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Overview of the Federal Procurement Process and Resources

L. Elaine Halchin
Analyst in American National Government
Government and Finance Division

Summary

In the basic federal procurement process, acquisition personnel, after determining their agency's requirements (that is, the goods and services the agency needs), post a solicitation on the Federal Business Opportunities (FedBizOpps) website. Interested companies prepare their offers in response to the solicitation, and, in accordance with applicable provisions of the *Federal Acquisition Regulation* (FAR), agency personnel evaluate the offers. Another type of procurement opportunity for a company is to serve as a subcontractor for a government contractor. To be eligible to compete for government contracts, a company must obtain a Data Universal Numbering System (DUNS) number, register with the Central Contractor Registry (CCR), and complete an Online Representations and Certifications Application (ORCA). Several agencies, such as the General Services Administration (GSA), provide assistance and services to existing and potential government contractors. Research and development (R&D) procurement opportunities may involve traditional contracting methods, such as solicitations and contracts, as well as nontraditional methods, which include agency-sponsored contests and venture capital funds.

The federal government's basic procurement or acquisition process involves an agency identifying the goods and services it needs (also known as the agency's "requirements"), determining the most appropriate method for purchasing these items, and carrying out the acquisition. Although this process is simple in theory, any given procurement can be complex, involving a multitude of decisions and actions. A contracting officer may need to determine, for example, whether to use a federal supply schedule (see below), what type of contract to use, whether simplified acquisition procedures may be used, or whether the procurement should be set aside for small businesses.[1] Thus, this report does not attempt to describe every possible type of procurement. Instead, it describes the most common elements of the federal procurement process and resources that may be used in that process.

[1] Information about these topics may be found in Parts 38 (federal supply schedules), 16 (types of contracts), 13 (simplified acquisition procedures), and 19 (small business programs) of the *Federal Acquisition Regulation* (FAR), which is discussed in the next section.

Overview of Federal Government Procurement

Federal Acquisition Regulation (FAR)

The primary source of federal procurement information and guidance is the *Federal Acquisition Regulation*, which consists of Parts 1-53 of Title 48 of the *Code of Federal Regulations*. Available at [http://www.acquisition.gov/far], the FAR covers, for example, contractor qualifications, types of contracts, small business programs, and federal supply schedule contracting. The FAR also includes, in Part 2, definitions of procurement words and terms, and, in Part 52, solicitation provisions and contract clauses.[2]

Eligibility Requirements for Businesses

With a few exceptions, a firm that wants to compete for federal government contracts must meet at least three requirements: (1) obtain a Data Universal Numbering System (DUNS) number, which is a unique nine-digit identification number for each physical location of a business, available at [http://www.dnb.com/US/duns_update/]; (2) register with the government's Central Contractor Registry (CCR) database, available at [http://www.ccr.gov]; and (3) complete an Online Representations and Certifications Application (ORCA), available at [https://orca.bpn.gov]. The latter two websites also may be accessed from the government's Business Partner Network (BPN) website, available at [http://www.bpn.gov]. Additional requirements specific to a particular procurement may be found in the applicable solicitation (see below).[3]

Summary of the Acquisition Process

Essentially, the federal acquisition process begins when an agency determines its requirements and how to purchase them. If the agency's contracting officer determines that the appropriate method for procuring the goods or services is a contract, and the contract amount is greater than $25,000, then the agency posts a solicitation on the Federal Business Opportunities (FedBizOpps) website, available at [http://www.fedbizopps.gov].[4] At a minimum, a solicitation identifies what an agency

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[2] Another source of information about procurement terms is the Federal Acquisition Institute's glossary, which is available at [http://www.fai.gov/pdfs/glossary.pdf].

[3] Although not a requirement, certification as, for example, a small disadvantaged business (SDB) may be advantageous and requires certification by the Small Business Administration (SBA). See the SBA's website, available at [http://www.sba.gov/starting_business/special/minorities.html], for information about SDB, HUBZone, and 8(a) programs, eligibility criteria, and certification.

[4] Examples of procurement methods that do not involve establishing a new contract include using a government purchase card (that is, a credit card); placing a task order (or a delivery order) against an existing contract; or ordering from a GSA schedule (schedules are described in the next section of the report). The governmentwide commercial purchase card is, in effect, a credit card government employees may use to make certain types of purchases. It is known for being used to make micro-purchases, which are items that do not exceed the micro-purchase threshold of $2,500. For additional information, see FAR 2.101 and FAR Subpart 13.2. A delivery order

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wants to buy, provides instructions to would-be offerors, identifies the source selection method that will be used to evaluate offers, and includes a deadline for the submission of bids or proposals.[5] Agencies also may post solicitations on their own websites and, in exceptional circumstances, may post solicitations on their websites instead of on FedBizOpps. (The Federal Emergency Management Agency (FEMA) did this in the aftermath of Hurricane Katrina in 2005.[6])

Following the deadline for companies to submit their offers, agency personnel evaluate offerors' submissions, using the source selection method and criteria described in the solicitation.[7] Unless multiple suppliers or firms are needed, such as for a supply schedule, the agency awards a contract to one firm.

