

# Buy Smarter and Save Act: Cost savings and efficiencies for government and taxpayers

For more information, contact:  
**Mary Moore Hamrick**  
National Managing Principal of  
Public Policy  
**T** +1 202 521 1545  
**E** PublicPolicy@us.gt.com

Public Policy Perspective July 2018

## Grant Thornton ask

**Co-sponsor H.R. 4250, the Buy Smarter and Save Act of 2017, championed by Rep. Tom Reed (R-NY) and Rep. Scott Peters (D-CA), and urge Congressional leadership to take up and pass this bipartisan, common sense legislation.**

The bill is under consideration by the House Oversight and Government Reform Committee. Grant Thornton asks the Senate to also champion this important legislation.

## Help government agencies secure cost savings in procurement

The **Buy Smarter and Save Act of 2017** seeks to improve the government's purchasing power and secure cost savings by promoting the use of category management principles across all government agencies. The federal government, the largest buying organization in the world, spends over \$500 billion annually on commonly purchased goods and services. Due to the disparate nature of the federal procurement landscape, the government is not fully leveraging its buying power to the maximum extent. There is ample opportunity to gain efficiencies throughout the buying process that could save billions and streamline agency operations. H.R. 4250 would require adoption of category management by all agencies.

Category management applies proven, commercial procurement practices to enable government to operate more like a business. The process segments common products and services into categories and actively governs spend resulting in smarter purchasing decisions that drive savings and cost avoidance, consolidate the contract landscape, optimize small business utilization, and better leverage resources across government. Major indicators of success include spend under management, savings/cost avoidance, and small business utilization by category.

Category management enables buying as a single enterprise and actively managing spend, benefitting both government and taxpayers

Benefits of utilizing category management include:

- gaining transparency into government-wide spend and procurement solutions;
- increasing engagement with customers and industry to consolidate demand and access innovation;
- using market intelligence to support investment decisions; and
- enabling agencies to focus contracting resources on mission critical procurements; reduce overhead by streamlining contract administration; and apply information gathered to make the right buying decisions.

Legislation would further incentivize stakeholder adoption of category management, an initiative that is driven through the Office of Management and Budget (OMB), Office of Federal Procurement Policy (OFPP) with support from the General Services Administration (GSA). Federal agencies are gradually assigning teams to incorporate category management practices into procurement operations, but adoption is not widespread. Furthermore, industry stakeholders realize the long-term benefits of this initiative and provide input on execution strategy. Specifically, small businesses understand that their value becomes more visible through supplier relationship management practices that highlight advances in supply and designate opportunities to increase small business utilization.

## Highlights of the Buy Smarter and Save Act of 2017

The Act sets forth three purchasing goals:

- 1 Reduce the number of contracts for common goods and services;
- 2 Increase “spend under management,” the measure of government’s ability to leverage its buying power; and
- 3 Set an overall savings goal.

Specific recommendations will be determined by OMB, in consultation with OFPP, the Category Management Leadership Council (a group of representatives from the agencies comprising the majority of federal procurement spending), and a representative of each government agency not represented on the Council.

The development of such goals are required to take into account a series of considerations:

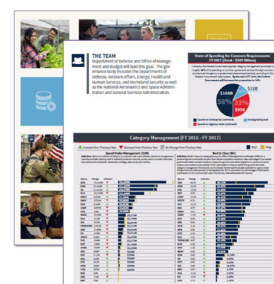
- Maintain a strong industrial and manufacturing base in U.S.;
- Promote competition;
- Comply with procurement goals under the Small Business Act;
- Ensure transparency into government sourcing practices;
- Regular outreach and consultation with the private sector;
- Maintain consistency with international trade agreements;
- Account for the benefits and costs of the procurement of common good and services;
- Emphasize the routine and large quantity procurement of common goods and services; and
- Facilitate the ability to conduct a spend analysis.

OMB will issue guidance to executive agencies for implementing the category management goals established in the Act. OFPP and the Council will prescribe regulations or issue guidance, as necessary, to implement the goals. The Act also calls for OFPP to report to Congress on the implementation and performance of the goals, as well as the state of government-wide procurement data in terms of accuracy, accessibility, and comprehensiveness. In addition, the Comptroller General will report to Congress on its assessment of the impact of the use of government-wide procurement contracts and federal supply schedules on the taxpayer.

## History of category management in government

In October 2016, under the previous Administration, OMB issued a draft circular M-17-22 “Implementing Category Management for Common Goods and Services,” which defined a clear category hierarchy of goods and services to focus on segments of commonly purchased goods and services. The category hierarchy sets the foundation for category analytics, planning, execution, and performance management, making it a critical component of the government-wide category management effort.

The current Administration has continued the implementation of category management government-wide by including it as a cross-agency priority (CAP) goal within the President’s Management Agenda, as well as citing it as a mechanism for gaining efficiencies in the OMB M-17-26 *Reducing Burden for Federal Agencies* and OMB M-17-22 *Comprehensive Plan for Reforming the Government* memorandums. The CAP goal emphasizes the use of best in class (BIC) contracts, which are designated vehicles certified by government-wide category teams as preferred solutions for buying products and services for the category. Agencies are encouraged, and in some cases required, to use designated BICs for new acquisitions to get the best value for the taxpayer and eliminate redundancies in the contract landscape.



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