million requiring a statement of work under any multiple award contract, in addition to "fair opportunity," the following competition requirements as a minimum should be used: (1) a clear statement of the agency's requirements; (2) a reasonable response period; (3) disclosure of the significant factors and subfactors that the agency expects to consider in evaluating proposals, including cost or price, and their relative importance; (4) where award is made on a best value basis, a written statement documenting the basis for award and the trade-off of quality versus cost or price. The requirements of FAR 15.3 shall not apply. There is no requirement to synopsise the requirement or solicit or accept proposals from vendors other than those holding contracts.</p> <p>(c) Recommendation: Regulatory guidance should be provided in FAR to assist in establishing the weights to be given to different types of evaluation factors, including a minimum weight to be given to cost/price, in the acquisition of various types of products or services.</p>

Findings	Recommendations
<p>10. Impact of the Annual Budget and Appropriations Processes</p> <p>Finding: A fundamental difference between commercial and government acquisition is the fiscal environment in which decisions on acquisition processes are made. Commercial acquisition planning decisions can take place in a fiscal environment relatively unconstrained with respect to the availability of funds over time. In contrast, government acquisition decisions are driven to a significant extent by the budget and appropriations process which often limits availability of funds to a single fiscal year period.</p>	

Findings	Recommendations
<p>6(c) Finding: The evidence received by the Panel regarding Federal Supply Schedule and multiple award contracts included the following:</p> <p>(1) Solicitations for task and delivery order contracts often include an extremely broad scope of work that fails to produce meaningful competition.</p> <p>(2) Orders placed under task and delivery order contracts frequently indicate insufficient attention to requirements development.</p> <p>(3) The ordering process under task and delivery order contracts, in some instances, occurs without rigorous acquisition planning, adequate source selection, and meaningful competition.</p> <p>(4) Agencies frequently make significant purchases of complex services using task and delivery orders.</p> <p>(5) Use of task and delivery order contracts by agencies for the acquisition of complex services on a best value basis has been increasing. Guidance on how to conduct best value procurements using these contract vehicles is not adequate.</p> <p>(6) Agency management control of orders placed using multi-agency contracts have varied in adequacy and effectiveness.</p> <p>(7) The unit price structure commonly used on Federal Supply Schedule contracts and many multiple award contracts is not a particularly useful indicator of the true price when acquiring complex professional services.</p> <p>(8) Competition based on well-defined requirements is the most effective method of establishing fair and reasonable prices for services using the Federal Supply Schedule.</p>	<p>4. New Competitive Services Schedule</p> <p>Recommendation: GSA be authorized to establish a new information technology schedule for professional services under which prices for each order are established by competition and not based on posted rates.</p>

Findings	Recommendations
<p>6(b) Finding: The Panel received evidence from witnesses and through reports by inspectors general and the GAO concerning improper use of task and delivery order contracts, multiple award IDIQ contracts, and other government-wide contracts, including Federal Supply Schedule contracts, including improper use of these vehicles by some assisting entities. Nonetheless, the Panel strongly believes that when properly used these contract vehicles serve an important function and that the government derives considerable benefits from using them. Accordingly, the Panel has made specific recommendations in an effort to balance corrections to the identified problems while preserving important benefits of such contract vehicles.</p> <p>6(c) (3) Finding: The ordering process under task and delivery order contracts, in some instances, occurs without rigorous acquisition planning, adequate source selection, and meaningful competition.</p> <p>6(c)(4) Finding: Agencies frequently make significant purchases of complex services using task and delivery orders.</p> <p>6(c)(5) Finding: Use of task and delivery order contracts by agencies for the acquisition of complex services on a best value basis has been increasing. Guidance on how to conduct best value procurements using these contract vehicles is not adequate.</p> <p>6(c)(6) Finding: Agency management control of orders placed using multi-agency contracts has varied in adequacy and effectiveness.</p>	<p>5. Improving Transparency and Openness</p> <p>(a) Recommendation: Adopt the following synopsis requirement.</p> <p>Amend the FAR to establish a requirement to publish, for information purposes only, at FedBizOpps notice of all sole source orders (task or delivery) in excess of the simplified acquisition threshold placed against multiple award contracts.</p> <p>Amend the FAR to establish a requirement to publish, for information purposes only, at FedBizOpps notice of all sole source orders (task or delivery) in excess of the simplified acquisition threshold placed against multiple award Blanket Purchase Agreements.</p> <p>Such notices shall be made within ten business days after award.</p> <p>(b) Recommendation: For any order under a multiple award contract over \$5 million where a statement of work and evaluation criteria were used in making the selection, the agency whose requirement is being filled should provide the opportunity for a post-award debriefing consistent with the requirements of FAR 15.506.</p>

