CHAPTER 13

FEDERAL SUPPLY SCHEDULES

The General Services Administration (GSA) is dedicated to facilitating government operations through two “services”: the **Public Building Service** (PBS), which manages the construction and operation of more than 5,000 government-owned and -leased buildings; and the **Federal Acquisition Service** (FAS), which makes available common supplies and services, helps government agencies to acquire innovative information technology solutions, manages vehicle purchasing and leasing, makes travel and transportation arrangements, and manages the government’s personal property (the FAS is a merger of the old **Federal Technology Service** and the old **Federal Supply Service**, which operated and maintained the **Federal Supply Schedule** program (see below).)

This chapter will concentrate on one of the FAS’ more significant programs: the **Federal Supply Schedules**. The “schedules” (which are also called “multiple award schedules” and “GSA schedules”) provide agencies with a simplified process for obtaining commercial supplies and services at prices associated with volume buying. In addition, this chapter will briefly describe two other types of contract vehicles that have been developed to streamline the federal acquisition process and make it more “business-like”: **governmentwide acquisition contracts**, more commonly called “GWACs,” which are similar to federal supply schedules except they are limited to information technology supplies and services and are awarded and administered by agencies selected by the Office of Management and Budget (OMB); and **multi-agency contracts** (MACs), which are task or delivery order contracts established by one agency for use by other government agencies.

THE FEDERAL SUPPLY SCHEDULE PROGRAM

The **Federal Supply Schedule** (FSS) program is a simplified process that closely mirrors commercial buying practices by using the buying power of the government to obtain volume discounts on more than **11,000,000 commonly used supplies and**

services from more than **17,000 contractors**. More than **$42 billion** worth of commercially-available supplies and services is purchased through the program each year – the government spends approximately **10%** of all its contract dollars through schedule contracts.

Schedules are groupings of similar supplies and services, and consist of **indefinite-delivery contracts** (see Chapter 10) that make available various of those supplies and services to all government agencies (and some federal contractors under certain circumstances – see FAR Subpart 51.1, Contractor Use of Government Supply Sources). The number of contracts under a schedule range from fewer than a dozen to hundreds. The FAS negotiates fixed-prices for the supplies and services each contractor proposes to offer under the schedule (or hourly-rates for some services), and then publishes the prices on the **Schedules e-Library** (**http://www. gsa.gov/elibrary**) so agencies can place orders for the discounted supplies and services directly with the schedule contractors. Orders may be place by written order, by telephone, or through **GSA *Advantage!***, GSA's on-line shopping and ordering system (**https://www. gsaadvantage.gov**).

FAR Subpart 8.4, Federal Supply Schedules, and FAR Part 38, Federal Supply Schedule Contracts, govern the operation and use of the schedule program. In addition, GSA has delegated authority to the Department of Veterans Affairs (VA) to establish its own schedules for medical supplies – FAR Subpart 8.4 and FAR Part 38 procedures apply to orders under VA schedules (which are responsible for annual sales of more than **$7 billion**).

The following are the schedules currently available (* indicates VA schedule):

03FAC	Facilities Maintenance and Management
23 V	Vehicular Multiple Award Schedule (VMAS)
26 I	Tires, Pneumatic (New), for Passenger, Light Truck, Medium Truck, and Bus, and Retread Services
36	The Office, Imaging and Document Solution
48	Transportation, Delivery and Relocation Services
51 V	Hardware Superstore
520	Financial and Business Solutions (FABS)
541	Advertising & Integrated Marketing Solutions (AIMS)
56	Building and Building Materials/Industrial Services and Supplies
58 I	Professional Audio/Video, Telecommunications, and Security Solutions
599	Travel Services Solutions
*621 I	Professional and Allied Healthcare Staffing Services
*621 II	Medical Laboratory Testing and Analysis Services
621 III	Home Infusion Therapy Services/Other Medical Services
621 IV	Pharmaceutical Reverse Distribution Services
621 V	Teleradiology Services
*65 I B	Pharmaceuticals and Drugs
*65 II A	Medical Equipment and Supplies
*65 II C	Dental Equipment and Supplies

*65 II F	Patient Mobility Devices (including Wheelchairs, Scooters, Walkers)
*65 V A	X-Ray Equipment and Supplies (including Medical and Dental X-Ray Film)
*65 VII	Invitro Diagnostics, Reagents, Test Kits and Test Sets
66 II J	Test & Measurement Equipment, Avionics Equipment, Unmanned Aerial Vehicles and Related-Services
66 II N	Chemistry, Biochemistry, Clinical Instruments, General Purpose Laboratory Instruments and Services
66 II Q	Geophysical, Environmental Analysis Equipment and Services
*66 III	Clinical Analyzers, Laboratory, Cost-Per-Test
67	Photographic Equipment
69	Training Aids & Devices, Instructor-Led Training; Course Development; Test Administration
70	General Purpose Commercial Information Technology Equipment, Software, and Services
71 I	Office Furniture
71 II	Household and Quarters Furniture
71 II H	Packaged Furniture
71 II K	Comprehensive Furniture Management Services (CFMS)
71 III	Special Use Furniture
71 III E	Miscellaneous Furniture
72 I A	Floor Coverings
72 II	Furnishings
73	Food Service, Hospitality, Cleaning Equipment and Supplies, Chemicals and Services
736	Temporary Administrative and Professional Staffing (TAPS)
738 II	Language Services
738 X	Human Resources & Equal Employment Opportunity Services
75	Office Products/Supplies and Services and New Products/Technology
751	Leasing of Automobiles and Light Trucks
76	Publication Media
78	Sports, Promotional, Outdoor, Recreation, Trophies and Signs
81 I B	Shipping, Packaging and Packing Supplies
84	Total Solutions for Law Enforcement, Security, Facilities Management, Fire, Rescue, Clothing, Marine Craft and Emergency/Disaster Response
871	Professional Engineering Services
873	Laboratory Testing and Analysis Services
874	Management, Organization, and Business Improvement Services (MOBIS)
874 V	Logistics Worldwide (LOGWORLD)
899	Environmental Services

