



Contract Bundling Report to Congress

Fiscal Year 2013

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The Small Business Act (the Act) requires the Small Business Administration (SBA) to annually submit a report on bundled contract activity to the Committees on Small Business of the House of Representatives and the Senate. Section 15(p)(4) of the Act, 15 U.S.C. § 644(p)(4).

The Act defines bundling of a contract as:

Consolidating two or more procurement requirements for goods or services previously provided or performed under separate smaller contracts into a solicitation of offers for a single contract that is likely to be unsuitable for award to a small-business concern due to—

- (A) the diversity, size, or specialized nature of the elements of the performance specified;
- (B) the aggregate dollar value of the anticipated award;
- (C) the geographical dispersion of the contract performance sites; or
- (D) any combination of the factors described in subparagraphs (A), (B), and (C).

Section 3(o)(2) of the Act, 15 U.S.C. § 632(o)(2) states that the report should contain the following information:

- (B) CONTENTS - Each report transmitted under subparagraph (A) shall include—
 - (i) data on the number, arranged by industrial classification, of small business concerns displaced as prime contractors as a result of the award of bundled contracts by Federal agencies; and
 - (ii) a description of the activities with respect to previously bundled contracts of each Federal agency during the preceding year, including—
 - (I) data on the number and total dollar amount of all contract requirements that were bundled; and
 - (II) with respect to each bundled contract, data or information on—
 - (aa) the justification for the bundling of contract requirements;
 - (bb) the cost savings realized by bundling the contract requirements over the life of the contract;
 - (cc) the extent to which maintaining the bundled status of contract requirements is projected to result in continued cost savings;
 - (dd) the extent to which the bundling of contract requirements complied with the contracting agency's small business subcontracting plan, including the total dollar value awarded to small business concerns as subcontractors and the total dollar value previously awarded to small business concerns as prime contractors; and
 - (ee) the impact of the bundling of contract requirements on small business concerns unable to compete as prime contractors for the consolidated requirements and on the

industries of such small business concerns, including a description of any changes to the proportion of any such industry that is composed of small business concerns.

Furthermore, Section 15(p)(5) of the Act (15 U.S.C. § 644(p)(5)) provides that SBA shall have access to information collected in the Federal Procurement Data System-Next Generation (FPDS-NG) and that the head of each contracting agency shall provide SBA with procurement information collected through existing data sources.

FPDS-NG and agency data collection sources do not contain sufficient information to quantify the extent to which bundling of contract requirements impacts the ability of small businesses to compete as Federal prime contractors or to compare the savings realized under an existing bundled contract with the potential savings that may occur if that bundled contract is re-competed in its current configuration. However, the Department of Defense provided the analysis necessary to answer the above questions in this report. SBA is unable to assess if these savings will continue if the bundled contract is re-competed as originally solicited since most contracts undergo modifications which may add to or remove requirements. However, SBA will track reported bundled contracts year over year and request analysis from the responsible agency so as to attempt to provide the most accurate data possible. This report contains a summary of reported data in FPDS-NG on the extent of contract bundling in FY 2013. It is important to remember that the FPDS-NG data base is dynamic. This means that agencies can update, edit and correct mistakes at any time, therefore ongoing changes to transaction data may not produce identical results each time the report is run, for the same point in time. SBA also used the Small Business Goaling Report as an information source for this report.

FY 2013 RESULTS

In FY 2013, contract bundling activity continued to be a statistically insignificant amount of total Federal contract actions and was limited to only one bundled contract issued by Department of Defense valued at \$475 million or 0.13% of the \$356 billion in Small Business Goaling Base total prime contract dollars.

A summary of FY 2013 bundling activity by Executive Branch agencies required to report such data follows:

DEPARTMENT OF DEFENSE

As stated above, the Department of Defense (DoD) bundled one contract in FY 2013 valued at \$475 million. Specifically, the United States Special Operations Command (USSOCOM) bundled ten construction contracts, one of which had previously been awarded to a small business certified under North American Industry Classification System (NAICS) code 236220 (Commercial and Instructional Building Construction), into a single contract, resulting in one 8(a) small business prime contractor being displaced.

The USSOCOM justified bundling this requirement based on an inability to locate two or more small business firms capable of performing the work. USSOCOM also cited the anticipated savings and accelerated completion date as reasons for bundling. USSOCOM determined that over \$1.5 million in cost avoidance was immediately realized by taking advantage of the proximity of the two projects to one another; only one work site needed to be established vs. the requirement to establish separate sites had contracts been awarded to multiple awardees. An additional \$1 million was saved on parking lot installation and USSOCOM avoided \$569,856 in overhead and labor. USSOCOM achieved 12.1% savings equaling \$3.06 million by bundling this contract when compared with awarding the projects separately.

This contract dictates that 40% of all subcontract dollars be awarded to small businesses. To date, 55% of all subcontract dollars, an equivalent to over \$22 million, have been awarded to small businesses.

The DoD anticipates saving between \$75 million and \$131.5 million over the life of this contract and, while one 8(a) firm was displaced, DoD does not believe the bundling of this contract will impact the composition of the Commercial Building Construction industry.

DEPARTMENT OF ENERGY

For FY 2013, the Department of Energy did not issue or report any bundled contracts.

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

For FY 2013, the U.S. Agency for International Development (USAID) did not issue or report any bundled contracts. As the U.S. Government's primary agent for providing foreign assistance to developing countries around the world, USAID awards contracts for the purposes of providing technical and professional advisory and assistance services to these countries. As such, a large portion of the work under these contracts is awarded and performed entirely outside the United States and by regulation is therefore exempt from bundling regulations.