Findings	Recommendations
<p>7. Time-and-Materials Contracts</p> <p>Finding: Commercial buyers have a strong preference for the use of fixed-price contracts and avoid using time-and-materials contracts whenever practicable. Although difficult to quantify precisely due to limited data, the government makes extensive use of time-and-materials contracts.</p>	<p>6. Time-and-Materials Contracts</p> <p>Recommendations: The Panel makes the following recommendations with respect to time-and-materials contracts.</p> <p>(a) Current policies limiting the use of time-and-materials contracts and providing for the competitive awards of such contracts should be enforced.</p> <p>(b) Whenever practicable, procedures should be established to convert work currently being done on a time-and-materials basis to a performance-based effort.</p> <p>(c) The government should not award a time-and-materials contract unless the overall scope of the effort, including the objectives, has been sufficiently described to allow efficient use of the time-and-materials resources and to provide for effective government oversight of the effort.</p>
<p>6(b) Finding: The Panel received evidence from witnesses and through reports by inspectors general and the GAO concerning improper use of task and delivery order contracts, multiple award IDIQ contracts, and other government-wide contracts, including Federal Supply Schedule contracts, including improper use of these vehicles by some assisting entities. Nonetheless, the Panel strongly believes that when properly used these contract vehicles serve an important function and that the government derives considerable benefits from using them. Accordingly, the Panel has made specific recommendations in an effort to balance corrections to the identified problems while preserving important benefits of such contract vehicles.</p> <p>6(c) (3) Finding: The ordering process under task and delivery order contracts, in some instances, occurs without rigorous acquisition planning, adequate source selection, and meaningful competition.</p> <p>6(c)(4) Finding: Agencies frequently make significant purchases of complex services using task and delivery orders.</p>	<p>7. Protest of Task and Delivery Orders</p> <p>Recommendation: Permit protests of task and delivery orders over \$5 million under multiple award contracts. The current statutory limitation on protests of task and delivery orders under multiple award contracts should be limited to acquisitions in which the total value of the anticipated award is less than or equal to \$5 million.</p>

Findings	Recommendations
<p>5. Pricing of Commercial Contracts by Commercial Buyers</p> <p>Finding: Commercial buyers rely on competition for the pricing of commercial goods and services. They achieve competition by carefully defining their requirements in a manner that facilitates competitive offers and fixed-price bids. In the absence of competition, commercial buyers rely on market research, benchmarking, and, in some cases, cost-related data provided by the seller to determine a price range.</p>	<p>8. Pricing When No or Limited Competition Exists</p> <p>Recommendation: For commercial items, provide for a more commercial-like approach to determine price reasonableness when no or limited competition exists. Revise the current FAR provisions that permit the government to require "other than cost or pricing data" to conform to commercial practices by emphasizing that price reasonableness should be determined by competition, market research, and analysis of prices for similar commercial sales. Move the provisions for determining price reasonableness for commercial items to FAR Part 12 and de-link it from FAR Part 15.</p> <p>Establish in FAR Part 12 a clear preference for market-based price analysis but, where the contracting officer cannot make a determination on that basis (e.g., when no offers are solicited, or the items or services are not sold in substantial quantities in the commercial marketplace), allow the contracting officer to request additional limited information in the following order: (i) prices paid for the same or similar commercial items by government and commercial customers during a relevant period; or, if necessary, (ii) available information regarding price or limited cost related information to support the price offered such as wages, subcontracts, or material costs. The contracting officer shall not require detailed cost breakdowns or profit, and shall rely on price analysis. The contracting officer may not require certification of this information, nor may it be the subject of a post-award audit.</p>
<p>9. Time Required for Commercial Services Contracts</p> <p>Finding: Commercial buyers can award a contract for complex services acquisitions in about six months, depending on the size of the acquisition and how much work is necessary for requirements definition. For larger contracts, if the process begins with requirements definition, the total cycle time to award may be six to twelve months. If some market research and requirements definition has been done in advance, commercial buyers stated they could get under contract in three to six months, even for larger contracts.</p>	<p>9. Improving Government Market Research</p> <p>Recommendation: GSA should establish a market research capability to monitor services acquisitions by government and commercial buyers, collect publicly available information, and maintain a database of information regarding transactions. This information should be available across the government to assist with acquisitions.</p>