In addition, there is schedule 00CORP, The Consolidated Schedule (formerly called the “Consolidated Products and Services Schedule”), which permits businesses with products and services on multiple schedules to offer their entire business lines on a single schedule, and schedule 00JWOD, NIB/NISH Products, which contains a variety of products or services which federal agencies *must* acquire from a NIB/NISH workshop (NIB stands for "National Institute for the Blind"; NISH was formerly the "National Institute for the Severely Handicapped").

Though most FSS contracts are restricted to federal agencies (and contractors), state and local government entities are authorized to order information technology supplies and services through contracts on Schedule 70 and 00CORP, and law enforcement and emergency response supplies and services on Schedule 84. However, state and local government entities can order only from Schedule 70, 84, and 00CORP contractors that have agreed to allow them to order from their contracts. This is called "**cooperative purchasing**," and contracts that permit state and local government entities to place orders are identified with a "**COOP PURC**" icon on the **Schedules e-Library** and **GSA** ***Advantage!***

In addition, state and local government entities are authorized to use *any* FSS contract to purchase supplies and services to facilitate recovery from major disasters, terrorism, or nuclear, biological, chemical, or radiological attacks. However, because FSS contracts must be modified to permit "**Disaster Recovery Purchasing**," state and local governments may use only those contracts that are identified with a "**DISAST RECOV**" icon on the **Schedules e-Library** and **GSA** ***Advantage!***

Each schedule contains the information needed by agencies to place delivery orders directly with the schedule contractors: covered supplies or services, prices, contractors and their schedule contract numbers, minimum and maximum order sizes, maximum order thresholds, and ordering instructions. A contractor's supplies or services **cannot** be included in a schedule unless the FAS awards it a schedule contract for those particular supplies or services.

From the mid-1990s to the mid-2000s, the FSS program grew approximately 25% a year, primarily because of the acquisition reforms of the 1990s and the addition of services to the program – services now account for **two-thirds** of all orders under FSS contracts. However, the growth rate has leveled off because of the discovery of various "improprieties" in the program, and the reforms that have been instituted to correct those improprieties have made the program less responsive from a contracting officer's viewpoint. Nevertheless, the changes that produced the explosive growth in the FSS program are, for the most part, still in place, and those changes have made the schedules easier to use and have provided many more solutions to federal agencies.

There are several advantages in having supplies or services on a schedule contract:

- FAR 8.002, Priorities for Use of Government Supply Sources, declares it is government policy that the contracting officer, before soliciting commercial sources, determine if the required supplies or services are available from a schedule. If so, the contracting officer is *encouraged* to order from the schedule.

- Because an schedule contract remains in existence for at least **five years** (and, because they typically have three five-year options, the schedule contract can exist up to **20 years**), the schedule contractor's supplies or services are exposed to many government customers for many years.
- Because the FAS contracting officer awarding the schedule contract has already determined that the prices of the supplies and services are fair and reasonable, other contracting officers can place orders against the schedule contract without having to synopsize, solicit, evaluate, negotiate, and determine fair and reasonable prices. This means contracting officers can use schedule contracts to fulfill their agencies' needs quickly and with little effort.
- Because it is FAS policy to award schedules *only* if it anticipates government sales to exceed **$1,000,000** during a one-year period, a schedule contractor knows the FAS expects there will be substantial government demand for the supplies or services on the schedule.
- Contracting offices like to use schedule contracts because: (1) orders are not synopsized in **FedBizOpps**, so there are no corresponding delays (see paragraph (a) of FAR 8.404, Use of Federal Supply Schedules, for more on the prohibition); and (2) orders under $10 million generally cannot be protested (see paragraph (a)(9) of FAR 16.505, Ordering, for more on the prohibition, and Chapter 17 for more on protests). This means a contracting officer can place an order quickly, and his order-placement decision cannot be challenged by disgruntled contractors. In fact, because schedule orders are never synopsized, there are rarely any disgruntled contractors because *they never know about the order*.

However, having an FSS contract is no guarantee that the contractor will receive any orders. The government is under no obligation to order *any* supplies or services under an FSS contract. In fact, an FSS contractor must generate at least **$25,000** in sales during the first two years of the contract and $25,000 or more each year afterward to retain its contract.

Also, if a contractor's typical order is less than $25,000, there is little reason for obtaining an FSS contract because the contracting officer will not have to synopsize the under-$25,000 purchase in **FedBizOpps** (thus neutralizing one of the primary benefits reasons of the FSS contracts – speed), and the contracting officer will probably make the purchase using the simplified acquisition procedures in FAR Part 13 (see Chapter 6).

Because of the FSS program's increased in popularity, each contractor should determine whether its supplies and services are bought under a schedule and, if so, decide whether it should pursue its own contract under the appropriate schedule.

The FSS program portal is at **http://www.gsa.gov/schedules**.

