



# Steps

Office of Acquisition Management  
GSA Federal Acquisition Service

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## FROM THE EDITOR

**H**appy spring!  
This issue of *GSA Steps* includes good news about the continued growth of procurement programs and the approval of a deviation to FAR 51, as well as other important program information on Multiple Award Schedule contracts.

If you would like to provide feedback and/or have suggestions for subjects to cover in future newsletters, please feel free to contact Linda L. Smith at [lindal.smith@gsa.gov](mailto:lindal.smith@gsa.gov). Enjoy this issue of *GSA Steps*!



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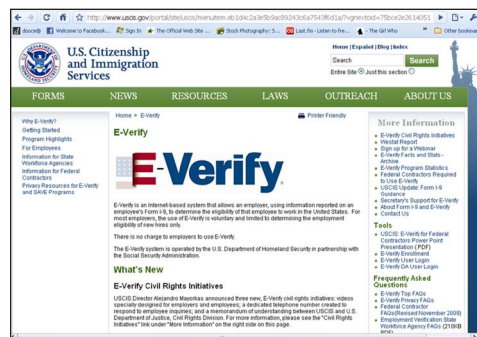
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## ATTENTION MAS VENDORS – UPCOMING CHANGES!

### Mass Modification

**A**n upcoming mandatory mass modification will baseline all FSS contracts to include the most recent standard contract clauses, capture exceptions, and incorporate E-Verify into all FSS contracts:

- **Contracts Online** will achieve greater transparency and streamline the acquisition lifecycle for contracting professionals and industry partners. The objective of Contracts Online is to capture contract terms and conditions, keep them current across each Schedule, and display information electronically for customers to consider when establishing Blanket Purchase Agreements (BPAs) or placing task and delivery orders against Schedule contracts.
- **Employment Eligibility Verification (E-Verify)** implements Executive Order 12989 and subsequent



Federal Acquisition Regulation (FAR) rule, to require federal contractors to electronically verify the

employment eligibility of employees working on federal contracts in the United States. Accordingly, this modification incorporates clause 52.222-54, Employment Eligibility Verification (JAN 2009), into all Federal Supply Schedule (FSS) contracts unless certain exceptions apply.

For additional information on E-Verify, please visit [WWW.DHS.GOV/E-VERIFY](http://WWW.DHS.GOV/E-VERIFY)

## FAR 51 DEVIATION

**F**ederal Acquisition Regulation (FAR) 51.1, Contractor Use of Government Supply Sources, prescribes policies and procedures under which contractors may use government supply sources. Currently, contracting officers may authorize contractors to use General Services Administration (GSA) sources of supply in the performance of cost reimbursement contracts, and under other limited scenarios when determined to be in the best interest of the government.