Findings	Recommendations
<p>11. Unequal Treatment of the Contracting Parties</p> <p>Findings: The failure to provide equal treatment for both parties to a government contract is inconsistent with commercial practices. Equal treatment should be afforded to the government and contractors in contractual provisions unless the Constitution of the United States or special considerations of the public interest require otherwise.</p>	<p>10. Unequal Treatment of the Contracting Parties</p> <p>(a) Recommendation: Legislation should be enacted providing that contractors and the government shall enjoy the same legal presumptions, regarding good faith and regularity, in discharging their duties and in exercising their rights in connection with the performance of any government procurement contract, and either party's attempt to rebut any such presumption that applies to the other party's conduct shall be subject to a uniform evidentiary standard that applies equally to both parties.</p> <p>(b) Recommendation: In enacting new statutory and regulatory provisions, the same rules for contract interpretation, performance, and liabilities should be applied equally to contractors and the government unless otherwise required by the United States Constitution or the public interest.</p>
<p>4. Contract Terms and Conditions Used in Commercial Contracts</p> <p>Finding: Large commercial buyers generally require sellers to use the buyers' contracts which include the buyers' standard terms and conditions. This allows all offerors to compete on a common basis. The use of standard terms and conditions streamlines the acquisition process, making it easier to compare competing offers, eliminating the need to negotiate individual contract terms with each offeror, and facilitating contract management.</p>	

CHAPTER 3

Interagency Contracting

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Governmentwide Acquisition Contracts (GWACs)						
Contract	Description	Ceiling	# Contracts	Term (incl. options)	Fee	Top Customers
National Aeronautics and Space Administration (NASA)						
SEWP III	Scientific and Engineering Workstation Procurement (SEWP) - IT Products	4-4.5B	25 (16 Awardees)	Various (7/2001-9/2007)	0.65% with \$10,000 Order Cap	DoD, GSA, NASA, DOJ, HHS
SEWP IV	(Coming Soon); Scientific and Engineering Workstation Procurement(SEWP) IV - IT Products	\$5.6B	26-39 est.	7yrs	0.65% with \$10,000 Order Cap	N/A

Source: Compiled by Panel staff from OFPP Survey/Data Call, Agency websites and publications, and Agency Representatives.

c. GSA Schedules Program

The GSA Schedules Program is also known as the Federal Supply Schedule (“FSS”) Program or the Multiple Award Schedules (“MAS”) Program. Pursuant to the authority granted to GSA as a centralized federal procurement and property management agency, GSA took over the management of the “General Schedule of Supplies” from the Department of the Treasury, and this evolved into what is now known as the GSA Schedules Program. The GSA Schedules have a separate authorizing statute.²⁸

While the GSA’s pricing policies and procedures have evolved over time, GSA’s core objective has remained unchanged—“to use commercial terms and conditions and the leverage of the Government’s volume buying to achieve the best possible prices and terms for both customers and taxpayers.”²⁹ To this end, GSA utilizes Most Favored Customer (“MFC”) pricing; an approach whereby GSA negotiates with its vendors for the best prices afforded their preferred customers for like requirements of similar scale. Accordingly, the essence of GSA Schedule contract price analysis is comparison of the offered prices to prices paid by others for the same or similar items (including services), under similar conditions. This pricing approach, combined with GSA’s Price Reductions clause,³⁰ is intended to operate to ensure that a specific pricing relationship is maintained throughout the duration of the contract.