Schedule Solicitations and Contracts

The schedule program covers *negotiated* contracts that are established with *more than one* supplier for delivery of *commercial* supplies or services. A schedule solicitation for each schedule is *always open*, so contractors seeking to obtain an FSS contract may submit an offer at any time – there is no closing date. The solicitations are always available for downloading from **FedBizOpps** – either look under the appropriate supply or service classification code or search for keywords (see Chapter 5).

The FAS awards several schedule contracts to firms providing the same generic types of supplies or services (such as computers, laboratory equipment, or records management). The variety of supplies or services under a typical schedule spans a broad price-range and has many different features and options. This selection allows government agencies to choose the supplies or services that meet their particular needs.

Prices in a schedule contract are based on discounts from the contractor's **commercial pricelist**, and the FAS seeks to obtain the offeror's **best discount** (that is, those extended to the contractor's *most favored customers*). However, the FAS recognizes that the terms and conditions of commercial sales vary among customers, and there may be legitimate reasons why the offeror cannot extend its best discount to the government – for example, the level of expected sales to the government is far below that of the offeror's largest customer.

The Solicitation

Because the FSS program is intended to make commercial supplies and services available to the government, the schedule solicitation is an RFP conducted in accordance with the procedures in FAR Part 12, Acquisition of Commercial Items (see Chapter 6), and is posted on **FedBizOpps**. The FAS contracting officer places a cover page on the RFP ("Notice Concerning Solicitation") with information, general notices, and notices of significant changes to the schedule RFP since the last time it was issued. Following the cover page is the electronic version of the SF 1449, Solicitation/Contract/Order for Commercial Items, with the date for submission of proposals, the address to send proposals, the FAS point of contact, and similar information. Following the SF 1449 is the body of the solicitation, consisting of contract clauses, solicitation provisions, instructions for submittal of offers, representations and certifications that must be completed by offerors, attachments, and any other information that might be helpful to offerors (such as the quantities of supplies or services the FAS estimates the government will acquire under all the schedule contracts to be awarded).

The "Schedule of Supplies/Services" portion of the SF 1449 (blocks 19 though 24) usually refers offerors to an attached schedule which describes the supplies or services covered by the solicitation. In schedule RFPs, the supplies or services are grouped by **special item numbers** (SIN) and not line item numbers as with IFBs, RFPs, and RFQs. For example, a schedule RFP for publications might include separate SINs for almanacs, reference books, technical books, encyclopedias, and atlases. Since the point of a schedule is to allow government agencies to select from a wide range of commercial supplies or services, establishing SINs that describe the supplies or services in general terms permits businesses to offer any or all of their commercial products that come under the description. In its proposal, each offeror must identify the SIN (or SINs) that applies to each of its supplies or services. Also, this schedule contains the estimated governmentwide requirements for the supplies or services under each SIN. These estimates (in dollars) are based on the purchases of supplies or services under schedule contracts during the previous two years

The schedule RFP does *not* require compliance with any particular specifications because the FAS wants businesses to offer their commercial supplies or services, not custom-tailored products that meet detailed specifications.

The schedule RFP addresses many of the same concerns as RFPs under the UCF – packaging and marking, inspection and acceptance, deliveries or performance, contract administration data, and special contract requirements (including the FAR commercial items clauses 52.212-1 and 52.212-3 through 52.212-5 – see Chapters 6 and 7). The following are some of the more important schedule contract requirements (most of which are from the **GSA Acquisition Regulation** (GSAR), which is the gray-text portion of the **GSA Acquisition Manual** (GSAM), available at **http://www.acquisition.gov/gsam/gsam.html**):

- ***Commercial Delivery Schedule (Multiple Award Schedule) (GSAR 552.211-78)***: Requires the schedule contractor to deliver to the government within the contractor's normal commercial delivery time as long as it is *less* than the "stated" delivery time specified in the clause.

- ***Preparation of Offer (Multiple Award Schedule) (GSAR 552.212-70)***: This requires each offeror to provide the following information for each SIN:

  a. Two copies of the offeror's current published commercial descriptive catalogs and/or price lists from which discounts are offered.
  b. The discounts offered.
  c. A description of any additional discounts offered (such as prompt payment discounts or quantity discounts (making sure to indicate whether different models within the same SIN or different SINs can be combined to earn the quantity discounts)).
  d. A description of concessions offered to the government which are not offered to other customers (such as extended warranties, a return/exchange goods policy, or additional services).
  e. If the offeror is a dealer or reseller (or the offeror will use dealers or resellers), the functions the dealer or reseller will perform.

- ***Contract Terms and Conditions Applicable to GSA Acquisition of Commercial Items (GSAR 552.212-71)***: Like its counterpart at FAR 52.212-4, Contract Terms and Conditions – Commercial Items, this lists 22 GSAR clauses. The contracting officer is to check ("✔") the clauses that apply (or delete those that do not apply). The following are some of the more significant clauses that the contracting officer normally checks:

  a. **Examination of Records by GSA (Multiple Award Schedule) (GSAR 552.215-71)**: This permits the contracting officer or any duly authorized representative to examine all books, documents, papers, or records of the contractor's involving transactions under the contract for overbillings, billing errors, compliance with the Price Reductions clause (see below), and compliance with the Industrial Funding Fee clause (see below).