Resources for Businesses

Governmental Resources

Congressional Research Service (CRS). The Congressional Research Service has a website, available at [http://www.crs.gov/reference/general/fed-business.html#first], which provides links to resources for businesses. Members of Congress may request to have the CRS page added to their websites. This service is available at [http://www.crs.gov/reference/general/WG02003.shtml].

General Services Administration (GSA). The General Services Administration is perhaps best known, in terms of contracting opportunities and resources, as the agency that maintains numerous supply schedules. A schedule is a list of goods and/or services provided by GSA-selected multiple vendors at varying prices. (Hence, these schedules are known as multiple award schedules (MAS).) Information about schedules, including guidance for how to get on a schedule, and about online and on-site training opportunities is available at [http://www.gsa.gov/schedules].[8] Essentially, the process for getting on

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[4] (...continued)
(or task order) contract, which also may be known as an indefinite-delivery contract, is "a contract for supplies [or services] that does not procure or specify a firm quantity of supplies [or services] (other than a minimum or maximum quantity) and provides for the issuance of orders for the delivery of supplies [or the issuance of orders for the performance of tasks] during the period of the contract." (FAR 16.501-1.)

[5] An "offer" is a response to a solicitation. A company or individual who submits an offer is known as an "offeror."

[6] For information about Hurricane Katrina contracting, see CRS Report RS22380, *Hurricane Katrina Recovery: Contracting Opportunities*, by L. Elaine Halchin.

[7] The two primary categories of source selection are sealed bidding (FAR Part 14) and negotiated contracting (FAR Part 15).

[8] A detailed description of the process involved in getting on a schedule may be found in GSA's *GSA Multiple Award Schedules Program and Marketing Strategies Training Guide for Small Business*, available at [http://www.gsa.gov]; follow the links to About GSA>Organization>Office of Small Business Utilization>Obtain a GSA Schedules Contract - Training Guide. Another
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a schedule is similar to that for obtaining a government contract: GSA issues a solicitation for particular goods or services, companies submit offers in response, and then GSA evaluates the offers and awards contracts to multiple vendors for the same goods or services. Schedule solicitations are posted on FedBizOpps, and GSA also posts them on its website. The GSA solicitation page may be accessed by going to [http://www.gsa.gov], clicking on "Getting on Schedule," and then clicking on "GSA Schedule solicitations."

Minority Business Development Agency (MBDA). The Minority Business Development Agency, which is part of the Department of Commerce and whose website is available at [http://www.mbda.gov], "promotes the growth and competitiveness" of minority business enterprises, regardless of their size.[9] The agency's network of business development centers provides a variety of management and technical assistance services, and its Opportunity Contract Matching System is designed to match entrepreneurs with federal government and private sector contracting opportunities.

Procurement Technical Assistance Program (PTAP). Although the Procurement Technical Assistance Program is administered by the Defense Logistics Agency (DLA), it is available to assist companies that market products and services to all federal agencies, and state and local governments.[10] Services are provided through 93 Procurement Technical Assistance Centers (PTACs), which have over 250 local offices. A list of Procurement Technical Assistance Centers is available at [http://www.aptac-us.org/new/Govt_Contracting/find.php]. The centers provide assistance through classes, seminars, one — on-one counseling sessions, and networking events on such topics as identifying procurement opportunities, preparing proposals, and researching agency procurements.[11]

Small Business Administration (SBA). The Small Business Administration offers a variety of services and assistance to current and would-be government contractors. Its website, available at [http://www.sba.gov], includes a "Business Opportunities" link on the main page, which leads to a website with information on contracting basics, regulations and policies, business opportunities, size standards for small businesses, marketing, contract proposals, small business programs, and special interest topics. The SBA also offers training and counseling services through its Office of Entrepreneurial Development, available at [http://www.sba.gov/ed]. This site includes,

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[8] (...continued)
resource for businesses is GSA's forecast of contracting opportunities, which is available at [http://www.gsa.gov/forecastcontractingopportunities]. To find GSA's training opportunities, go to the GSA website and follow these links: About GSA>Training Programs from GSA>How to Get on Schedule >GSA Schedules Contract Training (SBU).

[9] U.S. Department of Commerce, Minority Business Development Agency, "The Basics of MBDA," available at [http://www.mbda.gov/?section_id=2&bucket_id=643&content_id=3143&well=entire_page].

[10] Defense Logistics Agency, "Department of Defense, Procurement Technical Assistance Centers," available at [http://www.dla.mil/db/procurem.htm].

[11] Association of Procurement Technical Assistance Centers, "Government Contracting Assistance," available at [http://www.aptac-us.org/new/Govt_Contracting/index.php].

for example, information about Small Business Development Centers, which provide management and technical assistance to small businesses. Free online courses, on topics such as government contracting and marketing and advertising, also are available on the SBA website, at [http://www.sba.gov/training/courses.html].