In FY 2013, according to the Federal Procurement Data System-Next Generation, USAID consolidated five contract actions that were awarded and performed entirely outside of the United States totaling \$367M. As stated above, consolidated contract actions awarded and performed entirely outside of the United States are not considered bundling; therefore none of these contracts were subject to bundling restrictions found in FAR Part 7.

GENERAL SERVICES ADMINISTRATION

For FY 2013, the General Services Administration (GSA) did not issue or report any bundled contracts; however, GSA continued its efforts to identify ways to unbundle existing bundled contracts. The agency communicated and collaborated with contracting officials in these efforts, and followed existing procedures to ensure no new contract bundling occurred.

In regard to construction contracts, GSA conducted analysis to identify prospective sources which could meet agency needs and potentially achieve cost savings without bundling. The GSA Office of Small Business Development and Utilization (OSDBU) was involved in the acquisition planning process to ensure maximum practicable opportunity for small business participation.

The GSA's OSDBU encouraged buying activities to increase OSDBU inclusion in early stages of acquisition planning, consistent with Administration policy and the Small Business Act, and to engage OSDBU sufficiently prior to requested concurrence on justifications to not set aside for small business and on subcontracting plans. Small business technical advisors (SBTA) across the country work closely with each buying activity and provide assistance in establishing small business goals, developing procurement forecasts, and considering small business participation throughout the procurement lifecycle to increase small business opportunity, with a focus on unbundling.

The GSA Form 2689, Small Business Analysis Record, includes a section for "Contract Bundling Review." A justification must be attached for all bundled contracts, along with results of market research, to demonstrate measurable benefits for consolidating two or more procurement requirements for goods or services. Additionally, the Small Business Specialist

must concur and forward bundling requests to the OSDBU Central Office for review to ensure maximum small business participation.

Due to GSA's rigorous review policy and training program, as well as the close collaboration between GSA's small business team and its contracting workforce, GSA did not issue any bundled contracts in FY 2013.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

For FY 2013, the Department of Health and Human Services did not issue or report any bundled contracts.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

For FY 2013, the Department of Housing and Urban Development did not issue or report any bundled contracts.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

For FY 2013, the National Aeronautics and Space Administration did not issue or report any bundled contracts.

NUCLEAR REGULATORY COMMISSION

For FY 2013, the Nuclear Regulatory Commission did not issue or report any bundled contracts.

NATIONAL SCIENCE FOUNDATION

For FY 2013, the National Science Foundation did not issue or report any bundled contracts.

OFFICE OF PERSONNEL MANAGEMENT

For FY 2013, the Office of Personnel Management did not issue or report any bundled contracts.

SMALL BUSINESS ADMINISTRATION

For FY 2013, the Small Business Administration did not issue or report any bundled contracts.

SOCIAL SECURITY ADMINISTRATION

For FY 2013, the Social Security Administration did not issue or report any bundled contracts.

DEPARTMENT OF STATE

For FY 2013, the Department of State did not issue or report any bundled contracts.

DEPARTMENT OF INTERIOR

For FY 2013, the Department of Interior did not issue or report any bundled contracts.

DEPARTMENT OF JUSTICE

For FY 2013, the Department of Justice did not issue or report any bundled contracts.

DEPARTMENT OF LABOR

For FY 2013, the Department of Labor did not issue or report any bundled contracts.

DEPARTMENT OF TRANSPORTATION

For FY 2013, the Department of Transportation (DOT) did not issue or report any bundled contracts. The DOT OSDBU continues to collaborate with the Senior Procurement Executive Office to avoid bundling new contracts while working to unbundle existing bundled contracts. The DOT Small Business Review (Form 4250) is used throughout DOT for any proposed contract bundling - which is reviewed in accordance with the Transportation Manual Acquisition (Unbundling). The Small Business Review Form (4250) is a first line review from OSDBU to address and mitigate any proposed contract bundling.

An absence of bundling is attributed to the excellent working relationship between OSDBU, Office of Senior Procurement Executive and agency acquisition staff; all of whom collaborate to ensure maximum practicable opportunities for small businesses to participate in DOT contracts.

Additionally, OSDBU is a member of the DOT Strategic Acquisition Council (SAC). The SAC provides a forum wherein senior DOT acquisition leaders ensure acquisitions strategically contribute to the DOT mission while maximizing small business participation.

DEPARTMENT OF EDUCATION

For FY 2013, the Department of Education did not issue or report any bundled contracts.

ENVIRONMENTAL PROTECTION AGENCY

For FY 2013, the Environmental Protection Agency did not issue or report any bundled contracts.

DEPARTMENT OF TREASURY

For FY 2013, the Department of Treasury did not issue or report any bundled contracts.

DEPARTMENT OF AGRICULTURE

For FY 2013, the Department of Agriculture did not issue or report any bundled contracts.

DEPARTMENT OF VETERANS AFFAIRS

For FY 2013, the Department of Veterans Affairs did not issue or report any bundled contracts.

DEPARTMENT OF HOMELAND SECURITY

In FY 2013, the Department of Homeland Security (DHS) did not issue or report any bundled contracts. The DHS OSDBU reviewed 1,582 contracts and of these, 526 were set-aside for small business prime contractors. The DHS threshold for bundling review is \$2.5M.

Of the 1,582 contracts reviewed, 474 were subject to the bundling review process. The total dollars of those contracts subject to the bundling review was \$4,537,831,369.

DEPARTMENT OF COMMERCE

For FY 2013, the Department of Commerce did not issue or report any bundled contracts.