     While this clause is intended to be used to examine *post-award* records and data, the contracting officer may modify the clause to permit access to *pre-award* records and data to verify that the information provided by the contractor to support its proposal was accurate, current, and complete. However, the contracting officer may modify this clause *only* after deciding there is a *likelihood of significant harm to the government* without access to the information *and the senior procurement executive approves*.

  b. **Price Adjustment – Failure to Provide Accurate Information (GSAR 552.215-72)**: If, after award of the schedule contract, the contracting officer discovers (1) the information provided by the contractor to support its proposal was not complete, accurate, or current, or (2) the contractor did not disclose to the contracting officer changes to its commercial prices or discount practices that took place after the proposal was submitted but before completion of negotiations, the contracting officer can *unilaterally reduce the contract price* by the amount the contract price was *increased* because of the government's reliance on the deficient information (subject to an appeal under the Disputes clause – see Chapter 19). In addition, the contract may be terminated for default (see Chapter 19).

  c. **Industrial Funding Fee and Sales Reporting (GSAR 552.238-74)**: This clause requires contractors to remit **0.75% of total sales** to GSA each contract quarter – similar to a 0.75% sales tax. The fee, which is set by GSA and posted at **http://72a.fss.gsa.gov/**, is to help reimburse FAS for operating the schedule program. The clause requires offerors to include the 0.75% industrial funding fee in their proposed prices so it can be reflected in the award prices that will be charged the ordering activities.

d. **Price Reductions (GSAR 552.238-75)**: This requires the schedule contractor to maintain the government's price or discount advantage in relation to the price or discount offered by the contractor to its commercial customers. In other words, if the contractor reduces the price of an item to its commercial customers and the item is on a schedule contract, it must reduce the price of the item on the schedule contract similarly.

The Price Reduction clause does not prohibit the contractor from offering a one-time spot discount or special sale price to a federal agency, nor does it prohibit the contractor from offering sale prices to its commercial customers as long as the contractor extends the price reduction to the schedule contract for the duration of the sale. Also, the Price Reductions clause does not apply to orders that exceed the contract's "maximum order threshold" (see below), or sales to other federal agencies.

e. **Modifications (Multiple Award Schedule) (GSAR 552.243-72)**: Explains procedures to use, and information to provide, when (1) requesting that additional items or additional SINs be added to the contract, (2) deleting items from the contract, and (3) price reductions are involved (see above).

f. **Warranty – Multiple Award Schedule (GSAR 552.246-73)**: This clause states that the contractor's standard commercial warranty will apply to the contract unless otherwise specified in the contract.

- ***Evaluation – Commercial Items (Multiple Award Schedule) (GSAR 552.212-73)***: This clause is to be used instead of FAR 52.212-2, Evaluation Factors. It states that awards may be made to responsible offerors that offer reasonable pricing and will be "most advantageous to the government, taking into consideration . . . the differences in performance required to accomplish or produce required end results, production and distribution facilities, price, compliance with delivery requirements, and other pertinent factors."

- ***Economic Price Adjustment – FSS Multiple Award Schedule Contracts (GSAR 552.216-70)***: This clause specifies the conditions under which a schedule contractor can increase its prices on a schedule contract (price reductions are governed by the Price Reductions clause and may be made at any time). There are **five** conditions:

1. The price increase request must be at least **12 months** after commencement of the contract.
2. The increases must result from a reissue or modification of the contractor's commercial catalog or pricelist that was the basis for the contract award.
3. The contractor may not request more than **three** increases during each succeeding 12-month period.

4. At least **30** days must elapse between increase requests.
5. The contractor may not request an increase during the last **60** days of the contract period.

In addition, the clause establishes the maximum percentage increase permissible during a 12-month period. This maximum percentage is subject to negotiation, but is usually no more than 10%.

- ***Order Limitations (FAR 52.216-19)***: This establishes minimum and maximum order sizes. The contractor is not required to honor orders that are smaller than the minimum order size or larger than the maximum order size. However, if the contractor does not return an order that is smaller than the minimum order size or larger than the maximum order size within **five workdays after receipt**, *it must honor the order*.

- ***Requirements Exceeding the Maximum Order (I-FSS-125)***: The FAS contracting officer, when signing the contract, determines that the schedule contract's pricing is fair and reasonable up to the "maximum order threshold" for each SIN (see above). If an ordering activity intends to place an order that exceeds the SIN's maximum order threshold, the ordering activity *will* ask for a reduced price (the "Price Reductions" clause (see above) does not apply to reduced prices on orders that exceed the maximum order threshold). The contractor can offer a new lower price, offer the lowest price available under the contract, or refuse the order and return it in accordance with the "Order Limitations" clause (see above).

  Note: FAR 8.404(d) states, "Although GSA has already negotiated fair and reasonable pricing, ordering activities *may* seek additional discounts before placing an order." This applies to orders of *any size*. As with price reductions on orders exceeding the maximum order threshold, schedule contractors are not required to pass on to all other contracting activities a price reduction that is extended only for a specific order.

- ***Payment by Government Commercial Purchase Card (GSAR 552.232-77, Alternate I):*** The contractor *must accept* the commercial purchase card for payments less than or equal to the micro-purchase threshold (see Chapter 6). For orders exceeding the micro-purchase threshold, the schedule contractor and the ordering agency may agree to use the commercial purchase card. The government *encourages* schedule contractors to accept payment by the purchase card.

- ***Blanket Purchase Agreements (I-FSS-646):*** BPAs are permitted under all schedule contracts, and schedule contractors must agree to enter into BPAs with ordering activities (see Chapter 6 and below).

- ***Contract Price Lists (I-FCI-600):*** The schedule contractor must submit contract data electronically in a prescribed format. In addition, the contractor must prepare a paper FSS price list in a prescribed format, then print and distribute it.

