



**THE COALITION**  
for Government Procurement

Description of requirement	Burden / barrier created	Proposed action
<p>Over the last decade, the number of laws, regulations and provisions that apply to commercial item have dramatically increased. For example, in 1996 under 52.212-5(b) there were 17 provisions of law or executive orders identified as applicable to commercial item contracts. In 2012, the number has climbed to 51.</p>	<p>The resulting explosion of statutes and regulations applicable to commercial item contracting increases complexity, risk and costs for contractors. Costs that are ultimately passed on to customer agencies through higher pricing. The increased complexity also serves as a barrier to entry for commercial firms offering innovative technologies, services and solutions.</p>	<p>Put “commercial” back in commercial item contracting back through effective management of flexibilities under law regarding determinations relating to laws inapplicable to procurements of commercial items in the FAR. <b>See 41 U.S.C. 430.</b></p> <p>Working with industry, it is time for a retrospective review of the current provisions applicable to commercial item contracting to identify and eliminate those where the costs outweigh the benefits.</p> <p>Moving forward, the FAR Council should be sensitive to the costs to contractors and customers associated when making determinations regarding the applicable new provisions of law or executive order to commercial item contracts.</p>
<p>Extensive data collection requirements via the Federal Acquisition Regulation combined with an explosion in data reporting for agency specific procurement programs and the Federal Strategic Sourcing Initiative (FSSI).</p>	<p>These data reporting requirements are increasing costs and risks for contractors across the federal procurement enterprise. Costs that are ultimately borne by customer agencies through higher prices and reduced access to commercial solutions.</p>	<p>Conduct a comprehensive review of the data reporting requirements contained in the FAR. Require Departments/agencies to provide OFPP with a comprehensive list of agency specific data reporting requirements applicable to contractors. Work with the private sector/contractor base and the customer agencies to eliminate duplicative, unnecessary, and/or additional</p>

		reporting requirements where the costs outweigh the benefits.
<p>Failure to incorporate/utilize FAR 52.212-4, Alternate I in Multiple Award Schedule contracts. This gap in the MAS program limits competition, increases costs, fosters contract duplication and reduces efficiency.</p> <p><b>Please see the Coalition’s White Paper on Other Direct Costs under the MAS program for a full discussion of this issue.</b></p>	<p>FAR 52.121-4, Alternate I provides the contract mechanism/procedures for including Materials, Other Direct Costs and Indirect Costs in commercial item contracts. The failure to utilize this FAR-based clause in MAS contracts limits flexibility, efficiency and competition under the MAS program. As a result the MAS program is encouraging/fostering contract duplication by customer agencies who cannot acquire complete commercial solutions under the MAS program.</p>	<p>FAR 52.212-4, Alternate I is in most MAS contracts. Agencies should be authorized to utilize the clause at the task order level to compete and acquire total commercial solutions that include materials, ODCs and indirect costs.</p>
<p>Reform the MAS Pricing Policies. Specifically, eliminate the Price Reduction Clause (PRC), GSAR Clause 552.238-75.</p> <p><b>See the Coalition’s White Paper on MAS Pricing for a full discussion of this issue.</b></p> <p><b>See also the Coalition’s White Paper on Transforming IT Schedule 70 into an Innovation Schedule.</b></p>	<p>The current MAS pricing policies do not reflect current practices in the commercial market place. The pricing policies are inconsistent with the statutory and regulatory mandates for competition at the order level. The increased transactional and contract administration costs for compliance with the PRC far outweigh any benefits. Moreover, the PRC restricts competition in the private sector by limiting the ability of contractors to offer price reductions to certain commercial customers. The PRC limits access to new technologies, services and solutions due to unacceptable contract compliance risk for companies introducing new products in the commercial market place.</p>	<p>Remove the PRC from all MAS contracts. Focus on competition at the task order level as the key driver of value for customer agencies.</p>
<p>Contract Duplication. Across the federal enterprise there has been an explosion in the number of multiple award IDIQ contracts for the same or similar services.</p>	<p>Contract duplication increases bid and proposal and administrative costs for customer agencies and contractors. Contractors are compelled to compete for</p>	<p>The FAR preferences/priorities for pre-existing contracts should be strengthened. The language in FAR 17.5 requiring a determination as to best procurement method when</p>

	<p>contracts for fear of being locked out of a market. At the same time there are many IDIQ contracts with little or no sales/purchases compounding the costs to industry and government over the long term. Contract duplication negatively impacts all contractors but is especially challenging for small business concerns who have limited resources to compete for new IDIQs.</p>	<p>utilizing an interagency contract program like the GSA schedules should be expanded to require a determination of best procurement method for new, open market procurements. In addition, the business case thresholds for new IDIQ contracts should be lowered. Currently, many in industry believe agencies are skirting the business case requirement by lowering the estimated value of new procurements.</p>
<p>The overly complex, burdensome ordering procedures for the establishment of Blanket Purchase Agreements (BPAs) under the GSA Schedules program. Specifically the preference for multiple award BPAs over single award BPAs.</p>	<p>The strong preference of multiple award BPAs undermines the ability of customer agencies to achieve best value outcomes using the GSA Schedules program. It essentially limits the tools in the tool box for agencies that have specific requirements that would lend themselves to competition and award of a single BPA. Single award BPAs provide agencies with an effective tool to further leverage requirements. In contrast, generic, multiple award BPAs create vertical contract duplication (Level 1-GSA Schedule contract; Level 2 – Generic BPAs; and Level 3 – task order competitions. A great example of vertical contract duplication is the Managed Print Services FSSI BPAs.</p>	<p>The FAR should be revised to put single award BPAs on par with multiple award BPAs to the extent competition of specific, recurring requirements is the focus of the competition.</p> <p>Generic multiple award BPAs should be limited to the maximum extent practicable. Customer agencies should utilize the GSA Schedule contracts as the platform for task order competitions---in essence agencies s go from Level 1 – GSA Schedule directly to Level 3 –task order competition.</p>
<p>Restrictive experience requirements under the GSA Schedule program. For example, under IT Schedule 70 a company must have been in business for at least two years to be eligible for a contract.</p>	<p>The GSA Schedule experience requirements limit access to new, innovation companies providing cutting edge technologies. It is an unnecessary barrier to entry to the federal market place.</p>	<p>Eliminate the mandatory experience requirements from the MAS program.</p>
<p>Intellectual property rights as currently set forth in GSA Schedule contracts are unclear, cumbersome and unduly</p>	<p>The End User License Agreement (EULA) requirements remain unclear in IT Schedule 70. As such, each license agreement</p>	<p>A basic set of terms should be developed that identify the key requirements that the contractor must agree to in order to comply</p>

<p>burdensome for contractors.</p>	<p>must be reviewed by the contracting officer and legal counsel.</p>	<p>with federal law. Alternatively, the IT Schedule 70 could include language stating that in the event of a conflict between federal law and the applicable license agreement, federal law controls. For example, IT Schedule contracts could include the following:</p> <p>The parties acknowledge and agree that this Contract and any orders hereunder are subject to certain federal laws and regulations. Notwithstanding any clause to the contrary in any license agreement attached or appended to any order under this Contract, to the extent any clauses in the attached license agreement conflict with federal law or regulation or the terms of this Contract, such clauses shall not be given effect. The parties agree to review and negotiate the license clauses in good faith to the extent necessary to ensure compliance with applicable law and regulation.</p>
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