



GENERAL SERVICES ADMINISTRATION

48 CFR Part 552

[GSAR Case 2012-G503; Docket 2012-0018; Sequence 1]

RIN 3090-AJ31

**General Services Administration Acquisition Regulation
(GSAR); Industrial Funding Fee (IFF) and Sales Reporting**

AGENCY: Office of Acquisition Policy, General Services Administration

ACTION: Proposed rule.

SUMMARY: The General Services Administration (GSA) is proposing to amend the General Services Administration Acquisition Regulation (GSAR) to revise the GSAR clause and to address the use of the Industrial Funding Fee (IFF) under the Multiple Award Schedules (MAS) Program. The proposed revisions will reflect the current use of the IFF to include the ability to offset losses in other Federal Acquisition Service (FAS) programs and fund initiatives that benefit other FAS programs. This change will benefit GSA and the MAS Program by facilitating transparency and open government, and more accurately define the current MAS Program operations while simultaneously complying with the recommendations of the GSA Office of Inspector General (OIG). This proposed rule is part of the General Services Administration Acquisition Manual (GSAM) rewrite Project, in which all parts of the regulation are being reviewed and

updated to include new statutes, legislation, policies, and to delete outdated information and obsolete forms.

DATES: Interested parties should submit written comments to the Regulatory Secretariat on or before **[Insert date 60 days after date of publication in the Federal Register]** to be considered in the formulation of the final rule.

ADDRESSES: Submit comments identified by GSAR Case 2012-G503 by any of the following methods:

- Regulations.gov: <http://www.regulations.gov>.
Submit comments by searching for "GSAR Case 2012-G503". Follow the instructions provided to "Submit a Comment". Please include your name, company name (if any), and "GSAR Case 2012-G503" on your attached document.
- Fax: 202-501-4067.
- Mail: General Services Administration, Regulatory Secretariat (MVCB), 1275 First Street, NE, 7th Floor, ATTN: Hada Flowers, Washington, DC 20417.

Instructions: Please submit comments only and cite GSAR Case 2012-G503 in all correspondence related to this case. All comments received will be posted without change to <http://www.regulations.gov>, including any personal and/or business confidential information provided.

FOR FURTHER INFORMATION CONTACT: Ms. Dana Munson, General Services Acquisition Policy Division, GSA, 202-357-9652 or email Dana.Munson@gsa.gov, for clarification of content.

For information pertaining to status or publication schedules, contact the Regulatory Secretariat at 202-501-4755. Please cite GSAR Case 2012-G503.

SUPPLEMENTARY INFORMATION:

A. Background

GSA is proposing to amend the GSAR to update the text addressing GSAR Part 552, Solicitation Provisions and Contract Clauses at 552.238-74 Industrial Funding Fee and Sales Reporting.

Currently, the language contained in the IFF Clause, GSAR 552.238-74, under subsection (b)(2) states "... The IFF reimburses the Federal Supply Service for the costs of operating the Federal Supply Schedules Program and recoups its operating costs from ordering activities." The GSA OIG's AUDIT OF THE MULTIPLE AWARD SCHEDULE PROGRAM INDUSTRIAL FUNDING FEE (REPORT NUMBER A090256/Q/A/P12003), dated February 3, 2012 (the "OIG Report"), recommended that GSA further improve transparency in the MAS Program by informing MAS customers that the IFF may be used to fund other programs or offset losses in other FAS programs. As a result of the OIG recommendation, GSA proposes to amend

the current language at GSAR/GSAM clause 552.238-74 Industrial Funding Fee (IFF) and Sales Reporting to include the expanded role of net revenue generated by IFF payments.

In addition, the OIG Report cited the GSA Modernization Act (Pub. L. No. 109-313, 120 Stat. 1734 (2006), codified in relevant part at 40 U.S.C. 321) as the authority under which net operating revenue generated by the IFF can be used for more than simple recoupment of costs to run the MAS Program.

The GSA Modernization Act combined the General Supply Fund and the Information Technology Fund which were formerly separate, into one fund, the Acquisition Services Fund.

The GSA Modernization Act, among other things, grants the GSA Administrator latitude in determining how to use net operating revenue from the MAS Program, including offsetting losses in other FAS programs or funding initiatives benefitting other FAS programs. Essentially, use of MAS program revenue may extend beyond mere MAS Program cost recovery. In the past, this information was not formally communicated to MAS Program customers. Additionally, GSA is updating all references to "Federal Supply Service" or "FSS" in the IFF clause to reflect the

current name: "Federal Acquisition Services" or "FAS", as appropriate.

This proposed rule complies with the recommendations of the GSA OIG, and facilitates transparency and open government, as well as more accurately reflects the current MAS Program relative to use of the IFF. This action is separate and apart from GSA's recent announcement that it will review and develop recommendations on the overall fee structure for the MAS Program in an effort to create savings for GSA customers.

