COBURN AMENDMENT 632: ENCOURAGE INCREASED USE OF FEDERAL STRATEGIC SOURCING INITIATIVE

This amendment would amend the government reform DNRF to incentivize federal agencies to utilize the Federal Strategic Sourcing Initiative for procurement for savings worth as much as $50 billion a year.

- The federal government spends over $537 billion on products and services every year. Agencies could group together to get better deals on goods.
- In 2005, OMB created the Federal Strategic Sourcing Initiative to leverage orders from multiple agencies on the same goods to achieve savings through better prices.
- Agencies rarely use the program, according to GAO. As a result, agencies are missing opportunities for big savings, overpaying at least $1 billion and as much as $50 billion annually.
- DOD, which purchases over $300 billion in goods and services annually, used the program for just 6 percent of orders. Department of Homeland Security used it for just 20 percent of its orders.
- “Agencies act more like many unrelated medium-sized business and often rely on hundreds of separate contracts for many commonly used items, with price that vary widely,” GAO found.
- Best practices in industry allowed companies to achieve savings of 10 to 20 percent of their total procurement costs. Ten percent savings on all federal procurement would yield over $50 billion annually.