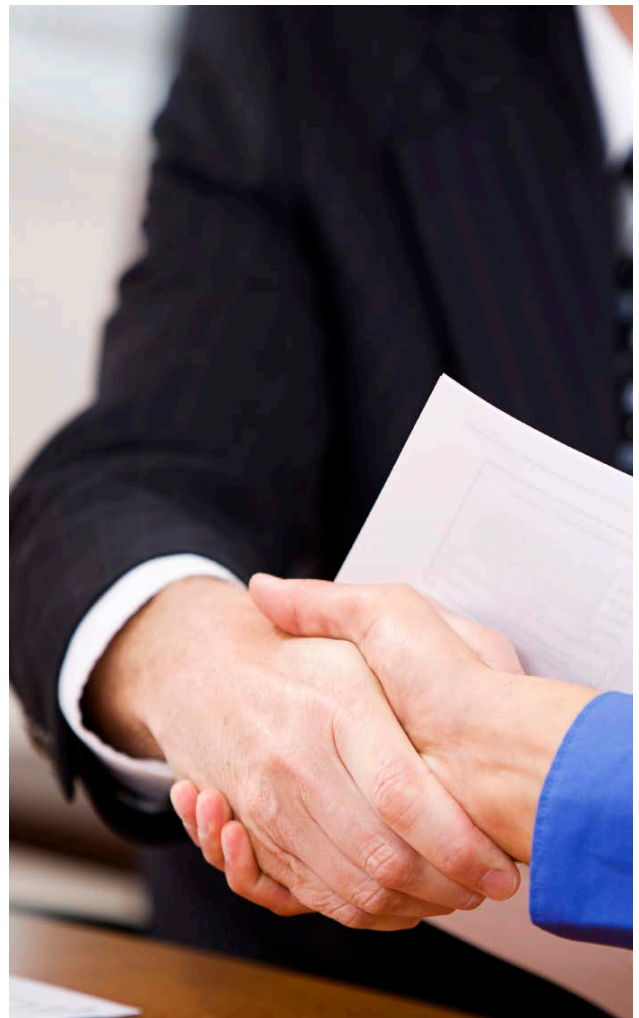
In order to better meet the needs of GSA's customer agencies, a deviation to FAR 51.1 has been approved to expand the authority of contractors to use GSA sources of supply. Specifically, Federal government contracting officers have been authorized to give GSA contractors access to the Federal Supply Schedule (FSS) and GSA Global Supply Programs when deemed appropriate for fulfillment of their agency requirements. Please note that the FSS Program is inclusive of those Schedules managed by the Department of Veterans Affairs. This authority is limited to orders:

- Placed on a time-and-materials (T&M)/labor-hour (LH) basis—an order placed by the Federal government to the buying contractor could be partially fixed price, but the portion of the order for the items to be procured using the FAR 51 deviation must be T&M/LH;
- For ancillary supplies/services that are in support of the overall order such that the items are not the primary purpose of the work ordered, but are an integral part of the total solution offered;
- Issued in accordance with the procedures in FAR 8.405-1, Ordering Procedures for supplies, and services not requiring a statement of work;
- Placed by the Federal government. The authorization is NOT available to state and local governments.

In the near future, a new FSS clause, Federal Acquisition Regulation (FAR) Part 51 Deviation Authority (Federal Supply Schedules), will be incorporated into all Multiple Award Schedule (MAS) solicitations and existing contracts. Please note that inclusion of the clause in a MAS contract does not

bind a contractor to accept orders utilizing the FAR Part 51 authority. In addition, a note will be added to clause GSAR clause 552.238-75, Price Reductions (Alternate I), stating that there shall be no price reduction for sales made under the authority of the Federal Acquisition Regulation (FAR) Part 51 class deviation. With written authorization by a Federal government contracting officer, you, as a GSA contractor, may place an order as an eligible ordering activity with a Schedule contractor. In this case, the Schedule contract sale shall not trigger a price reduction.

For comprehensive guidance on the proper use of the FAR Part 51 authority granted by the deviation, please refer to the Ordering Guide, which can be located at [www.gsa.gov](http://www.gsa.gov).



## STATE AND LOCAL PURCHASING THROUGH SCHEDULES GAINING GROUND

**R**ecent sales figures and trends under GSA's Disaster Recovery Purchasing and Cooperative Purchasing Programs show procurement programs gaining traction. In 2008, GSA industry partners sold five million dollars worth of Disaster Recovery goods and services to state and local government entities through the GSA Schedules. In 2009, that number jumped to \$15.4 million, with 74% of sales under the program going to small businesses.

The GSA Cooperative Purchasing Program is also on the rise. From \$240 million in sales to state and local governments in 2006, sales grew to \$564 million in 2009, with 34% of these Schedule sales going to small businesses.

Under these two programs, contractor participation is voluntary in two ways: at the Schedule contract level and at the order level. Competition and ordering takes place directly between the GSA Schedule contract holder and the state or local ordering entity. The state and local entities must meet their own procurement regulations and competitive procedures when purchasing via Schedules.

In some cases, state procurement regulations will not allow for use of GSA (at the state level), but that does not preclude the cities or counties in that state from using Schedules and taking advantage of the time and cost savings. GSA has found more eagerness from city, county, and local purchasers than at the state level. This may be due in part to less stringent procurement policies at the local levels.

