

GSA may offer more cost-reimbursable contracts

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Tom Sharpe, commissioner for the U.S. General Services Administration's Federal Acquisition Service, speaks July 18 at the American Institute of Architects in Washington, D.C. (Mike Morones/Staff)

The General Services Administration is considering adding cost-reimbursable options to its supply schedules, according to a top agency official.

Tom Sharpe, the commissioner of GSA's Federal Acquisition Service, said in a statement to Federal Times that the agency is conducting an assessment on "a wide array of issues, and will not be a short-term action."

He added that GSA's planned OASIS contract vehicle for professional services will offer a cost-reimbursable option available to agencies, and GSA plans to award the contract soon.

Contracts on the GSA federal supply schedules currently use time-and-materials and fixed-price pricing terms.

The General Services Administration could greatly increase its share of federal spending by adding cost-reimbursable options to its supply schedules, experts say.

The move is partly a response to pressure from the Defense Department for more cost-reimbursable options.

DoD's pricing chief, Shay Assad, said at a conference Nov. 18 that the Pentagon is pushing GSA to create a cost-reimbursable schedule, and that GSA has been responsive to their feedback.

Assad said one of the problems with the GSA schedule is agencies must use fixed-price or time-and-materials contracts in order to benefit from the schedules.

"The good news is that they are taking on that initiative," he said.

Aliya Nagimova, a research analyst at Deltek, said adding cost-reimbursable options to the GSA supply schedules could result in a significant boost in business.

DoD spending on the top 10 GSA contracts for professional services has fallen 47 percent over the last four years, even as spending through cost-reimbursable contracts has skyrocketed, she said.

Spending by DoD components and military services on cost-reimbursable contract vehicles jumped from \$11 billion in 2008 to \$29 billion in 2012, according to Deltek.

"There is a lot of opportunity if GSA actually moves forward with that," Nagimova said.

Roger Waldron, president of The Coalition for Government Procurement, a trade association of GSA vendors, said there are already rules in place to allow contractors to ask for reimbursements on certain costs.

A fuller exploration of adding cost-reimbursable options is worth looking into, Waldron said, but it will likely be a long and complicated process. He said the payoff could be significantly more business, especially if DoD decides to shift some of its spending back to GSA.

"If that's your biggest customer, you are going to be sensitive to their concerns and the ways in which they want to transact business," Waldron said.

Alan Chvotkin, executive vice president and counsel of the Professional Services Council, which represents service contractors, said while it would be a good way to add flexibility to the schedules, it would be a challenge to implement.

He said businesses would need robust accounting systems to accommodate cost-reimbursement pricing terms, and many small businesses may not be able to afford that.

Still, he said, "the goal is laudable."