Government Contracting Methods

• The primary contracting methods used by the federal government are:
  – Micro-purchases ($<$3,000);
  – Simplified Acquisition Procedures ($>$3,000 - $<$150,000);
  – Sealed Bidding;
  – Contract Negotiations; and,
  – Consolidated Purchasing.
Micro-purchases (<$3,000)

• Generally, government purchases of supplies under $3,000. Do not require competitive bids or quotes and agencies can pay using Government Purchase Card or credit card. Services: $2,500 or below; Construction: $2,000 or below.
Micro-purchases (<$3,000)

• Micro-purchases are **NOT** reserved for small businesses, though they may be awarded to small businesses.
Simplified Acquisition Procedures

($>3,000 - <$150,000)

- Simplified Acquisition Procedures require all federal purchases above $3,000, but under $150,000, to be RESERVED FOR SMALL BUSINESSES.
Simplified Acquisition Procedures

($>3,000 - <$150,000)

- Under 13 CFR 126.607(b), first priority goes to 8(a), HUBZone or SDVO businesses BEFORE other small businesses.
Simplified Acquisition Procedures
($>3,000 - <$150,000)

- Advertising all planned purchases over $25,000 in Federal Business Opportunities (“FedBizOpps”) is still required. FedBizOpps is government’s online listing and database of available procurement opportunities.
• 1. Over $3,000 but under $10,000: Non-GSA Schedule items exceeding $3,000 but less than $10,000 require agency to solicit and evaluate three sources, but do not require publication.
Simplified Acquisition Procedures – Publication

Action

• 2. Over $10,000 but under $25,000: In past for non-GSA Schedule items exceeding $10,000 but less than $25,000, agency was required to solicit and evaluate three sources and publish informally (agency’s Bid Board). Not all agencies use Bid Board anymore. Parties rely more on the Internet today and search agency websites to find bid leads.
Simplified Acquisition Procedures – Publication Action

• 3. Over $25,000 but under $100,000: Non-GSA Schedule items exceeding $25,000 but less than $100,000 - agency required to solicit and evaluate three sources and publish in FedBizOpps.
Sealed Bidding

- Sealed bidding is how government buys competitively when its requirements are very specific and value over $150,000.
- Government-wide contract opportunities over $25,000 are available daily for review at FedBizOpps.
Invitation for Bid (IFB)

- When government is merely checking into possibility of acquiring product or service, it may issue an Invitation for Bid (IFB) if value is over $150,000. Response to IFB by prospective contractor not considered an offer and does not form a binding contract.
Request for Quotation (RFQ)

• When government is merely checking into possibility of acquiring product or service, it may issue a Request for Quotation (RFQ) if value is over $150,000. Response to RFQ by prospective contractor not considered an offer and does not form a binding contract.
Request for Proposal ("RFP")

• More complicated process. When contract is for highly technical product or service and value over $150,000, government may issue Request for Proposal ("RFP").
Request for Proposal ("RFP")

• Proposals in response to RFP can be subject to negotiation after submittal.
RFP-EZ – Experimental Project to Streamline RFP Process

- Small businesses need tools that make it easier to discover and compete for opportunities. On the other side, government contracting officers (who make purchasing decisions) need tools that streamline their work and ensure they can effectively weigh their options. The RFP-EZ system is a start at addressing both sides of the equation.

- RFP-EZ has the potential to save taxpayers substantial amounts of money, improve services by giving government greater access to better technology, and create more jobs by making government more accessible to small businesses.

- Over 200 businesses have signed up to use RFP-EZ.
Consolidated Purchasing Programs

• Government can realize economies of scale by centralizing purchasing of certain types of products or services for consolidated purchasing.
Consolidated Purchasing Programs

• GSA negotiates prices and terms with prospective vendors and enters into an agreement. Under agreement, participating government agencies can purchase products and services from schedule of prospective vendors, according to prices and terms already agreed to by vendors.
Consolidated Purchasing Programs

• Most common multiple award schedules are GSA Schedules or Government Wide Acquisition Contracts, called G-WACs. Used by multiple agencies buying similar goods and services.