B. Executive Orders 12866 and 13563

Executive Orders (E.O.s) 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). E.O. 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This is not a significant regulatory action and, therefore, was not subject to review under Section 6(b) of E.O. 12866, Regulatory Planning and Review, dated September 30, 1993. This rule is not a major rule under 5 U.S.C. 804.

C. Regulatory Flexibility Act

The General Services Administration does not expect this proposed rule to have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, et seq., because the proposed rule clarifies GSA's use of the IFF under the MAS Program, consistent with the GSA Modernization Act and the recommendation of the GSA OIG. This rule does not require implementation of any changes on the part of businesses, large or small doing business with GSA. An Initial Regulatory Flexibility Analysis has, therefore, not been performed. We invite comments from small businesses and other interested parties on the expected impact of this rule on small entities. GSA will consider comments from small entities concerning the affected GSAR Part in accordance with 5 U.S.C. 610. Interested parties must submit such comments separately and should cite 5 U.S.C. 601, et seq. (GSAR Case 2012-G503), in correspondence.

D. Paperwork Reduction Act

The Paperwork Reduction Act (44 U.S.C. Chapter 35) applies because the proposed rule contains information collection requirements relating to the collection of the Industrial Funding Fee. This information collection lapsed

on March 9, 2010 and accordingly, the Regulatory secretariat will submit a request for approval of a reinstatement of the information collection requirement concerning 3090-0121, Industrial Funding Fee and Sales Reporting, to the Office of Management and Budget. The proposed rule described herein, of amending the IFF clause for clarification, does not affect the estimate of information collection burden.

Annual Reporting Burden:

Public reporting burden for this collection of information is estimated to average .0833 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection information.

The annual reporting burden is estimated as follows:

Respondents: 19,000.

Responses per Respondent: 4.

Total Responses: 76,000.

Hours per Response: .0833.

Total Burden Hours: 6,330.80.

Request for comments regarding Paperwork Burden:

Submit comments, including suggestions for reducing this burden, not later than **[insert date 60 days after**

publication in the Federal Register] TO: GSAR Desk
Officer, OMB, Room 10102, NEOB, Washington, DC 20503, and a
copy to the General Services Administration, Regulatory
Secretariat (MVCB), ATTN: Hada Flowers, 1275 First Street,
NE., 7th Floor, Washington, DC 20417.

Public comments are particularly invited on: whether
this collection of information is necessary for the proper
performance of functions of the GSAR, and will have
practical utility; whether our estimate of the public
burden of the collection of information is accurate and
based on valid assumptions and methodology; ways to enhance
the quality, utility and clarity of the information to be
collected; and ways in which we can minimize the burden of
the collection of information on those who are to respond,
through the use of appropriate technological collection
techniques or other forms of information technology.

A requester may obtain a copy of the supporting
statement from the General Services Administration,
Regulatory Secretariat (MVCB), 1275 First Street, NE., 7th
Floor, Washington, DC 20417. Please cite OMB Control
Number 3090-0121, Industrial Funding Fee and Sales
Reporting, in correspondence.

List of Subjects in 48 CFR Part 552

Government procurement.

DATED:

December 20, 2012.

JOSEPH A. NEURAUTER
Senior Procurement Executive &
Deputy Chief Acquisition Officer
Office of Acquisition Policy
General Services Administration

Therefore, GSA proposes to amend 48 CFR part 552 as set forth below:

PART 552—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

1. The authority citation for 48 CFR part 552 continues to read as follows:

AUTHORITY: 40 U.S.C. 121(c).

2. Amend section 552.238-74 by—

- a. Revising the date of the clause;
- b. Removing from paragraph (a)(2) "FSS" and adding "FAS" in its place;
- c. Removing from paragraph (a)(4) "Federal Supply Service (FSS)" and adding "Federal Acquisition Service (FAS)" in its place;
- d. Removing from paragraphs (b), and (b)(1) "FSS" and adding "FAS" in their places, respectively;
- e. Revising paragraph (b)(2); and
- f. Removing from paragraph (c) "FSS" and adding "FAS" in its place..

The revised text reads as follows:

552.238-74 Industrial Funding Fee and Sales Reporting.

* * * * *

INDUSTRIAL FUNDING FEE AND SALES REPORTING (DATE)

* * * * *

(b) * * *

(2) The IFF represents a percentage of the total quarterly sales reported. This percentage is set at the discretion of GSA's FAS. GSA's FAS has the unilateral right to change the percentage at any time, but not more than once per year. FAS will provide reasonable notice prior to the effective date of the change. The IFF reimburses FAS for the costs of operating the Federal Supply Schedules Program. FAS recoups its operating costs from ordering activities as set forth in 40 U.S.C. 321: Acquisition Services Fund. Net operating results generated by the IFF are also applied to offset losses or fund initiatives benefitting other FAS programs, in accordance with 40 U.S.C. 321. Offerors must include the IFF in their prices. The fee is included in the award price(s) and reflected in the total amount charged to ordering activities. FAS will post notice of the current IFF at <https://72a.gsa.gov/> or successor website as appropriate.

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[BILLING CODE: 6820-61]

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