



May 6, 2013

The Honorable Samuel Graves
Chairman
Committee on Small Business
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for your follow-up inquiry on guaranteed minimum sales under the U.S. General Service Administration (GSA) Multiple Award Schedule (MAS) Program. In working with your staffer, Emily Murphy, over the past few months, our response to your initial inquiry has evolved to include our solution to the problem you identified. GSA remains fully committed to facilitating the utilization of small business across government to meet agencies' mission procurement needs and achieve their small business goals.

In order to be eligible for the guaranteed minimum, Contract clause I-FSS-106 Guaranteed Minimum (JUL 2003) requires "the Contractor's timely submission of GSA Form 72A reports (see GSAR 552.238-74 "Industrial Funding Fee and Sales Reporting") during the period of the contract and receipt of the close-out sales report pursuant to GSAR 552.238-74.

GSA has done an analysis of the 3,330¹ cancelled contracts and has verified through the system that the conditions of clause I-FSS-106 have been met by 1,334 of the contracts. Of these 1,334 contracts, 1,281 were with small businesses. These 1,281 contracts represent \$3,108,888² in guaranteed minimum payments. Please find enclosed information regarding the 1,281 contracts (Enclosure 1). Note that these figures are subject to change when the GSA Contracting Officer undertakes required contractual action to process the guaranteed minimum payments.

Moving forward, GSA intends to administer clause I-FSS-106 in accordance with the intent articulated in expired FSS Acquisition Letter FC-99-2 (Enclosure 2), meaning

¹ In responding to this letter, GSA re-examined the data provided in GSA's January 10, 2013 response. The accurate figure for the number of terminated contracts with sales less than \$2,500 is 3,330.

² Clause I-FSS-106 states that the Government will pay the *difference* between the amount ordered and \$2,500.

GSA will not require contractors to *request* a guaranteed minimum payment. Contractors will have to meet the requirements of clause I-FSS-106 in order to be eligible for a guaranteed minimum payment.

GSA is committed to ensuring the success of its suppliers, particularly small businesses, within the MAS Program. Approximately 80 percent of the suppliers in MAS are small businesses who receive 34 percent of the dollars spent.

To further increase the success of its MAS suppliers, GSA has recently implemented a two-pronged approach that supplements ongoing efforts in this area. The initiative addresses both the pre-award and post-award phases of MAS contracts.

The pre-award approach seeks to educate prospective MAS contractors on the steps that need to be taken in order to be a successful contract-holder. This education is intended to help suppliers, particularly small businesses, make an informed business decision on whether to pursue and hold a MAS contract that will result in a return on their investment. A copy of Instructional Letter (IL) 2012-05, which implemented the Readiness Assessment in the MAS Program, and is still followed, is enclosed (Enclosure 3).

The post-award approach provides multiple forms of education and outreach to MAS contractors who are not meeting the minimum sales requirement in contract clause I-FSS-639 Contract Sales Criteria (MAR 2002). The intent of the education and outreach is to help them succeed as Schedule contract-holders and meet their contractual requirements. A copy of IL 2013-02, which implements a standardized process for monitoring contractor compliance with minimum sales criteria within the MAS Program is enclosed (Enclosure 4).

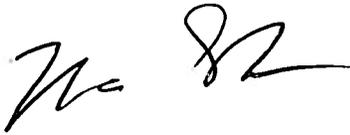
Both approaches guide offerors and MAS contractors to the Vendor Support Center web site (<https://vsc.gsa.gov>), which provides a multitude of training opportunities and support to facilitate contractor success.

Through these efforts, GSA seeks to increase competition and small business utilization under the MAS program.

Thank you for continuing to work with GSA on our shared commitment to facilitate small business utilization across government to meet agencies' mission procurement needs and achieve their small business goals.

If you have any additional questions, please do not hesitate to contact me or Ms. Lisa A. Austin, Acting Associate Administrator, Office of Congressional and Intergovernmental Affairs, at (202) 501-0563.

Sincerely,

A handwritten signature in black ink, appearing to read 'Thomas A. Sharpe, Jr.', with a stylized flourish at the end.

Thomas A. Sharpe, Jr.
Commissioner

Enclosures:

Enclosure 1 Small_Cancelled Contracts_less than \$2500 (1).xlsx

Enclosure 2 FSS Acquisition Letter FC-99-2 [FC 99 2.pdf]

Enclosure 3 Instructional Letter (IL) 2012-05 [IL 2012_05.pdf (v1)]

Enclosure 4 Instructional Letter (IL) 2013-02 [IL 2013_02.pdf (v1)]