

Congress of the United States  
U.S. House of Representatives  
Committee on Small Business  
2361 Rayburn House Office Building  
Washington, DC 20515-6515

November 29, 2012

VIA FACSIMILE (202) 219-5742

The Hon. Dan Tangherlini  
Acting Administrator  
General Services Administration  
One Constitution Square  
1275 First Street, NE  
Washington, DC 20417

Re: Demand Based Model

Dear Administrator Tangherlini:

As you know, the Committee on Small Business has oversight responsibilities for all federal agencies conducting procurement in order to ensure that agencies are adhering to Section 15(e) of the Small Business Act. Section 15(e) directs each agency to ensure that, “[t]o the maximum extent practicable, procurement strategies used by the various agencies having contracting authority shall facilitate the maximum participation of small business concerns as prime contractors, subcontractors, and suppliers.” To that end, on October 25, 2012, I submitted a comment letter in response to the General Services Administration’s (GSA’s) notice published in the Federal Register entitled “Multiple Award Schedule (MAS) Program Continuous Open Season – Operational Change Notice–QDA–2012–01.”<sup>1</sup> A copy of the letter is attached for your convenience.

The Federal Register notice announced GSA’s intention to move to the Demand Based Model (DBM) for the Multiple Award Schedule (MAS) program. In my letter, I expressed my concern that the proposed changes to the MAS program may limit the federal government’s ability to afford small businesses the maximum practicable opportunity to compete. Specifically, based on the information presented to the Committee, I do not think that GSA’s proposals will enhance small business viability, improve operational efficiency, or result in cost control. Furthermore, the DBM proposal demonstrates a lack of understanding of how small businesses operate in relation to the federal market. Finally, giving the wildly divergent estimates of cost savings

---

<sup>1</sup> 77 Fed. Reg. 43,084 (July 23, 2012), comment period extended 77 Fed. Reg. 58,996 (Sept 25, 2012).

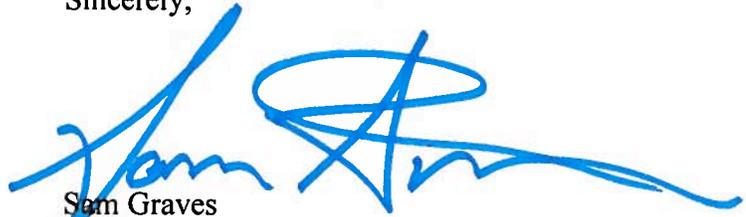
provided to the Committee, I am not convinced that GSA understands its own cost model or that any cost savings will offset the harm to small businesses and the procurement system that will result from denying small businesses the opportunity to compete for federal contracts.

While your staff has now had this letter for a month, the concerns enumerated in the letter are not new. They were previously expressed by staff as early as last January, and by the Subcommittee on Contracting and Workforce at a hearing on June 7, 2012. Therefore, while I appreciate that they have scheduled a briefing with Committee staff for next month, I wanted to be certain that these concerns were brought to your personal attention.

Given that you have publicly expressed your commitment to reform at GSA, and you have worked to reign in abuses of the system there, I would ask that you engage in this process before it proceeds further. Specifically, I am requesting that you continue to consult with the Committee before adopting a final decision on DBM, and that the Committee be informed once a final decision is made. Emily Murphy and Corey Cooke are the appropriate points of contact with the Committee.

Thank you in advance for your attention to this matter.

Sincerely,



Sam Graves  
Chairman

cc: Rodney Emery, Associate Administrator, Office of Congressional and Intergovernmental Affairs

Attachment: October 25, 2012 Letter from Chairman Sam Graves, Committee on Small Business to the GSA Regulatory Secretariat.