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GSA Office of Governmentwide Policy  
Acquisition Letter MV-22-02

MEMORANDUM FOR FAS HEADS OF CONTRACTING ACTIVITY

FROM: JEFFREY A. KOSES DocuSigned by:  
Jeffrey A. Koses  
213D80B9F8AC4A0...  
SENIOR PROCUREMENT EXECUTIVE  
OFFICE OF ACQUISITION POLICY (MV)

MARK J. LEE DocuSigned by:  
Mark Lee  
018572B898EB447F...  
ASSISTANT COMMISSIONER  
OFFICE OF POLICY AND COMPLIANCE (QV)  
FEDERAL ACQUISITION SERVICE

SUBJECT: Temporary Moratorium on Enforcement of Certain Limitations Contained in Certain GSA Economic Price Adjustment (EPA) Contract Clauses

- 1. **Purpose.** This Acquisition Letter (hereinafter Letter) establishes temporary flexibility on limitations on price increases. This Letter also provides a temporary moratorium on the enforcement of a number of limitations contained in certain GSA EPA contract clauses. These steps are taken in recognition of the impact of inflation on GSA contractors and their ability to support federal agencies.
- 2. **Background.** Various factors continue to impact the global economy and disrupt supply chains, leading to general shortages and delays as well as price volatility. During this unusual time, GSA is seeing an increase in contract modification requests from contractors to increase pricing.

GSAR Clause 552.216-70, Economic Price Adjustment—FSS Multiple Award Schedule Contracts, permits an increase in the ceiling with the approval of the Contracting Director. This clause also establishes limits on when and how often contractors may request price increases. The other EPA clauses (listed in this Letter and shown in Attachment A) have a similar structure, with caps on annual increases, and limits on when and how often increases may be requested.

While EPA clauses normally act to protect GSA’s interests, in the current marketplace they make it harder for Federal agencies to acquire needed goods, services, and solutions. Contractors are removing items from the Federal Supply Schedules contracts to avoid selling at a loss. This particularly hurts new entrants and small businesses, the very firms the President’s initiatives around procurement equity are designed to support.

To ensure that GSA is able to continue offering a full range of products, services, and solutions, GSA must be flexible in how it applies these EPA contract clauses.

Therefore, this Letter:

1. Lowers the approval for price increases above the EPA clause ceiling in 552.216-70, from the contracting director to one level above the contracting officer;
2. Relaxes time limitations on EPA increases;
3. Relaxes limitations on the number of EPA increases a contractor may request; and
4. Clarifies that if a contractor has removed an item from their Schedule contract, GSA will not enforce the limitation on adding the same item back at a higher price.

Even with this added flexibility, contracting officers remain responsible for evaluating price increases and may accept them, negotiate them, or remove items from the underlying contract.

### 3. **Applicability.**

- a. This Letter only applies to GSA contracts that include the following clauses<sup>1</sup>:
  - i. GSAR 552.216-70, Economic Price Adjustment—FSS Multiple Award Schedule Contracts; Alternate I; and Deviation II;
  - ii. I-FSS-969, Economic Price Adjustment—FSS Multiple Award Schedule; and Alternate II; and
  - iii. GSAR 552.216-71, Economic Price Adjustment—Special Order Program Contracts; Alternate I; and Alternate II.
- b. The application of this Letter is discretionary for VA Federal Supply Schedule contracts that include these clauses.
- c. The moratorium only applies to the specific text identified in the clauses provided in Attachment A of this Letter. All other terms and conditions of the clauses remain unchanged and in full force and effect.

**4. Effective Date.** This Letter is effective immediately and will remain in effect until September 30, 2022, unless otherwise extended.

### 5. **Requirements.**

- a. *FAS.* To support the implementation of this Letter, FAS should take actions as deemed necessary, including developing a communication approach, training acquisition workforce, and tracking the usage of this temporary moratorium.
- b. *Contracting Officers.* Contracting Officers—
  - i. Are still responsible for processing EPA requests, including conducting a thorough evaluation, according to applicable policies and procedures;
  - ii. May process EPA requests according to the applicable EPA clauses without the limitations covered by the moratorium;

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<sup>1</sup>See Attachment A. Clauses listed in paragraphs (i) and (ii) are baselined from [Class Deviation CD-2019-14](#). Clauses listed in paragraph (iii) are baselined from the current GSAR.

