



Mr. Jeffrey Koses
Deputy Chief Acquisition Officer/SPE
GSA Office of Acquisition Policy
1800 F Street, NW, #2223D
Washington, DC 20405

July 29, 2014

Dear Jeff,

Members of The Coalition for Government Procurement (Coalition) are encountering an interpretation of the Multiple Award Schedule Price Reduction clause which we believe is incorrect and inconsistent with standard MAS procedures for more than a decade. The issue seems to arise particularly in negotiations with the Services Acquisition Center in Auburn, Washington. The interpretation involves paragraph (c) of the clause which states that a price reduction shall apply if after the close of negotiations the contractor:

- (i) Revises the commercial catalog, pricelist, schedule or other document upon which contract award was predicated to reduce prices;
- (ii) Grants more favorable discounts or terms and conditions than those contained in the commercial catalog, pricelist, schedule or other documents upon which contract award was predicated; or
- (iii) Grants special discounts to the customer (or category of customers) that formed the basis of award, and the change disturbs the price/discount relationship of the Government to the customer (or category of customers) that was the basis of award.

Some GSA contracting officers have interpreted (ii) to require that after the award of a contract, the contractor must:

- monitor *all* commercial customers and transactions
- report *any* time at which there is a price reduction to *any* commercial customer.

The Contracting Officers apparently acknowledge that all reports will not result in a price reduction.

This interpretation dramatically expands the responsibility of contractors to report and monitor only information related to the class of customer upon which award was predicated. Rather, some contractors are being asked by GSA to report price reductions to all commercial customers. The Coalition strongly disagrees that this is a reasonable interpretation of GSA's price reduction policy. The FAR specifically revised the Price Reductions clause in the early 1990's to prevent this interpretation.

Since that time a contractor's price reductions liability has been related to the commercial customer that is the basis of the contract award. GSA has long recognized that the requirement to report price reductions for all commercial customers creates an unnecessary paperwork burden on MAS contractors. The reporting burden is particularly onerous given that price reductions to commercial customers (other than the Basis of Award) are often not appropriate targets for reduction given the differences in terms and conditions and the relationship of the commercial customer to the contractor. The paperwork burden is especially unacceptable because the contractor is been subjected to costly monitoring and administrative procedures that add no value to the government customer. Moreover, the government uses its limited contracting resources to undertake time consuming tasks that do not benefit its customer base as a whole.

The "new" interpretation of the Price Reduction clause is a significant change in policy which substantially changes the risks and paperwork burdens of MAS contractors. The Coalition completely disagrees with such a change because it adds burden without adding value to federal agencies. However, should GSA wish to change the program in this manner a formal rule making would be required. Generally, the Paperwork Reduction Act requires that where the government is seeking to collect data from the public, it must provide the public with notice and an opportunity to comment on the burden associated with the proposed new data reporting requirement. The notice and opportunity to comment is accomplished through the Federal Register. The Paperwork Reduction Act ensures that the costs/burdens on the public of any proposed data reporting requirement are appropriately and transparently considered by the government. It is an important tool to ensure accountability when the government seeks to impose new reporting burdens.

The Coalition would appreciate your review of this matter and ask that you engage in a discussion with our association and your acquisition centers to assure an appropriate and consistent interpretation of (c)(ii) of the Price Reduction Clause. I look forward to discussing this matter with you.

Sincerely,

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

Roger Waldron
President