



February 26, 2013

General Services Administration
Regulatory Secretariat (MVCB)
1275 First Street NE
Washington, DC 20417
ATTN: Hada Flowers

Re: GSAR Case 2012-G503, Industrial Funding Fee and Sales Reporting

Ms. Flowers:

Thank you for the opportunity to provide comments on the proposed rule to amend the General Services Administration Acquisition Regulation (GSAR) to revise the GSAR clause and to address the use of the Industrial Funding Fee (IFF) under the Multiple Award Schedule (MAS) program.

The Coalition for Government Procurement ("The Coalition") is a non-profit association of firms selling commercial services and products to the Federal Government. Our members collectively account for approximately 70% of the sales generated through the GSA Multiple Award Schedules (MAS) program and about half of the commercial item solutions purchased annually by the Federal Government. Coalition members include small, medium and large business concerns. The Coalition is proud to have worked with Government officials over the past 30 years towards the mutual goal of common sense acquisition.

Increased Transparency

The Coalition supports the proposed change to the GSAR that will increase the transparency of how the IFF is used. As the Office of the Inspector General (OIG) reported in their February 3, 2012 audit of the MAS Program Industrial Funding Fee, MAS customers have

been informed that the IFF is used to fund the MAS Program. However, consistent with the GSA Modernization Act, the IFF is also used to fund or offset losses in other FAS programs. Amending GSAR 552.238-74 as suggested in the proposed rule will make this practice clearer to customer agencies and the American public.

Information Collection Burden

With respect to the information collection burden associated with the IFF, the government estimates that 19,000 contractors take less than 5 minutes quarterly to report the IFF for a total of 6,330.80 total burden hours. The proposed rule states that vendors spend this time “reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection information.” The government’s estimate that MAS program vendors spend less than 20 minutes a year on IFF reporting is grossly understated. Vendors invest significant time and money in the development of systems to track purchases made through the MAS program, and to ensure that IFF reporting is accurate and complete. The IFF information collection burden is significant for businesses of all sizes, and is especially burdensome for small businesses due to more limited resources.

Fees in Addition to the IFF

The Coalition recommends that GSA assess the administrative service fees that have been added to blanket purchase agreements (BPAs) under the Federal Strategic Sourcing Initiative (FSSI). As the OIG report noted, reserves in the Acquisition Services Fund (ASF) generated by the IFF totaled \$687.5 million as of September 2009. Given these funds and GSA’s authority to use the IFF for FAS programs beyond the MAS, it is not clear why an additional fee of 1.25% is necessary to support management of the FSSI BPAs. These administrative service fees, which are included in the prices paid by customer agencies, add to the government’s costs while adequate funding may already be available through the IFF. Our concern is that the administrative service fees being added to the FSSI BPAs are inconsistent with the original intent of the IFF.

Further, inclusion of these additional administrative fees demonstrates that there is a lack of transparency in the establishment of FSSI BPAs. The 1.25% fee above the IFF indicates that there is an additional cost involved in strategic sourcing that GSA is not capturing in the total cost of ownership.

Again, the Coalition appreciates the opportunity to comment on the proposed rule amending the GSAR to better inform customer agencies about the IFF. If there are any questions, please contact me at (202) 331-0975 or rwaldron@thecgp.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger Waldron", with a long horizontal flourish extending to the right.

Roger Waldron
President