- iii. May approve EPA requests for increases that exceed the ceiling established in the solicitation with approval one level above the Contracting Officer; and
- iv. May add a previously deleted item, that is the same or substantially equal, at a higher price, during the same contract period, if the Contracting Officer finds the higher price to be fair and reasonable.
- v. For tracking purposes, when using the authority of this Letter, must add the text 'AL MV 22-02' in block 13C of the SF-30, along with the applicable EPA clauses.

**6. Point of Contacts.** Questions regarding this Letter may be directed to [GSARPolicy@gsa.gov](mailto:GSARPolicy@gsa.gov).

**Attachment.**

Attachment A - GSA EPA Clause Text Covered

## ACQUISITION LETTER MV-22-02

### ATTACHMENT A GSA EPA CLAUSE TEXT COVERED BY THE TEMPORARY MORATORIUM

- Clauses 1 through 5 are based on Class Deviation CD-2019-14, Effective Date 10/01/2019.
- Clauses 6 through 8 are based on GSAM Change 151, Effective Date 03/11/2022.
- Text covered by the temporary moratorium is indicated by ~~strikethrough~~
- Three asterisks (\* \* \*) indicate that there are no revisions between the preceding and following paragraphs of the clause.

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1. GSAR 552.216-70 Economic Price Adjustment—FSS Multiple Award Schedule Contracts (SEP 1999)

Price adjustments include price increases and price decreases. Adjustments will be considered as follows:

\* \* \*

(b) Contractors may request price increases under the following conditions:

(1) Increases resulting from a reissue or other modification of the Contractor's commercial catalog/pricelist that was used as the basis for the contract award.

~~(2) Only three increases will be considered during the contract period.~~

~~(3) Increases are requested after the first 30 days of the contract period and prior to the last 60 days of the contract period.~~

~~(4) At least 30 days elapse between requested increases.~~

(c) The aggregate of the increases in any contract unit price under this clause shall not exceed \* percent of the original contract unit price. The Government reserves the right to raise this ceiling where changes in market conditions during the contract period support an increase.

\* \* \*

(End of clause)

\*Insert the percent appropriate at the time the solicitation is issued. This percentage should normally be 10 percent, unless based on a trend established by an appropriate index such as the Producer Prices and Price Index during the most recent 6-month period indicates that a different percentage is more appropriate. ~~Any ceiling other than 10 percent must be approved by the contracting director.~~

2. GSAR 552.216-70, Economic Price Adjustment—FSS Multiple Award Schedule Contracts (SEP 1999) (Alternate I SEP 1999)

Price adjustments include price increases and price decreases. Adjustments will be considered as follows:

\* \* \*

(b) Contractors may request price increases ~~to be effective on or after the first 12 months of the contract period~~ providing all of the following conditions are met:

(1) Increases resulting from a reissue or other modification of the Contractor's commercial catalog/pricelist that was used as the basis for the contract award.

~~(2) No more than three increases will be considered during each succeeding 12-month period of the contract. (For succeeding contract periods of less than 12 months, up to three increases will be considered subject to the other conditions of this paragraph (b)).~~

~~(3) Increases are requested before the last 60 days of the contract period.~~

~~(4) At least 30 days elapse between requested increases.~~

(c) Any contract period during which price increases will be considered, the aggregate of the increases during any 12-month period shall not exceed \_\_\_\_\_\* percent of the contract unit price in effect at the end of the preceding 12-month period. The Government reserves the right to raise the ceiling when market conditions during the contract period support such a change.

\* \* \*

(End of clause)

\*Insert the percentage appropriate at the time the solicitation is issued. This percentage should be determined based on the trend established by an appropriate index such as the Producer Prices and Price Index. ~~A ceiling of more than 10 percent must be approved by the Contracting Director.~~

3. GSAR 552.216-70 Economic Price Adjustment—FSS Multiple Award Schedule Contracts (SEP 1999) (Deviation II JUL 2016)

(a) \* \* \*

(b) Contractors may request price increases ~~to be effective on or after the first 12 months of the contract period~~ providing all of the conditions are met:

~~(1) No more than three increases will be considered during each succeeding 12-month period of the contract. For succeeding contract periods of less than 12 months, up to three increases will be considered subject to the other conditions of this subparagraph (b).~~

~~(2) Increases are requested before the last 60 days of the contract period.~~

~~(3) At least 30 days elapse between requested increases.~~

(c) Any contract period during which price increases will be considered, the aggregate of the increases during any 12-month period shall not exceed \_\_\_\_\_ *[Insert the percentage appropriate at the time the solicitation is*

*issued. This percentage should be determined based on the trend established by an appropriate index such as the Producer Prices and Price Index. ~~A ceiling of more than 10 percent must be approved by the Contracting Director.~~* percent of the contract unit price in effect at the end of the preceding 12-month period. The Government reserves the right to raise the ceiling when market conditions during the contract period support such a change.

