



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

April 13, 2007

The Honorable Edolphus Towns
Chairman
Subcommittee on Government Management,
Organization, and Procurement
Committee on Government Reform and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear 

Thank you for your recent letter addressing federal grantee access to Federal Supply Schedules Program operated by the General Services Administration (GSA). You ask about the appropriateness of continuing a longstanding policy that prohibits federal grantees from purchasing goods and services through the Schedules.

Since 1972, GSA has not allowed federal grantees to use GSA sources of supply and services. The policy is based on guidance from OMB reflecting concerns that the national reach of Schedule contracts may have a negative effect on opportunities for local small businesses. OMB also questioned whether access by grantees, which are typically components of state or local governments, was consistent with the Intergovernmental Cooperation Act (ICA). The ICA limits the services federal agencies provide to states and localities to certain specialized and technical commercial services.

Notwithstanding this general restriction, GSA has opened the Schedules to state and local governments, both for purchases with federal grant monies and their own monies, for certain specified purposes authorized in its enabling statute, 40 U.S.C. § 502. Pursuant to requirements in section 211(b) of the E-Government Act, P.L. 107-347, the GSA Administrator developed procedures to allow states and localities to acquire information technology (IT) from GSA's IT Schedule (Schedule 70). This access was recently broadened, in accordance with section 833 of National Defense Authorization Act for FY 2007, P.L. 109-364, to purchases of products and services used to facilitate recovery from major disasters, terrorism, or nuclear, biological, chemical, or radiological attack.

In light of these developments, I have asked the Controller for the Office of Federal Financial Management, which is responsible for OMB's government-wide grant policies, and GSA to work together to consider if broadened grantee access to the Schedules is appropriate, and, if so, the appropriate extent of such access. As part of this review, consideration will be

2

given to the potential effect of the Schedules on pricing and the availability of products and services to Federal customers. OMB and GSA will also consult with the Small Business Administration to consider the effects on small businesses.

I appreciate your raising this matter to my attention.

Sincerely,



Rob Portman

EDOLPHUS "ED" TOWNS
MEMBER OF CONGRESS
10TH DISTRICT, NEW YORK

ENERGY AND COMMERCE
HEALTH

TELECOMMUNICATIONS AND
THE INTERNET

COMMERCE, TRADE, AND
CONSUMER PROTECTION

GOVERNMENT REFORM
GOVERNMENT MANAGEMENT,
FINANCE, AND ACCOUNTABILITY
RANKING MEMBER

Congress of the United States
House of Representatives
Washington, DC 20515-3210

January 25, 2007

WASHINGTON OFFICE
SUITE 2232
RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-5936

BROOKLYN OFFICES:
26 COURT STREET, SUITE 1510
BROOKLYN, NY 11242
(718) 855-8018

1110 PENNSYLVANIA AVENUE
STORE 5
BROOKLYN, NY 11207
(718) 272-1175

1670 FULTON STREET
BROOKLYN, NY 11213
(718) 774-5682

The Honorable Rob Portman
Director
The Office of Management and Budget
725 17th Street N.W.
Washington, D.C. 20503

Dear Director Portman:

As chairman of the House Oversight and Government Reform Subcommittee on Government Management, Organization, and Procurement, I am writing to seek further information about federal policies governing the ability of federal grantees to purchase goods and services through the GSA Schedules Program.

The GSA Schedules Program currently offers more than 4 million commercial goods and services to public sector customers at discounted prices deemed fair and reasonable by GSA contracting officers. The Schedules Program is a tax-saving program that reduces red-tape for vendors and their customers while ensuring the timely delivery of goods and services to federal agencies, state and local governments, public school districts, and cities and towns who choose to participate in the program.

It is my understanding that nearly 35 years ago, the Office of Management and Budget terminated the ability of federal grantees to purchase goods through GSA sources of supply. I believe Congressional oversight of this policy is long overdue. In this regard, I would appreciate your views on whether this procurement policy should be maintained. More specifically, I am seeking further explanation for this OMB policy, reasons for its continued implementation, your recommendations for any statutory changes that may be needed to ensure federal grantee participation in the GSA Schedules Program, and your views on whether this policy maximizes the use of federal grant dollars.

Thank you for your careful consideration of this request. I look forward to receiving your response no later than February 23, 2007.

Sincerely,



Edolphus Towns
Member of Congress

07-325

