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Overview of the Federal Procurement Process and Resources

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Summary

In the basic federal procurement process, acquisition personnel, after determining their agencies' requirements (that is, the goods and services the agencies need), post solicitations on the federal government's beta.SAM.gov website. Interested companies prepare their offers in response to the solicitations, 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* (C.F.R.).² 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 (1) obtain a Data Universal Numbering System (DUNS) number, which is a unique nine-digit identification number for each physical location of a business; and (2) register with the government’s System for Award Management (SAM).³ Additional requirements specific to a particular procurement may be found in the applicable solicitation (see below).

Business Size

With regard to federal contracting, small businesses may be able to take advantage of certain programs or preferences, including various set-aside programs, depending upon eligibility criteria.⁴ Additionally, the federal government has established small business goals for agencies. For example, the government-wide goal for small businesses is 23% of the “total value of all prime contract awards for each fiscal year.”⁵

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 Generally, it is common practice to refer to the “FAR” (e.g., “FAR 6.302,” or “Subpart 15.3 of the FAR”) in conversation and text yet cite the *Code of Federal Regulations* (e.g., 48 C.F.R. §42.302) when identifying the FAR as the source of material. The FAR is available at <https://www.acquisition.gov/sites/default/files/current/far/pdf/FAR.pdf>.

³ An entity may register for a DUNS number at <https://fedgov.dnb.com/webform/>. SAM is available at <https://sam.gov/SAM/>.

⁴ See CRS Report R45576, *An Overview of Small Business Contracting*.

⁵ 15 U.S.C. §644(g)(1)(A)(i). See 5 U.S.C. §644(g)(1)(A)(ii)-(v) for additional small business goals.

Determining whether a particular firm qualifies as a small business for federal government programs involves, generally, applying the federal government's size standards.⁶ A size standard exists for each North American Industry Classification System (NAICS) code,⁷ which is either the firm's average annual receipts or its average employment.⁸ The website of the Small Business Administration (SBA) includes information regarding size standards, including its "Size Standards Tool."⁹

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 beta.SAM.gov.¹⁰ At a minimum, a solicitation identifies what an agency 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.¹¹ Agencies may also post solicitations on their own websites and, in exceptional circumstances, are not required to post solicitations on beta.SAM.gov.¹²

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.¹³ Unless multiple suppliers or firms are needed, such as for a supply schedule, the agency awards a contract to one firm after determining that the company is responsible.¹⁴

The awarding of a contract marks the beginning of the next stage in the acquisition process: contract performance and contract administration. Contract administration, which is the responsibility of agency personnel, helps to assure that the government gets what it paid for in

⁶ Except in certain circumstances, a firm's affiliates may affect the determination of its size. Title 13, Section 12.103 of the *Code of Federal Regulations* ("How does SBA determine affiliation?") reads, in part: "In determining the concern's [firm's] size, SBA counts the receipts, employees, or other measure of size of the concern whose size is at issue and all of its domestic and foreign affiliated, regardless of whether the affiliate are organized for profit."

⁷ NAICS codes are available at U.S. Census Bureau, "Introduction to NAICS," <http://www.census.gov/eos/www/naics/>.

⁸ Instructions for calculating average annual receipts and average employment may be found in Title 13, Sections 121.104 and 121.106, respectively, of the *Code of Federal Regulations*.

⁹ See SBA, "Size Standards," <https://www.sba.gov/federal-contracting/contracting-guide/size-standards>; and SBA, "Size Standards Tool," <https://www.sba.gov/size-standards>.

¹⁰ Examples of procurement methods that do not involve establishing a new contract include using a government purchase card (i.e., 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 government-wide commercial purchase card is, in effect, a credit card government employees may use to make certain types of purchases, including purchases that do not exceed the micro-purchase threshold. Generally, the threshold is \$10,000, but, under certain circumstances it may be higher or lower than this amount. For additional information, see 48 C.F.R. §2.101 and FAR Subpart 13.2. A delivery order (or task order) contract, which may also 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" (48 C.F.R. §16.501-1).