- ***Contractor Team Arrangements (I-FSS-40):*** Schedule contractors are authorized to enter into team arrangements with other schedule contractors to provide solutions that they may not be able to provide on their own (see FAR Subpart 9.6, Contractor Team Arrangements). Contractors participating in contractor team arrangements must abide by all terms and conditions of their respective schedule contracts.

- ***GSA Advantage! (I-FSS-597):*** Schedule contractors are *required* to participate in the **GSA** ***Advantage!*** online shopping program. The clause directs the contractor to refer to GSAR 552.238-71, Submission and Distribution of Authorized GSA Schedule Pricelists (which provides for the submission of pricelists on a common-use electronic medium), I-FSS-600, Contract Pricelists (which provides information on electronic contract data), and GSAR 552.243-72, Modifications (which addresses electronic file updates).

- ***Option to Extend the Term of the Contract (Evergreen) (I-FSS-163):*** This permits the government to exercise, up to three times, an option to extend the contract for an additional **five years** "when it is determined that exercising the option is advantageous to the government considering price and other factors." Exercising all three options would extend the term of the schedule contract to *20 years.*

Disclosure of Commercial Sales Practices

Besides having to submit the information required by GSAR 552.212-70, Preparation of Offer (Multiple Award Schedule) (see above), schedule offerors are required to disclose their commercial sales practices. This information helps the contracting officer develop his negotiation objectives.

As mentioned in Chapter 8, offerors must submit cost or pricing data to support proposed prices over $650,000 unless the prices are either:

- The result of adequate competition;
- Of commercial items; or
- Set by law or regulation.

The purpose of the schedule program is to offer a wide variety of commercial products. Therefore, schedule contracts are not necessarily awarded to the lowest offeror. Since very few commercial products have their prices set by law or regulation, the schedule offerors are asked:

- Whether (1) the offered supplies or services under each SIN were sold in substantial quantities to the general public at or based on an established catalog or market price, or (2) information is available that demonstrates the offered prices of the supplies or services under each SIN are reasonable.
- The dollar value of sales to the general public during the previous 12 months (or the previous fiscal year).
- Whether the discounts being offered the government are equal to or better than the offeror's best discount to *any customer regardless of quantity or terms and conditions*.
- To provide an estimate of the total sales the offeror expects to make to the government for the supplies or services under each SIN during the term of the contract.

Then, to support this information, each offeror must complete a **Commercial Sales Practices Format**:

Column 1-Customer	**Column 2-Discount**	**Column 3-Quantity/Volume**	**Column 4-F.O.B. Term**	**Column 5-Concessions**

If the offeror states that the discounts it is offering the government are equal to or better than the offeror's best discount to any customer, it must provide the information required by the Commercial Sales Practices Format for the customer that received the best discount. If the offeror states that the discounts are *not* equal to or better than those given other customers, it must complete the Commercial Sales Practices Format for *all the customers or customer categories* that receive better discounts (the offeror is to use as many lines as necessary). In either case, if the offeror's discount practices vary by model or product line, the discount information should be by model or product line. The offeror may limit this information to those models or product lines which the offeror expects to account for **75%** of the sales per SIN.

If the offeror's discounts or discount policies change after the offer is submitted but before the close of negotiations, the offeror must disclose the revised discounts or discount policies to the contracting officer.

The following is the information required in each column of the Commercial Sales Practices Format:

- **Column 1 – Identify the Applicable Customer or Category of Customer.** A customer is defined as "any entity, except the federal government, which acquires supplies or services from the offeror. The term 'customer' includes, but is not limited to, original equipment manufacturers, value added resellers, state and local governments, distributors, educational institutions . . . dealers, national accounts, and end users." The offeror may disclose information by category of customer if the offeror's discount policies are the same for all customers in the category.

- **Column 2 – Identify the Discount.** The term "discount" is as defined in GSAR 552.212-70, Preparation of Offer (Multiple Award Schedule) (see above): "A reduction to catalog prices (published or unpublished). Discounts include, but are not limited to, rebates, quantity discounts, purchase option credits, and any other terms or conditions which reduce the amount of money a customer ultimately pays for goods or services ordered or received. Any net price lower than the list price is considered a discount . . . "

  The offeror must indicate the best discount at which it sells to the customer or category of customer in column 1 *without regard to quantity, terms and conditions of the agreements under which the discounts are given, or whether the agreements are oral or written*. The discounts should be expressed as a percentage off the net prices or price lists of the offered supplies or services.

- **Column 3 – Identify the Quantity or Volume of Sales.** The offeror is to insert the *minimum quantity* or *sales volume* which the identified customer or category of customer must purchase or order (per order or within a specified period) to earn the discount.

- **Column 4 – Indicate the F.O.B. Delivery Term for Each Identified Customer.** The f.o.b. delivery terms are explained in FAR 47.303, Standard Delivery Terms and Contract Clauses.

- **Column 5 – Indicate Concessions Regardless of Quantity Granted to the Identified Customer or Category of Customer.** The term "concession" is as defined in GSAR 552.212-70, Preparation of Offer (Multiple Award Schedule): "a benefit, enhancement or privilege (other than a discount), which either reduces the overall costs of a customer's acquisition or encourages a customer to consummate a purchase. Concessions include, but are not limited to, freight allowance, extended warranty, extended price guarantees, free installation, and bonus goods."