\* \* \*

(End of clause)

4. I-FSS-969 Economic Price Adjustment—FSS Multiple Award Schedule (OCT 2014)

Price adjustments include price increases and price decreases. Adjustments will be considered as follows:

\* \* \*

(b) There are two types of economic price adjustments (EPAs) possible under the Multiple Award Schedules (MAS) program for contracts not based on commercial catalogs or price lists as described below. ~~Price adjustments may be effective on or after the first 12 months of the contract period on the following basis:~~

(1) Adjustments based on escalation rates negotiated prior to contract award. Normally, when escalation rates are negotiated, they result in a fixed price for the term of the contract. No separate contract modification will be provided when increases are based on negotiated escalation rates. ~~Price increases will be effective on the 12-month anniversary date of the contract effective date, subject to paragraph (f), below.~~

\* \* \*

(d) Conditions of Price change requests under paragraphs b(2) and c above:

~~(1) No more than three increases will be considered during each succeeding 12-month period of the contract. (For succeeding contract periods of less than 12 months, up to three increases will be considered subject to the other conditions of subparagraph (b)).~~

~~(2) Increases are requested before the last 60 days of the contract period, including options.~~

~~(3) At least 30 days elapse between requested increases.~~

\* \* \*

(End of clause)

5. I-FSS-969 Economic Price Adjustment – FSS Multiple Award Schedule (OCT 2014) (Alternate II JUL 2016)

Price adjustments include price increases and price decreases. Adjustments will be considered as follows:

\* \* \*

(b) There are two types of economic price adjustments (EPAs) possible under the Multiple Award Schedules (MAS) program for contracts not based on commercial

catalogs or price lists as described below. ~~Price adjustments may be effective on or after the first 12 months of the contract period on the following basis:~~

(1) Adjustments based on escalation rates negotiated prior to contract award. Normally, when escalation rates are negotiated, they result in a fixed price for the term of the contract. No separate contract modification will be provided when increases are based on negotiated escalation rates. ~~Price increases will be effective on the 12-month anniversary date of the contract effective date, subject to paragraph (f), below.~~

\* \* \*

(d) Conditions of Price change requests under paragraphs b(2) and c above:

~~(1) No more than three increases will be considered during each succeeding 12-month period of the contract. (For succeeding contract periods of less than 12 months, up to three increases will be considered subject to the other conditions of subparagraph (b)).~~

~~(2) Increases are requested before the last 60 days of the contract period, including options.~~

~~(3) At least 30 days elapse between requested increases.~~

\* \* \*

(End of clause)

6. GSAR 552.216-71 Economic Price Adjustment—Special Order Program Contracts (AUG 2010)

(a) \* \* \*

(b) During the term of the contract, the award price may be adjusted ~~once during each 12-month period~~ upward or downward. However, if an upward adjustment, a maximum of \_\_\_\_\_ \* percent shall apply. Any price adjustment for the product code shall be based upon the percentage change in the PPI released in the month prior to the initial month of the contract period specified in the solicitation for sealed bidding or the month prior to award in negotiation (the base index) and the PPI released 12 months later (the updated index). The formula for determining the Adjusted Contract Price (ACP) applicable to shipments for the balance of the contract period is—

\* \* \*

(End of clause)

7. GSAR 552.216-71 Economic Price Adjustment—Special Order Program Contracts (AUG 2010) (Alternate I AUG 2010)

\* \* \*

~~(b) Once during each 12-month period,~~ the contract price may be adjusted upward or downward a maximum of \_\_\_\_\_ \* percent.

\* \* \*

(End of clause)

8. GSAR 552.216-71 Economic Price Adjustment—Special Order Program Contracts (AUG 2010) (Alternate II AUG 2010)

(a) \* \* \*

(b) During the term of the contract, the award price may be adjusted ~~once during each 12-month period~~ upward or downward. However, if an upward adjustment, a maximum of \_\_\_\_\_ \* percent shall apply. Any price adjustment for the product code shall be based upon the percentage change in the PPI released in the month prior to the initial month of the contract period specified in the solicitation for sealed bidding or the month prior to award in negotiation (the base index) and the PPI released 12 months later (the updated index). The formula for determining the Adjusted Contract Price (ACP) applicable to shipments for the balance of the contract period is— \* \* \*

\* \* \*

(End of clause)