¹¹ An "offer" is a response to a solicitation. A company or individual who submits an offer is known as an "offeror."

¹² Regarding the latter item, see 48 C.F.R. §5.102(a)(5).

¹³ The two primary categories of source selection are sealed bidding (FAR Part 14) and negotiated contracting (FAR Part 15).

¹⁴ It is the policy of the federal government to procure goods and services only from contractors that are responsible. See 48 C.F.R. §9.103(a). For the general standards used to determine responsibility, see 48 C.F.R. §9.104-1.

terms of cost, quality, and timeliness and also helps to assure that the government fulfills its obligations vis-a-vis the contractor. The processes, activities, and events that occur during contract administration vary from procurement to procurement, though this stage would include invoice processing and payments to the contractor and may include, among other functions and activities, a post-award orientation, performance monitoring, and contract modifications.¹⁵

Resources for Businesses

Governmental Resources

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, which are also known as Federal Supply Schedules. A schedule is a list of goods and/or services provided by multiple GSA-selected vendors at varying prices. Hence, these schedules are also known as multiple award schedules (MAS). The process for getting on a schedule is similar to that for obtaining a government contract: GSA issues a solicitation for 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 beta.SAM.gov.¹⁶ GSA provides information about its schedules, including guidance for how to get on a schedule, on its website.¹⁷

Minority Business Development Agency (MBDA)

The Minority Business Development Agency is part of the Department of Commerce and “is the only federal agency solely dedicated to the growth and global competitiveness of minority business enterprises.”¹⁸ The agency’s network of business development centers provides a variety of management and technical assistance services. The network includes business centers, advanced manufacturing centers, export centers, and a federal procurement center.¹⁹

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.²⁰ Services are provided through 94

¹⁵ For additional, detailed information, see Part 42 of the FAR, “Contract Administration and Audit Services.”

¹⁶ GSA’s solicitation is available at GSA, “Multiple Award Schedule,” <https://beta.sam.gov/opp/3b458e60202747d7ac6abd33f7252f2c/view>.

¹⁷ An overview of GSA’s schedules and links to other detailed information is available at GSA, “GSA Schedules,” <https://www.gsa.gov/buying-selling/purchasing-programs/gsa-schedules>. Guidance for getting on a GSA schedule is available at GSA, “Selling to the Government,” <https://www.gsa.gov/buying-selling/purchasing-programs/gsa-schedules/selling-to-the-government>.

¹⁸ U.S. Department of Commerce, Minority Business Development Agency, “Who We Are,” <https://www.mbda.gov/who-we-are/overview>.

¹⁹ To view a list of the centers and their respective services or areas of expertise, see MBDA, “MBDA Programs,” <https://www.mbda.gov/mbda-programs>.

²⁰ Defense Logistics Agency, “The Procurement Technical Assistance Program (PTAP),” <https://www.dla.mil/SmallBusiness/Pages/ptap.aspx>.

Procurement Technical Assistance Centers (PTACs), which have over 300 local offices. To find PTACs, visit the Association of Procurement Technical Assistance Centers (APTAC) website and click on “Find a PTAC.”²¹ The centers provide assistance through classes, workshops, and seminars.²²

Small Business Administration (SBA)

The Small Business Administration offers a variety of services and assistance to current and would-be government contractors. Its website includes information on, among other topics, small business size standards, contract opportunities, subcontracting, and regulations.²³ SBA also offers, through its federal contracting webpage, links to a contracting guide, contracting assistance programs, and counseling and training resources.²⁴ SBA’s local partners and district offices are another resource available to small businesses.²⁵

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.²⁶

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 beta.SAM.gov to identify R&D opportunities, which may be posted as solicitations or broad agency announcements (BAA).²⁷

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

²¹ See APTAC, <http://www.aptac-us.org/>.