There has been, however, some criticism of MFC pricing, in that it may inflate prices by forcing contractors to set prices based on a minimum order quantity. It is argued that, without any firm commitment for a definite order quantity, and to avoid triggering the Price Reductions clause, contractors attempt to avoid risk by offering a ceiling price for a single unit rather than the most competitive price. In addition, witnesses before the Panel suggested that the MFC price technique may not be suitable for pricing commercial services. They pointed out that the commercial market, in contrast to the MFC pricing technique, utilizes dynamic pricing for services based on the labor mix for a specific task rather than relying on prearranged standard labor rates.³¹

²⁸ 41 U.S.C. § 259.

²⁹ FSS Procurement Information Bulletin 04-2 (internal GSA document).

³⁰ GSAM 552.238-75.

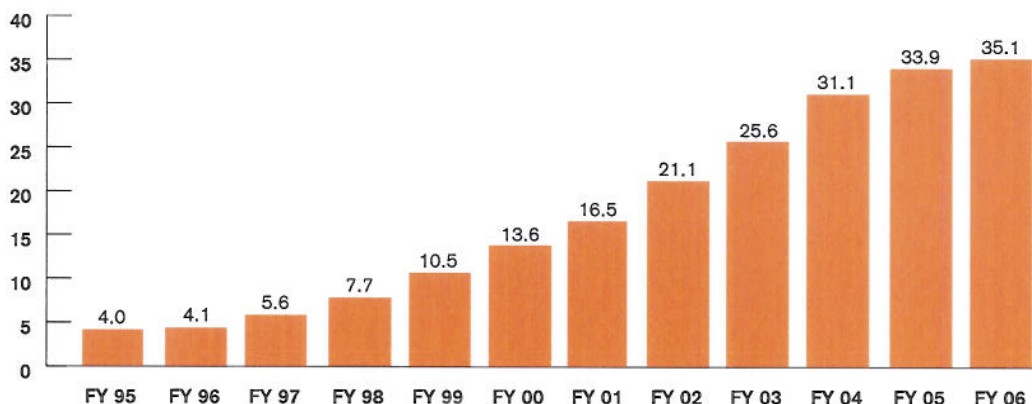
³¹ Test. of Geraldine Watson, GSA, AAP Pub. Meeting (Aug. 18, 2005) Tr. at 16-20; Test. of Bhavneet Bajaj, Technology Partners, Inc., AAP Pub. Meeting (Mar. 17, 2006) Tr. at 161-167.

As of October 2006, GSA administered 42 Schedules providing more than 11.2 million different commercial services and products through its 17,862 contracts.³² Within each Schedule, supplies and services are categorized by what are referred to as Special Item Numbers ("SINs"). SIN 132-51 for "Information Technology Services" under Schedule 70 (General Purpose Commercial Information Technology Equipment, Software, and Services) is one of the most widely used SINs in the entire Schedules program. There are 1,278 SINs under the 42 Schedules.

The significance of the GSA Schedules Program in today's federal contracting landscape is easily seen by looking at the sales figures in recent years. In Fiscal Year 2006, sales under the program were \$35.1 billion,³³ representing 3.8 percent annual growth (note: this is a significant drop from 8.9 percent during FY 2005 and 21.5 percent growth during the previous year). During the last ten years, GSA Schedule sales have experienced over 20 percent average annual growth.³⁴

Within the GSA Schedules Program, the professional services offerings, such as the Mission Oriented Business Integrated Services ("MOBIS"), the Professional Engineering Services ("PES"), and the Financial and Business Solutions ("FABS") Schedules, have shown a notable increase in sales in recent years. Combined, the sales under the three Schedules in Fiscal Year 2006 were \$6.5 billion.³⁵ During the last three years, their combined sales have grown by 79 percent, indicating a growing demand for professional services. In comparison, after rapid growth in the late 1990s, the sales under the IT Schedule (Schedule 70), have shown signs of continued but less dramatic growth. Its sales grew by less than one percent during Fiscal Year 2006.³⁶ Still, the IT Schedule sales in Fiscal Year 2006 were \$17.0 billion, accounting for approximately 48.3 percent of total Schedule sales.