With this information, the contracting officer will attempt to establish negotiation objectives and determine the price reasonableness of the offer. If the contracting officer needs additional information, he will restrict his request to information needed to establish the reasonableness of the offered price.

Evaluating Schedule Proposals

The FAS contracting officer checks each MAS proposal in the same manner as any other response to an RFP. He:

- Confirms that the Standard Form 1449 has been signed by an authorized representative of the offeror and dated (blocks 30a, 30b, and 30c);
- Establishes that the offeror is proposing supplies and services that are being solicited and that the appropriate SIN has been identified for each supply or service;
- Verifies that all the representations and certifications have been completed;
- Makes sure the required pricelists or catalogs have been submitted; and
- Reviews the Commercial Sales Practices Format to insure all required information has been provided and there are no inconsistencies in the answers to similar questions.

If the offeror failed to respond properly or its response is inadequate, the contracting officer will request that the offeror correct any deficiencies.

To prepare for negotiations, the contracting officer will conduct a price analysis of the proposal. Since the goal of the schedule program is to obtain discounts equal to or better than the offeror's discounts to its commercial customers, the contracting officer must try to quantify the differences between the terms and conditions offered the government and the offeror's commercial customers. Differences in warranties, sales volume, transportation costs, and similar factors must be taken into account by the contracting officer. Most of this information, with an explanation and reasons for any differences, is provided by the offeror in the Commercial Sales Practices Format. If the contracting officer needs additional information, he will seek "information other than cost or pricing data" (see Chapter 8). Only if the contracting officer makes a written determination that the pricing information is inadequate for performing a price analysis and determining price reasonableness will he direct the offeror to provide "cost or pricing data" This is a *last resort*.

Once the contracting officer has conducted his price analysis, he will conduct negotiations with the offeror. They will discuss the differences between the discounts and terms offered to the government and to the offeror's commercial customers, the comparability of commercial and projected government sales volumes, the limitation on the amount of economic price adjustment during any 12-month period, terms of the warranty, the minimum and maximum order sizes, and other matters as appropriate.

Upon completion of the negotiations, the contracting officer must determine that the negotiated prices are fair and reasonable. If the negotiated prices are fair and reasonable and are equal to or better than those offered commercial customers, and the offeror is responsible, the contracting officer prepares and awards the schedule contract. If the negotiated prices (considering discounts, concessions, and other factors) are fair and reasonable but not equal to or better than the prices offered to commercial customers purchasing under circumstances comparable to the government's, the contracting officer has two choices: (1) reject the offer if the rejection will not have an adverse effect on meeting the government's needs, or (2) decide that award of the schedule contract is in the *best interest of the government*, and justify that decision in writing.

After Winning the Schedule Contract

Once an offeror receives a schedule contract (and thus becomes a schedule contractor), it must distribute printed catalogs or pricelists to *all* contracting officers on the list furnished by the contracting office as required by GSAR 552.238-71, Submission and Distribution of Authorized FSS Schedule Pricelists. The contractor must accomplish this within **15 calendar days** prior to the beginning of the contract period or within **30 calendar days** after the FAS contracting officer gives his approval for printing, whichever is later. As an alternative, the contractor can notify all contracting offices on the contracting officer's list of the contract award and ask them to return a self-addressed, postpaid return envelope or postcard if they want a copy of the catalog or pricelist. In addition, schedule contractors are *required* to place their schedule prices on **GSA *Advantage!*** and accept electronic orders.

Ordering

Contracting officers throughout the government (as well as micro-purchasers and commercial purchase card holders within their purchase authority – see Chapter 6) are authorized to place orders with schedule contractors to fulfill their agencies' needs as follows:

- If the order will be **at or below the micro-purchase threshold**, the person placing the order can place it with *any* schedule contractor that can meet the agency's needs because GSA has already negotiated the prices and determined them to be fair and reasonable. Orders should be distributed among schedule contractors.

- If the order will **exceed the micro-purchase threshold but not the maximum order threshold**, and is for **supplies or for services that do not require a statement of work** (that is, the service is at a fixed price for the performance of a specific task, such as installation, maintenance, and repair), the person placing the order must (1) survey at least **three FSS contractors** through **GSA *Advantage!***; or (2) review the catalogs or price lists of at least **three FSS contractors**, then place the order with the contractor that can provide the supply or service that represents the best value (see below for Department of Defense (DOD) orders for services that exceed $100,000.)

  When determining best value, the person placing the order may consider the following factors in addition to price:

- Past performance
- Special features of the supply or service required for effective performance
- Trade-in considerations
- Probably life of the item as compared with that of similar items
- Warranties
- Maintenance availability
- Environmental and energy efficiency considerations
- Delivery terms

▪ If the order will **exceed the maximum order threshold** and is for **supplies or for services that do not require a statement of work**, the person placing the order must review the price lists of additional schedule contracts (**GSA *Advantage!*** may be used for this purpose), then seek price reductions from the schedule contractor offering the best value. The person places the order with the schedule contractor that provides the best value (he may place the order even if no price reductions are offered).

▪ If the order will **exceed the micro-purchase threshold but not the maximum order threshold**, and will be for **services that require a statement of work** (SOW – see Chapter 4) (such services are typically priced at hourly rates), the ordering activity must prepare an RFQ (see Chapter 6) containing the SOW and evaluation criteria, and provide it to at least three schedule contractors that offer services that will meet the agency's needs (see below for DOD orders for services that exceed $100,000). The ordering activity evaluates all responses using the evaluation criteria in the RFQ, considering the level of effort and the mix of labor proposed to perform the work, then places the order with the schedule contractor offering the best value.