²² APTAC, “About the PTAP and APTAC,” <http://www.aptac-us.org/about-us/>.

²³ See SBA, <https://www.sba.gov/>.

²⁴ See SBA, “Federal Contracting,” <https://www.sba.gov/federal-contracting>.

²⁵ See SBA, “Local Assistance,” <https://www.sba.gov/local-assistance>.

²⁶ The mention of these particular publications and this group is not intended to be, and should not be construed as, an endorsement.

²⁷ A BAA 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” (48 C.F.R. §35.016(a)).

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.²⁸

As the central R&D organization for the Department of Defense, the Defense Advanced Research Projects Agency (DARPA) was established “to make pivotal investments in breakthrough technologies for national security.”²⁹ The DARPA website includes information about selected opportunities (see [beta.SAM.gov](https://beta.sam.gov) to search for all DARPA opportunities) and a webpage dedicated to opportunities for small businesses.³⁰ The Department of Homeland Security (DHS) and the Office of the Director of National Intelligence (ODNI) are two other agencies that offer opportunities similar to those offered by DARPA.³¹

Other nontraditional opportunities for firms, research institutions, and organizations are government-sponsored challenges and venture capital funds established by agencies for the purpose of helping to fund technologies they could use. GSA maintains a website, [Challenge.gov](https://www.challenge.gov), where federal agencies may post challenge and prize competitions. Nearly 1,000 challenges have been conducted by 100 federal agencies since 2010.³² The Central Intelligence Agency and the Department of the Army are two agencies that have established venture capital funds: In-Q-Tel and the Army Venture Capital Initiative, respectively.³³

Subcontracting Opportunities

Another way to become involved in federal government contracting, albeit indirectly, is to serve as a subcontractor for a company that has been awarded a government contract (known as the “prime contractor”). Agencies may provide information on their websites about firms to which they have awarded contracts. For example, GSA maintains a subcontracting directory, and DHS provides a list of prime contractors on its website.³⁴ Other potentially useful sources of information include trade and business publications, [beta.SAM.gov](https://beta.sam.gov), company websites, and the Federal Procurement Data System (FPDS), a database of contract awards available through [beta.SAM.gov](https://beta.sam.gov). Information gleaned from these sources might indicate which companies have received, or expect to receive, government contracts. Additionally, SBA maintains a database of subcontracting opportunities.³⁵

²⁸ See, for example, U.S. Department of Homeland Security, “Unsolicited Proposals,” <https://www.dhs.gov/unsolicited-proposals>.

²⁹ DARPA, “About DARPA,” <https://www.darpa.mil/about-us/about-darpa>.

³⁰ See DARPA, “For Small Businesses,” <https://www.darpa.mil/work-with-us/for-small-businesses> for information regarding DARPA and its small business opportunities.

³¹ See DHS, “Homeland Security Advanced Research Projects Agency,” <https://www.dhs.gov/science-and-technology/hsarpa>; and ODNI, “IARPA,” <https://www.iarpa.gov/>.

³² GSA, “About Challenge.gov,” <http://www.challenge.gov/about/>.

³³ See <https://www.iqt.org/> and <http://armyvci.org/>.

³⁴ See GSA, “Subcontracting and Other Partnerships,” <https://www.gsa.gov/small-business/-become-a-gsa-vendor/explore-business-models/subcontracting-and-other-partnerships> to view GSA’s subcontracting directory and other resources for small businesses; and DHS, “Prime Contractors,” <https://www.dhs.gov/prime-contractors> to view DHS’s list of prime contractors that have expressed an interest in subcontracting with small businesses and certain types of small businesses, such as women-owned small businesses and veteran-owned small businesses.

³⁵ See SBA, “How to Win Contracts,” <https://www.sba.gov/federal-contracting/contracting-guide/how-win-contracts>.

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