Sales Under the GSA Schedules Program (Excluding VA Schedules)



³² Source: GSA Data, "October FY 2007 MONTH END Sales and Contracts in Effect Reports" dated 11/30/2006.

³³ In addition, sales under the medical Federal Supply Schedules program managed by the Department of Veterans Affairs are estimated to be well over \$8 billion in FY 2006. Its sales in FY 2005 were \$7.9 billion.

³⁴ Source: GSA Data, "October FY 2007 MONTH END Sales and Contracts in Effect Reports" dated 11/30/2006.

³⁵ Individually, FY 2006 sales under the three Schedules are as follows: 874 MOBIS (\$3.19 billion), 871 PES (\$2.57 billion), 520 FABS (\$749 million). GSA Data, "October FY 2007 MONTH END Sales and Contracts in Effect Reports" dated 11/30/2006.

³⁶ Sales under the 70 IT Schedule grew by 0.47 percent in FY 2006. GSA Data, "October FY 2007 MONTH END Sales and Contracts in Effect Reports" dated 11/30/2006.

As of October 2006, of the 17,862 Schedule contracts, about 81 percent were awarded to small businesses. Small business received 37.6 percent or \$13.2 billion of the \$35.1 billion Schedule sales in FY 2006. Compared to the previous three fiscal years, the small business participation in the Schedules Program has grown steadily greater.³⁷

The Program is intended to provide federal agencies with a simplified process for obtaining commonly used commercial supplies and services at prices associated with volume buying. Using commercial item acquisition procedures in FAR Parts 12, 15, 16, and 38, GSA awards indefinite delivery contracts to commercial firms to provide supplies and services at stated prices for given periods of time. The operating assumption is that the price for such supplies and services has been tested in the market, and that a price can be established as fair and reasonable without an initial price competition among multiple offerors. Schedule contracts allow for orders to be issued on a firm-fixed-price, fixed-price with economic price adjustment, or on a time-and-materials basis. The contracts are known as "evergreen" and are typically awarded with a 5-year base period and three 5-year options. They include conditions under which a contractor may offer a price discount to authorized users without triggering mandatory across-the-board price reductions. Under the GSA Schedule Program's continuous open solicitation policy, offers for commercial supplies or services may be submitted at any time. Similarly, contractors may request to add supplies/services to their contracts at any time during the term of their contracts.

Prior to awarding a Schedule contract, GSA determines the contractor to be responsible in accordance with FAR Subpart 9.1, negotiates and approves an acceptable subcontracting plan from large businesses, and negotiates and awards fair and reasonable pricing based on the firm's Most Favored Customer rates. Because GSA performs much of the up-front work, agencies then benefit from a streamlined ordering process. A study conducted by GSA indicates that, notwithstanding the difference in the items being acquired, it takes users an average of 15 days to issue an order under a Schedule contract compared to an average of 268 days to put a stand alone contract in place.³⁸

Competition and the Use of e-Tools

e-Buy is an online Request for Quotation ("RFQ") tool designed to facilitate the request for and submission of quotations or proposals under the Schedules program. It is also available for GSA GWACs. When using the *e-Buy* system, ordering agencies first prepare a simple RFQ or a detailed RFQ including Statement of Work and evaluation criteria per FAR 8.405-2(c). The agencies then select one or more appropriate Special Item Numbers ("SINs") under applicable Schedules. Among the list of vendors under the selected SINs, the agencies select the ones to send e-mail notifications. The rest of the vendors within the selected SINs can still view the RFQ under the bulletin board and submit quotations.

