March 24, 2026

THE COALITION FOR COMMON SENSE IN GOVERNMENT PROCUREMENT

Larry Hale
Acting Assistant Commissioner
Office of Information Technology, Federal Acquisition Service
General Services Administration
1800 F Street, NW
Washington, DC 20006

Subject: Rising Memory Component Costs

Dear Mr. Hale:

The Coalition for Common Sense in Government Procurement (Coalition) is writing to you to make you aware of the severe market disruption that is impacting industry pricing and supply.

The worldwide shortage of memory chips, known as dynamic random-access memory (DRAM) and NAND flash memory, has been widely reported in the press. The shortage is largely driven by insatiable demand for artificial intelligence (AI) and data centers. The shortage is causing prices to spike daily, with DRAM prices increasing by over 500% in the commercial market. (See Attachment at end of letter.) The long-term solution, increasing capacity in the United States and allied countries, will take years and require significant capital investment, resources and technical know-how. In the short term, federal contractors, including Original Equipment Manufacturers (OEMs) and their resellers, distributors, channel partners and system integrators, are impacted. By extension, so is the federal government.

The nation is experiencing a rapid expansion of AI data centers as well as the integration of AI capabilities through personal computers, edge devices, cloud environments, and telecom networks. This expansion and integration have pushed memory manufacturers to shift wafer production to high bandwidth memory. This shift in production is driving a shortage in traditional computer memory that is likely to continue through late 2027, when a Federal Acquisition Regulation implementing a statutory ban on the use of Chinese semiconductors will only heighten the demand and need for chips produced in the United States and allied countries. This shift in memory chip production is affecting the entire technology ecosystem including notebook and desktop computers, workstations, general purpose and AI servers, mobile phones, and other consumer electronic products. These

challenges are projected to continue with suppliers forecasting unprecedented broad-based triple digit price increases for all categories of conventional memory and storage components. As you can see from the Attachment, personal computer prices have already increased 10-15% and are likely to go up 20-25% more in the next six months. Core server prices have increased 35-40% and are projected to increase 60-65% in the next six months.

For the Multiple Award Schedule (MAS), the most rational course of action would be for the General Services Administration (GSA) to issue a temporary deviation alleviating the need for contract level pricing for impacted products at the contract level, thereby eliminating the price ceiling. This would allow contractors to propose timely market driven pricing for agency requirements at the order level. Alternatively, GSA could issue guidance allowing contractors to request Economic Price Adjustments (EPAs) on a weekly basis, with a one-week turn-around time. This is not a new concept. In the late 1990s, GSA did this very thing on a temporary basis in response to the Y2K crisis. GSA provided temporary contract price relief and established a set date where it would re-examine the market and determine whether the temporary price relief should continue.

More recently, GSA worked with industry to provide price relief in response to supply chain disruptions during the Covid pandemic. During the pandemic, GSA's policy offices reacted quickly, issuing a deviation to the standard EPA that simplified and streamlined the processing of price adjustments for MAS contract items. The deviation included guidance for the acquisition workforce addressing and encouraging use of the new EPA clause's streamlined process. While the streamlined EPA clause has been formally incorporated into the General Services Acquisition Regulation (GSAR), there remains a gap between policy and operations. Contracting officers remain reluctant to utilize the market driven flexibilities inherent in the new EPA clause. In light of the growing memory chip challenges facing government and industry, it is critical that GSA 1) inform the acquisition workforce of the memory chip supply shortage and the affected information technology products (IT) products, 2) rescind any requirement for invoices or other market research and instead rely on OEM Commercial Price Lists and any OEM-provided written explanations for price increases, 3) train its acquisition workforce on effective negotiation/implementation of price adjustments pursuant to the new EPA clause, and 4) encourage the acquisition workforce to use such price adjustments timely (as appropriate) to ensure the continued supply of IT products to customer agencies. It is in the national interest that fair, balanced, market driven pricing be reflected through the MAS program.

Without GSA action, MAS contractors will stop submitting quotes and contracting agencies will have to purchase on the open market, leading to delays, the increased use of

the government purchase card, and the potential for agencies to purchase non-Trade Agreements Act compliant products.

Industry and government are aware of the memory chip shortages and the resulting increase in prices. Doing nothing will result in negative unintended consequences for GSA customer agencies. The government is not in the business of putting companies out of business. Industry is ready to work with government to craft a temporary, common-sense solution that protects competition by keeping businesses solvent and provides the government with the technology it needs to achieve its mission.

The Coalition hopes you find our feedback useful and is happy to discuss this issue in further detail as well as host a dialogue with industry. Thank you for your time and consideration. If you have any questions, I may be reached at rwaldron@thecgp.org.

Regards,

Roger Waldron
President

cc: Jeff Koses

Attachment

Background Industry Impact Metrics: Conventional Memory

DRAM and NAND Industry Average Cost Increases

| Category | Last 6 months (September 2025- January 2026) | Next 6 months (February 2026- July 2026) | Total Anticipated Cost increase over 1 year |
|---|---|---|---|
| DRAM - Direct Purchases | + 245% Increase | Additional +70% projected increase | +486.50% |
| DRAM - Spot Market | + 515% Increase | Expected to continue increasing, but unknown based on market volatility and demand | Unknown |
| NAND - Direct Purchases | + 110% Increase | Additional +85% projected increase | +288.5% |
| NAND - Spot Market | + 180% Increase | Expected to continue increasing, but unknown based on market volatility and demand | Unknown |

DRAM and NAND Projected 2026 Content Load Value of Memory in Overall System Level Hardware Cost

| Category | Last 6 months (Sept 2025- Jan 2026) | Next 6 months (Feb 2026 - July 2026) | Notes |
|---|---|---|---|
| PCs | +10-15% | +20-25% | Unknown |
| Core Servers | +35-40% | +60-65% | DRAM and NAND will become the most expensive component of core servers |
| AI Servers | +5-10% | +15-20% | GPUs/HBM are the most significant driver of AI server costs |