



April 16, 2012

General Services Administration, Regulatory Secretariat (MVCB)

1275 First Street NE

Washington, DC 20417

ATTN: Hada Flowers

Re: Information Collection 3090-0235, Price Reduction Clause

Ms. Flowers:

Thank you for the opportunity to provide additional comments on GSA's notice of request for comments on the information collection requirements of the GSAR Price Reductions Clause. An extension to the original notice was published in the Federal Register on March 15, 2012.

The Coalition for Government Procurement ("The Coalition") is a non-profit association of approximately 300 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.

Under the provisions of the Paperwork Reduction Act, the GSA Regulatory Secretariat will submit to the Office of Management and Budget a request to review and approve an

extension of the previously approved information collection requirement regarding the GSAR Price Reductions Clause. As described in our previous comments submitted February 27, 2012, it is clear that the Price Reductions Clause (PRC) is impractical and unnecessary based on the competitive environment in the current acquisition market, new economic realities, and the significant reporting burden on contractors which lacks any real public benefit.

In the Coalition's original PRC comments, we shared a summary of the results received in response to a survey of members on the burdens of PRC compliance. The Coalition asked MAS Schedule contractors about the number of hours and costs involved in PRC compliance on an annual basis. The notice estimated that MAS Schedule contractors spend an average of 2 hours annually complying with the PRC. However, the 25 respondents indicated that they spent roughly 1,200 hours annually on PRC compliance. Attachment 1 shows the responses received from 17 of these MAS Schedule contractors that agreed to provide this information anonymously.

The responses to the Coalition's survey also demonstrate the huge cost burden associated with PRC compliance for MAS contract holders. Large, medium, and small firms were asked about the investments involved in monitoring PRC compliance. Based on a review of the responses to the Coalition's survey, the average total cost of these activities is between \$126,000 and \$135,000 on annual basis, which inevitably impacts service and product pricing available to Federal agency customers and is ultimately paid by the American taxpayer. In addition, the PRC has a chilling impact on competition in the commercial market place. Prudent MAS contractors must always consider the impact of a commercial transaction in relation to PRC compliance. As a result, competitive flexibility is lost, limiting the ability of MAS contractors to compete in the commercial market place.

The collection and monitoring of commercial transactions pursuant to the PRC has no practical utility under the current competitive framework governing MAS contracts and orders. Statutory and regulatory competition requirements at the task and delivery order level essentially drive pricing for orders under the modern MAS program. GSA has also invested heavily in electronic tools (GSA Advantage! and eBuy) to enhance transparency and competition for orders and Blanket Purchase Agreements (BPAs) under the MAS program. These enhancements along with the statutory and regulatory competition requirements for

MAS orders under Section 863 and FAR 8.4 render the PRC a costly and outdated oversight mechanism that is no longer relevant.

In the current acquisition environment, the burden of the PRC far outweighs any benefit. Rather than requiring contractors to conduct PRC reporting, it would be more efficient and effective to continue encouraging robust competition at the task order level. A fundamental first step in restoring balance to MAS contracts, recognizing the central role competition and price reductions at the task order now play driving pricing under the MAS program, would be to lower the maximum order threshold (MOT) to \$150,000. This change would recognize the statutory requirement for competition above the MOT and would eliminate the burdensome paperwork and oversight of by MAS contractors for all commercial transactions over \$150,000. This simple step will reduce costly paperwork burdens on MAS contractors while maintaining the competition requirements for MAS orders exceeding \$150,000. After this initial step, GSA should further review the practical utility of the PRC and work towards elimination of the clause.

Again, it would be our pleasure to meet with GSA's Office of Acquisition Policy to discuss this issue further. If you have 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