For example, an ordering agency with a requirement for an IT business improvement task may choose SIN 132-51, IT Services, under the Schedule 70-Information Technology and SIN 874-1, Consulting Services, under the Schedule 874- MOBIS. The *e-Buy* system will show the list of 3,966 vendors available under SIN 132-51 and 1,703 vendors under

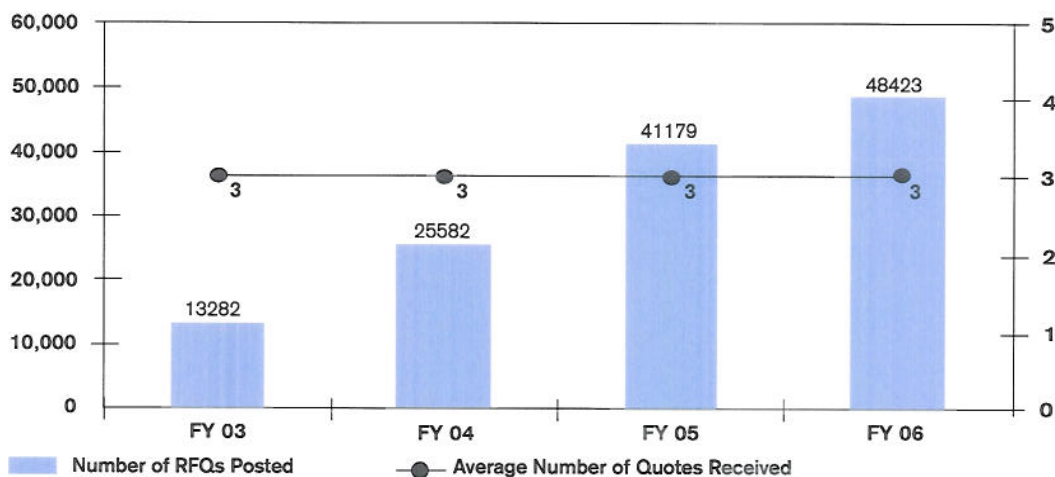
³⁷ Source: GSA Data, "Final FY 2006 Schedule Data - Contracts in Effect, "Contractors Report of Sales - Schedule Sales FY 2006 Final" dated 10/24/2006.

³⁸ John W. Chierichella & Jonathan S. Aronie, *Multiple Award Schedule Contracting*, 41 (Xlibris Corp. 2002) (citing Impact of FAR 8.4 Comparison Analysis of Customer-Elapsed Time Savings (1998)).

SIN 874-1 (numbers as of 1/13/2006). The agency will then select the vendors to whom to send e-mail notifications about the RFQ ("select all vendors" is also an available option). However, the rest of the vendors within the two SINs may still view the RFQ in the bulletin board and submit quotes. Under FAR 8.405-2(d), the ordering agencies must evaluate all responses received. The agency can determine a reasonable response time.

Postings on e-Buy have been continually increasing since its inception in August 2002. In FY 2003, 13,282 notices were posted. Postings increased to 25,582 in FY 2004 and 41,179 in FY 2005. Finally, in FY 2006, there have been 48,423 postings representing an approximately 18 percent increase in usage over the previous year. On average, three quotes have been received per closed RFQ during FY 2005 and FY 2006.

e-Buy Usage



d. Enterprise-wide Contract Vehicles

An emerging contract vehicle that is modeled after interagency vehicles is the so-called enterprise-wide contract. As these vehicles are intended to serve as an alternative to interagency contracts, they share certain features with those vehicles (IDIQ ordering vehicles), but their use is generally confined within the boundaries of a single agency. Because of their similarities to interagency vehicles and the fact that a growing number are being established within agencies as alternatives to existing interagency vehicles, the Panel expanded its review and recommendations to cover these vehicles.

Enterprise-wide contract vehicles are intra-agency IDIQ contracts established solely for use by an agency's major internal constituent sub-organizations. Such vehicles do not, however, operate under the more flexible statutory authority enjoyed by GSA for the Schedules program. The agency creates these vehicles for a variety of reasons, which include: ability to tailor requirements for agency-unique purposes; improved consistency of processes and requirements across the enterprise; ability to establish and enforce inclusion of tailored terms and conditions; perception of reduced administrative overhead, availability of better spend analysis information; ability to aggregate requirements; and avoidance of incurring the fees that would otherwise be sent to the GSA or another outside agency.