The adoption of GSA programs outside the Federal government is increasing steeply thanks to efforts by GSA's regional customer service directors, industry partners, and other advocates. These groups work with state and local customers to help educate on how the Schedules contracts are awarded and how these contracting vehicles can be used in a competitive procurement to meet the regulations and needs of the state and local governments.

Concerns about fair and open competition and misconceptions about the Schedules have kept some states from giving the thumbs-up to the use of GSA Schedules. The concerns are partly legislative, with many states requiring certain levels of competition or the need to meet certain socioeconomic goals, and also partly philosophical: a general belief that procurement should be even-handed

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and transparent. It is definitely an educational process, but more and more state and local customers are finding value purchasing via the Schedules. GSA's eTools provide complete and free accessibility of information in regards to pricing, socioeconomic status, and even sustainable products and services, and facilitate transparency and direct competition among the Schedule holders.

### Research and Outreach

GSA is developing training and facilitating outreach with state and local customers across the country to better understand when, where, and how state and local governments utilize GSA state and local programs. GSA is working to understand where the state and local governments currently receive value from purchasing through Schedules and how we can better support them in the future. We are also educating on access to our eTools and how the state and local governments can utilize these eTools to help them meet their goals for sustainability and support for small businesses. In addition, we are working to develop an official Value Proposition for state and local markets and branding and messaging specifically to the state and local audience.

### Newest Programs for Expanded Access to Schedules

#### *Federal Grantee Access to Schedules in Support of Public Health Emergencies*

As of August 2009, state, local, tribal, and territorial governments now have access to purchasing via Federal Supply Schedules, including the VA Schedules, when



expending Federal grant funds in response to declared Public Health Emergencies. This authority includes response to the current H1N1 pandemic.

### *Red Cross Eligibility to Purchase via the Federal Supply Schedules*

Section 516 of Public Law 111-117, Omnibus Appropriations Act of 2010, provides that in furtherance of the emergency management policy set forth in the Robert T. Stafford Disaster Relief and Emergency Assistance Act, the Administrator of the General Services Administration may provide for the use of the Federal Supply Schedules of the General Services Administration by relief and disaster assistance organizations as described in section 309 of that Act. Purchases under this authority shall be limited to use in preparation for, response to, and recovery from hazards as defined in Section 602 of that Act. This authorization was granted on December 16, 2009 and expires at midnight on September 30, 2010.



## ONLINE EPAY IDENTIFYING INFORMATION

**A**s the day nears when Schedules Industrial Funding Fee (IFF) payments will be required to be remitted online, a minor issue in the process has surfaced. At least one large bank has imposed a special requirement for business customers using the direct debit method (also referred to as ePay) and who have previously requested that Automated Clearing House (ACH) withdrawals be blocked unless specifically authorized. Those customers are required to provide the bank with a company ID for the payee, even for those online payments the customers initiate, to authorize the bank to release the funds.

The result of this policy by the large bank is that a number of Schedule contractors have experienced denials of direct debit transactions initiated to pay their IFF. To overcome this restriction, bank customers need to provide the banking institution with the company ID (3101036151) that is used by the GSA Financial Services and Payroll Division (responsible for processing all IFF remittances). Providing this company ID for the bank's reference should resolve the issue, if it occurs. For those who have questions on this matter, please contact your assigned Administrative Contracting Officer (ACO) or call Gary Hall at 703.605.2622.

## REMINDER INFORMATION ON NOVATIONS

If you are contemplating selling all of your firm's assets involved in performing your Schedule contract to a third party, you will need to obtain a novation agreement from GSA to transfer responsibility for the contract to the new company. **It is important to be aware that the new company is not permitted to accept orders against, and modifications to, your contract until the novation is executed.** You can help expedite the process by submitting all required paperwork as soon as possible. To ensure that you have completed all necessary paperwork, please refer to FAR 42.1204(e) and (f), or contact your Contracting Officer if you have any further questions.