▪ If the order will **exceed the maximum order threshold** and will be for **services that require an SOW**, the ordering activity will provide the RFQ to additional schedule contractors. When determining the appropriate number of additional schedule contractors, the ordering activity may consider the (1) complexity, scope, and estimated value of the requirement; and (2) the market search results.

▪ ***Department of Defense (DOD)***: The rules for DOD are a little different. DOD contracting officers are required to provide RFQs for orders expected to **exceed $100,000** to "as many schedule contractors as practicable...to reasonably ensure that offers will be received from at least three contractors that can fulfill the work requirements . . . " In other words, DOD contracting officers cannot merely provide the RFQ to three contractors, but must obtain *three quotations*. (**NOTE:** Congress imposed these different rules on DOD when Congress found that Defense contracting officers commonly sent RFQs to three schedule contractors as required by the regulations – the one contractor they really wanted, and two contractors that could not possibly perform the work.)

- ***Sole Source Orders***: A contracting officer is permitted to order from a sole source schedule contractor if he justifies the purchase in writing. If the order **exceeds $550,000**, the competition advocate (see Chapter 2) must approve the justification. If the order **exceeds $11,500,000**, the head of the procuring activity (see Chapter 2) must approve the justification.

- ***Small Business Consideration***: FAR 8.404, Use of Federal Supply Schedules, specifically states that the procedures of FAR Part 19, Small Business Programs, do not apply to orders placed against schedule contracts. That means the "rule of two" (see Chapter 11), which requires the contracting officer to set aside a purchase whenever two or more small businesses (or HUBZone small businesses or service-disabled veteran-owned small businesses) are capable of performing the contract, *does not apply to schedule purchases.* **There are no small business set-asides involving FSS orders.** However, FAR 8.405-5, Small Business, states that the contracting officer "may consider socio-economic status when identifying contractors for consideration." This means a contracting officer may decide to send the RFQ *only* to small business schedule contractors, or review the catalogs *only* of HUBZone women-owned small businesses. It is up to the contracting officer to decide which catalogs to review or which schedule contractors to solicit. This may seem like a minor difference, but it is key – set-asides must be synopsized in **FedBizOpps**, and any qualified small business may submit a bid or proposal. But FAR 8.404(a) mandates that "ordering activities *shall not seek competition outside of the Federal Supply Schedules or synopsize the requirement*." Once the contracting officer decides to use the schedules, he is limited to considering or soliciting schedule contractors *only*. Nevertheless, paragraph (d) states, "the ordering activity shall evaluate ***all*** responses received . . . " So, if the contracting officer sends the RFQ only to small businesses, but a large schedule contractor finds out about it and submits a quotation, *the contracting officer must evaluate the large schedule contractor's quotation and place the order with the large schedule contractor if its quotation represents the best value to the government!*

- ***e-Buy***: When Congress decided to require DOD contracting officers to obtain three quotations, GSA developed an electronic RFQ system called **e-Buy** (**http://www.ebuy.gsa.gov**) to help them obtain their three quotations. E-Buy allows ordering activities throughout the government (not just DOD) to post RFQs, notify schedule contractors by e-mail that the RFQ has been posted, obtain quotes, and issue orders electronically. Buyers may notify all contractors within the particular schedule that the RFQ has been posted, or may choose to notify only certain contractors. However, once the RFQ is posted, any schedule contractor with its catalog on **GSA** ***Advantage!*** may submit a quotation – schedule contractors not on **GSA** ***Advantage!*** are not permitted to participate. Once the quotations have been received and evaluated, the order may be generated by **e-Buy** or prepared by the contracting officer. Finally, the government purchase card is the sole method of payment accepted for orders placed through **e-Buy**.

Once the person placing the order has decided the supply or service to purchase and the determined which schedule contractor will provide the best value for that supply or service, he issues the order either (1) orally; (2) on an Optional Form 347, Order for Supplies or Services (see Chapter 6); (3) on an agency-prescribed form; or (4) on an electronic order form or other electronic communications format (such as **GSA** ***Advantage!)***. When the schedule contractor receives the order, it delivers the supplies or performs the services and bills the government. It's that simple (almost)!

Blanket Purchase Agreements (BPAs): To further simplify the ordering process and reduce costs, GSA encourages ordering activities and schedule contractors to establish BPAs for repetitive needs of the same or similar supplies or services (see Chapter 6 for more on BPAs). The BPA might cover a single supply or service, a single product line, or supplies or services the contractor might have on several different schedules. BPAs may be established with multiple schedule contractors for the same supplies or services – orders exceeding the micro-purchase threshold must be solicited among several BPA holders as established in the BPA ordering procedures. Authorized personnel can place orders orally (either providing the government purchase card number or having the contractor submit a summary invoice at the end of the month for payment); issue an OF 347; issue an order on an agency-prescribed form; or place an electronic order.

