



Overview of the Federal Procurement Process and Resources

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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 and register with the federal government's System for Award Management (SAM). 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.

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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.

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* (CFR). 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.

Eligibility Requirements for Businesses

With a few exceptions, a firm that wants to compete for federal government contracts must meet at least two 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/get-a-duns-number.html>; and (2) register with the government's System for Award Management (SAM), at <https://www.sam.gov>. Additional requirements specific to a particular procurement may be found in the applicable solicitation (see below).

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 <https://www.fbo.gov>.² At a minimum, a solicitation identifies what an agency

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.

² 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. (continued...)

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.³ 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).⁴

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.⁵ 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 webpage, available at <http://www.crs.gov/resources/Pages/fed-business.html>, which provides links to resources for businesses. Members of Congress may request to have the CRS page added to their websites by selecting “click to request this page” on the CRS webpage.

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 a link to GSA's Vendor Support Center, are available at <http://www.gsa.gov/schedules>.⁶ The process for getting on a schedule is similar to

(...continued)

For additional information, see FAR 2.101 and FAR Subpart 13.2. A delivery order (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.)

³ An “offer” is a response to a solicitation. A company or individual who submits an offer is known as an “offeror.”

⁴ For information about Hurricane Katrina contracting, see CRS Report RS22280, *Hurricane Katrina Recovery: Contracting Opportunities*, by L. Elaine Halchin.

⁵ The two primary categories of source selection are sealed bidding (FAR Part 14) and negotiated contracting (FAR Part 15).

⁶ GSA offers several resources that target companies interested in selling their products or services on one or more schedules. The resources are available at <http://www.gsa.gov/portal/category/100635>. Another resource for businesses is GSA's forecast of contracting opportunities, which is available at <http://www.gsa.gov/portal/content/101163>. To find GSA's training opportunities for vendors, visit <http://www.gsa.gov/portal/content/203017>.

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/portal/content/207509>.

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>, was “created specifically to foster the establishment and growth of minority-owned businesses in America.”⁷ The agency’s network of business development centers provides a variety of management and technical assistance services, and its Phoenix/Opportunity Matching System, a free online 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.⁸ Services are provided through 94 Procurement Technical Assistance Centers (PTACs), which have over 300 local offices. To find PTACs, visit http://www.aptac-us.org/new/Govt_Contracting/find.php. The centers provide assistance through classes, seminars, and individual counseling sessions.⁹

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 information on, among other topics, contract opportunities, online training, and laws and regulations. The SBA also offers training and counseling services through its Office of Entrepreneurial Development, available at <http://www.sba.gov/about-offices-content/1/2463>. This site includes, 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/category/navigation-structure/counseling-training>.¹⁰

⁷ U.S. Department of Commerce, Minority Business Development Agency, “Who Is MBDA?” available at <http://www.mbda.gov/main/who-mbda/who-mbda>.

⁸ Defense Logistics Agency, “What Is the PTAP?” available at <http://www.dla.mil/SmallBusiness/Pages/ptap.aspx>.

⁹ Association of Procurement Technical Assistance Centers, “Procurement Training,” available at http://www.aptac-us.org/new/Govt_Contracting/index.php.

¹⁰ CRS has a number of reports on topics related to small businesses. The list includes, for example, CRS Report R41038, *Survey of Federal Laws Containing Goals, Set-Asides, Priorities, or Other Preferences Based on Race, Gender, or Ethnicity*, by Jody Feder, Kate M. Manuel, and Julia Taylor; CRS Report R40860, *Small Business Size Standards: A Historical Analysis of Contemporary Issues*, by Robert Jay Dilger; and CRS Report R40744, *The “8(a) Program” for Small Businesses Owned and Controlled by the Socially and Economically Disadvantaged: Legal Requirements and Issues*, by Kate M. Manuel and John R. Luckey.

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.¹¹

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).¹²

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/unsolicited-proposals>.

As the central R&D organization for the Department of Defense, the Defense Advanced Research Projects Agency (DARPA) "was established ... to prevent strategic surprise from negatively impacting U.S. national security and create strategic surprise for U.S. adversaries by maintaining the technological superiority of the U.S. military."¹³

The DARPA website, available at <http://www.darpa.mil/default.aspx>, includes links to solicitations and BAAs, and a webpage dedicated to opportunities for small businesses, available at http://www.darpa.mil/Opportunities/SBIR_STTR/SBIR_STTR.aspx. The Department of Homeland Security (DHS) has an organization, the Homeland Security Advanced Research

¹¹ The mention of these particular publications and this group is not intended to be, and should not be construed as, an endorsement.

¹² 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).)

¹³ Defense Advanced Research Projects Agency, "Our Work," at http://www.darpa.mil/our_work/.

Projects Agency (HSARPA), that performs a similar function for DHS. Information about HSARPA and its funding opportunities is available at <http://www.dhs.gov/st-hsarpa>. The Technical Support Working Group (TSWG) is the “[n]ational interagency research and development program for combating terrorism requirements at home and abroad.”¹⁴ The working group uses the BAA Information Delivery Systems (BIDS), available at <https://www.bids.tswg.gov/tswg/bids.nsf/Start?ReadForm&8EBQYZ>, 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. For example, the National Aeronautics and Space Administration (NASA) sponsors Centennial Challenges. Information is available at http://www.nasa.gov/offices/oct/early_stage_innovation/centennial_challenges/index.html. Two agencies that have established venture capital funds are the Central Intelligence Agency (CIA) 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.iqt.org/>. 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/subdirectory>, and DHS provides a list of prime contractors at <http://www.dhs.gov/prime-contractors>. Other potentially useful sources of information include trade and business publications, FedBizOpps, company websites, and the Federal Procurement Data System (FPDS).¹⁵ Information gleaned from these sources might indicate which companies have received, or expect to receive, government contracts. The SBA provides information regarding subcontracting opportunities at <http://www.sba.gov/category/navigation-structure/contracting/contracting-opportunities/sub-contracting>.

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¹⁴ Technical Support Working Group, “Technical Support Working Group,” available at <http://www.tswg.gov/>. This text no longer is readily visible on <http://www.tswg.gov>, however, it remains as the Web page’s meta description. A cached copy of the Web page displaying this text may be viewed at <http://bit.ly/PalNzm>.

¹⁵ 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.)