



THE DEPUTY SECRETARY OF HEALTH AND HUMAN SERVICES
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MEMORANDUM FOR THE HEADS OF OPERATING DIVISIONS

Subject: New Procedures to Address Contract Bundling

During the 1990s, Federal procurement policies were adopted that encouraged innovative contracting methods that led to, among other things, a practice of "bundling" or "consolidating" requirements. While there are some desirable features of bundling, the result has been substantially fewer contracting opportunities for the entire vendor community but especially for small businesses.

As part of his Small Business Agenda (March 2002), the President asked the Office of Management and Budget (OMB) to prepare a strategy to preserve contracting opportunities for small business. OMB developed a nine-point strategy and has called upon every executive agency to institute new procedures to mitigate unnecessary and unjustified contract bundling. Agencies must report their progress to the OMB quarterly and report to their agency head and the SBA Administrator.

The success of the President's program lies with every employee involved in the process of obtaining supplies or services. The program office, the acquisition official, the Small Business Specialist, our Office of Small and Disadvantaged Business Utilization (OSDBU), and the SBA's Procurement Center Representative all must participate in the acquisition strategy.

On April 15, 2003, the Acting Deputy Assistant Secretary for Grants and Acquisition Management sent a memorandum to the Department's senior procurement officials. The memorandum outlines new procedures to increase small business participation. On April 16, 2003, our OSDBU Director briefed the Executive Officers at the ASAM Management Forum. Program officials will now provide certifications to ensure compliance with the OMB strategy.

I support the President's Small Business agenda, which will assure that contract opportunities are not bundled to the exclusion of small business participation. I endorse the new procedures to ensure success.

If you have any questions concerning this matter please contact Ms. Debbie Ridgely, OSDBU Director, at 202-690-7235.


Claude Allen