Marketing

Since it is relatively easy for agencies to order supplies or services through the FAS, many contractors make the mistake of thinking that "getting on the schedule" guarantees orders. While this may be true for some well-established contractors with popular products, this is *not* true for most FSS contractors. Basically, a FSS contract is nothing but a "hunting license" – there is no guarantee the contractor will receive any orders. Granted, an FSS contract makes it easier for contracting officers to order a contractor's supplies or services. However, the same kinds of supplies and services on one schedule contract are probably on several other schedule contracts, too. And since orders are *prohibited* from being synopsized on **FedBizOpps**, schedule contractors never know of most orders *unless they are contacted by a contracting officer.*

The schedule contractor must make the government contracting offices aware that its supplies or services are on an FSS contract and are *quickly available* to fulfill the government's needs or solve its problems. That means **marketing** to the government: identifying likely customers (see Chapter 5) and talking to the right people (see Chapter 2). This may be all that is needed if the contractor's prices are lower than those of all similar supplies or services that are on schedule contracts and meet the government's requirements. However, if the schedule contractor's prices are not the *lowest*, the contracting officer cannot order from the contractor's schedule contract *unless* he determines that purchasing the higher priced supply or service is justified. Examples of reasons justifying a higher price are:

- The schedule contractor with the lowest priced supply or service cannot meet the government's required delivery schedule.
- The government may have specific or unusual requirements that cannot be satisfied by the lowest priced supply or service.
- The government requires compatibility with existing equipment or systems.
- Trade-in considerations favor the higher priced item and produce the lowest net cost.
- The government may require the special features of a higher priced item that are not available on comparable items.

An FSS contractor should *always* find out which supplies or services on other schedule contracts are similar to its own and identify the differences. Under any SIN are a range of supplies or services – some very plain and bare-bones, some very elaborate and technical. The needs of some agencies will be satisfied by the most basic supplies or services; the specialized needs of other agencies will require the more complex or higher quality supplies or services. Therefore, when making a marketing call, the schedule contractor needs to determine the agency's needs and tailor its presentation accordingly. The schedule contractor can either (1) assert that its supplies or services have the lowest prices of any that will meet the agency's requirements (supported by appropriate statistics and performance data), or (2) point out the differences between its supplies and services and those with lower prices, and explain how those differences justify the higher price. It is definitely easier to make a sale stressing price, but many have been successful emphasizing quality and unique features. Ultimately, the decision is the contracting officer's (along with all the other government personnel involved in the process).

Post-Award Audits

A schedule contractor is subject to **post-award audits**. These audits are to insure the contractor complied with the terms and conditions of the schedule contract. Typically, the government auditors try to determine whether:

- Agencies that place orders against the schedule contract receive the discounts to which they are entitled;

- Ordering agencies receive all price reductions to which they are entitled;
- Reports submitted to GSA of the orders received by the contractor are accurate; and
- The offeror is paying all the industrial funding fees it collects.

Each schedule contract contains GSAR 552.215-71, Examination of Records by GSA (Multiple Award Schedule) (see above). This clause gives the contracting officer or his representative (usually an auditor) the authority to examine the contractor's records throughout contract performance and for **three years after final payment**.

If the contracting officer or the auditor discovers overbillings, billing errors, or other "irregularities," the contracting officer has the right to withhold monies and demand refunds. If the contracting officer suspects fraud is involved, he may forward the matter to the Department of Justice for investigation and possible prosecution. In addition, the contracting officer may terminate the contract, initiate suspension and debarment proceedings, and take other administrative actions as necessary. (See Chapter 7 for more on suspension and debarment, Chapter 18 for more on fraud, and Chapter 19 for more on contract termination.)

GSA Global Supply

Besides the schedule program, the FAS maintains a depot system in which approximately **120,000** items such as paint, tools, office supplies, office furniture, tires, and batteries are stored around the country and shipped to government agencies when needed. The FAS uses standard IFB, RFP, and simplified acquisition procedures to replenish its inventory when the supply drops below the reorder level. This system is called the **GSA Global Supply**, and orders can be placed on its website at **https://www.gsaglobalsupply.gsa.gov** or through **GSA*Advantage!*** Though the FAS operates GSA Global Supply, it is **not** a part of the schedule program.

GWACs and MACs

There are two other types of contract vehicles that are very similar to schedules: **government-wide acquisition contracts** (GWACs) and **multi-agency contracts** (MACs).

- ***GWACs*** are indefinite-delivery contracts for various types of information technology supplies and services that are negotiated, awarded, and administered by one agency that makes it available for use by other agencies – just like GSA allows other agencies to order from its schedules. Five agencies have been authorized to establish GWACs: the Department of Commerce, the Environmental Protection Agency, the National Aeronautics and Space Administration, the National Institutes of Health, and GSA. Typically, GWACs are multiple-award contracts with several contractors providing the same or similar information technology supplies or services. Under many GWACs, small businesses are guaranteed a certain number of contracts to provide a more varied selection and give small businesses a "fair opportunity" to compete for work under the GWAC (see Chapter 10 for more on what "fair opportunity" means). Each GWAC has unique ordering requirements and administrative fees – they are not all basically the same, as is the case with schedule contracts.

- ***MACs*** are indefinite-delivery contracts for various types of supplies and services. MACs are not restricted to information technology supplies and services. They are negotiated, awarded, and administered by one agency, but another agency may *not* use a MAC unless it enters into an agreement with the agency that executed the MAC. Such orders are considered "interagency acquisitions" and are subject to the requirements of the **Economy Act** (see FAR Subpart 17.5, Interagency Acquisitions Under the Economy Act). Besides entering into an agreement, the Economy Act requires that the contracting officer make a written determination that "(1) use of the [MAC] is in the best interest of the government; and (2) the supplies or services cannot be obtained as conveniently or economically by contracting directly with a private source." As with GWACs, each MAC has unique ordering requirements and administrative fees.

All GWACs and MACs are listed in the **Federal Procurement Data System** (**https://www.fpds.gov**), a searchable database of all contract awards (see Chapter 5).