Non-Governmental Resources

Other resources that firms may find useful in identifying procurement opportunities, navigating the government's procurement process, and marketing their goods or services include professional, trade, and industry organizations, publications, and events; local chambers of commerce; and consultants. For example, the book *Elements of Government Contracting*, by Richard D. Lieberman and Karen R. O'Brien, provides information about the federal procurement process. Magazines such as *Government Executive* and *Homeland Defense Journal* include articles with information about government procurements and industry workshops or conferences. Industry and trade organizations, such as the Professional Services Council, may be another source of useful information.[12]

Selected Topics

Research and Development Procurement

Part 35 of the FAR provides guidance on research and development (R&D) contracting. Interested companies, organizations, and other entities may use FedBizOpps to identify R&D opportunities, which may be posted as solicitations or broad agency announcements (BAA).[13]

The federal government also uses several nontraditional procurement methods to acquire the technologies and products it needs. Recognizing that not all new and innovative ideas may be captured by established procurement programs and procedures, the federal government provides for the submission of unsolicited proposals. That is, a firm may submit a proposal for which there is no solicitation. Guidance and requirements for the preparation and submission of unsolicited proposals, including the criteria for a valid unsolicited proposal, may be found at Subpart 15.6 of the FAR. Some agencies may also provide information on their websites about unsolicited proposals, which the Department of Homeland Security (DHS) does at [http://www.dhs.gov/xopnbiz/opportunities/editorial_0617.shtm].

As the central R&D organization for the Department of Defense, the Defense Advanced Research Projects Agency (DARPA) is charged with "sponsoring

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[12] The mention of these particular publications and this group is not intended to be, and should not be construed as, an endorsement.

[13] A broad agency announcement is used "for the acquisition of basic and applied research and that part of the development not related to the development of a specific system or hardware procurement. BAA's may be used by agencies to fulfill their requirements for scientific study and experimentation directed toward advancing the state-of-the-art or increasing knowledge or understanding rather than focusing on a specific system or hardware solution." (FAR 35.016(a).)

revolutionary, high-payoff research that bridges the gap between fundamental discoveries and their military use."[14] The DARPA website, available at [http://www.darpa.mil], includes links to solicitations and BAAs, and a publication, *Doing Business with DARPA*, that provides information on the agency's procurement process. The Department of Homeland Security (DHS) has an organization, the Homeland Security Advanced Research Projects Agency (HSARPA), that performs a similar function for DHS. Information about HSARPA, including solicitations, BAAs, and workshops, is available at [http://www.hsarpabaa.com]. The Technical Support Working Group (TSWG) is an interagency effort that "identifies, prioritizes, and coordinates interagency and international research and development (R&D) requirements for combating terrorism."[15] The working group uses the BAA Information Delivery Systems (BIDS), available at [https://www.bids.tswg.gov], to post BAAs and collect proposals.

Other nontraditional opportunities for firms, research institutions, and organizations are government-sponsored contests and venture capital funds established by agencies for the purpose of helping to fund technologies the agencies could use. Two agencies that sponsor prize contests are the National Aeronautics and Space Administration (NASA) and DARPA. Information about NASA's Centennial Challenges and DARPA's Grand Challenge are available at [http://exploration.nasa.gov/centennialchallenge/cc_index.html] and [http://www.darpa. mil/grandchallenge/index.asp], respectively. Three agencies that have established venture capital funds are the Central Intelligence Agency (CIA), NASA, and the Department of the Army. Information about the nonprofit corporation that was established to manage the CIA's venture capital fund — In-Q-Tel — is available at [http://www.in-q-tel.org/]. The venture fund affiliated with NASA is Red Planet Capital; its website is available at [http://www.redplanetcapital.com]. Information about OnPoint Technologies, the Army's venture capital fund, is available at [http://www.onpoint.us/].

Subcontracting Opportunities

Another way to become involved in federal government contracting, albeit indirectly, is to serve as a subcontractor for a company (known as the "prime contractor") that has been awarded a government contract. Agencies may provide information on their websites about firms to which they have awarded contracts. For example, GSA maintains a subcontracting directory, available at [http://www.gsa.gov/smallbusinesssubcontractingdirectory], and DHS provides a list of prime contractors at [http://www.dhs.gov/xlibrary/assets/opnbiz/OSDBU-DHS_Prime_Contractors_List.pdf]. Other potentially useful sources of information include trade and business publications, FedBizOpps, company websites, and the Federal Procurement Data System (FPDS).[16] Information gleaned from these sources might indicate which companies have received, or expect to receive, government contracts. The SBA provides guidance on subcontracting at [http://www.sba.gov/businessop/basics/subcontracting.html].

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[14] Defense Advanced Research Projects Agency, "Mission and Overview," available at [http://www.darpa.mil/body/mission.html].

[15] Technical Support Working Group, "About TSWG," available at [http://www.tswg.gov/tswg/about/about.htm].

[16] The Federal Procurement Data System, which is available at [https://www.fpds.gov], includes information about government contract actions over $3,000. (FAR 4.602.)