

**GSA Schedules Program  
Order-Level Materials (OLM) FAQs  
Last Updated: March 7, 2019**

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## **1. General**

### **1.1. How does the OLM [final rule](#) benefit industry?**

Greater use of the GSA Schedules Program allows Schedule contractors to compete for more orders and reduces the need for contractors to incur additional bid and proposal costs related to the award of other commercial indefinite delivery/indefinite quantity (IDIQ) contracts. Additionally, the reduction in duplicative and inefficient contracts removes barriers to entry into the federal marketplace, especially for small businesses.

### **1.2. How does the OLM [final rule](#) benefit federal agencies?**

Clear and comprehensive implementation of the authority to acquire OLMs via Schedules creates parity between the GSA Schedules Program and other commercial IDIQs. Agencies will be able to fully utilize the GSA Schedules Program to meet requirements, rather than conducting separate open market procurements. It will also eliminate the need for agencies to further contribute to contract duplication by creating new commercial IDIQs that have a similar scope to existing Schedules but allow for the inclusion of order-level materials.

### **1.3. How does the [final rule](#) differ from the proposed rule GSA published in September 2016? Did GSA incorporate feedback from industry and federal agencies?**

GSA made changes to the [final rule](#) based on the public comments received on the proposed rule to include:

- Flexibility for contractors to recover indirect costs
- Clarification that travel OLMs are exempt from certain requirements including the 33.33% limitation, price reasonableness determination requirement, and GSAR clause 552.238-74 *Industrial Funding Fee and Sales Reporting*
- Three-quote requirement for price reasonableness was revised and narrowed

Please refer to the [final rule](#) for full details.

**1.4. Doesn't the GSAR change only apply to GSA? How can ordering activities outside of GSA use the OLM authority if FAR Subpart 8.4 wasn't updated?**

GSA has the authority to set special ordering procedures for the GSA Schedules Program (see FAR [8.403\(b\)](#)). GSA has created special ordering procedures for the acquisition of OLMs via GSAR clause [552.238-82 Special Ordering Procedures for the Acquisition of Order-Level Materials](#). This clause has been incorporated into Schedule contracts and authorizes ordering activities to include OLMs at the order level. GSA has also added a link to the OLM special ordering procedures to FAR [8.403](#) to increase the visibility of OLM authority.

**1.5. Why are OLMs only authorized under certain Schedules? Doesn't it make more sense to include this authority under all Schedules?**

Based on feedback from industry and ordering activities, GSA started with the seven (7) Schedules that it determined would most significantly benefit from the authority to acquire OLMs:

- 03FAC - Facilities Maintenance and Management
- 56 - Buildings and Building Materials/Industrial Services and Supplies
- 70 - General Purpose Commercial Information Technology Equipment, Software and Services
- 71 - Furniture
- 84 - Total Solutions for Law Enforcement, Security, Facilities, Fire, Rescue, Clothing, Marine Craft, and Emergency/Disaster Response
- 00CORP - The Professional Services Schedule
- 738X - Human Capital Management and Administrative Support Services

Additional Schedules will be authorized in the future. Visit GSA's Order-Level Materials page at [www.gsa.gov/olm](http://www.gsa.gov/olm) for a current list of all OLM-authorized Schedules.

## **2. Training**

### **2.1. Is GSA going to offer OLM training?**

GSA began conducting OLM training in May 2018. OLM training was scheduled throughout the summer of 2018 and will continue to be offered as needed. All OLM training opportunities will be posted to [GSA Interact](#).

The OLM training presentation and other reference materials are posted on GSA's Order-Level Materials page at [www.gsa.gov/olm](http://www.gsa.gov/olm).

### **2.2. Can you provide in-person training or a webinar for my agency/organization/etc.?**

Please visit GSA's Order-Level Materials page at [www.gsa.gov/olm](http://www.gsa.gov/olm) to access training presentations and other reference materials. Specific questions can be emailed to [olmquestions@gsa.gov](mailto:olmquestions@gsa.gov).

## **3. OLMs Defined**

### **3.1. What is the difference between the Order-Level Materials SIN, Ancillary Supplies/Services SINs, and open market items?**

Please refer to [Summary of Support Item Types for GSA Schedules Program Orders](#) for an explanation of each.

### **3.2. Why is travel being called an OLM? Isn't travel an other direct cost (ODC)?**

Travel is covered within the definition of "materials" and, therefore, considered a subcategory of OLMs (see clause 552.212-4 Alt I (e)(iii)(C)). While considered an OLM by definition, travel is exempt from the three-quotes requirement, does not count toward the 33.33% limitation, and is exempt from the IFF clause (see GSAR clause [552.238-82](#) (d)(11)). Travel costs are governed by FAR [31.205-46](#), which addresses Federal Travel Regulations, Joint Travel Regulation, and Standardized Regulations (Government Civilians, Foreign Areas). Since travel is handled differently than other OLMs, the ordering activity contracting officer (CO) should consider establishing a separate CLIN for travel.

### **3.3. Can you explain how "subcontractor services" can be included as an OLM?**

Per GSAR [538.7202\(a\)\(1\)](#), OLMs include "subcontracts for supplies and incidental services for which there is not a labor category specified in the FSS contract." This is rare, but meant for cases where a.) there are services not already covered in an awarded labor category at the Schedule contract level; b.) the service itself is incidental

to the work being performed; and c.) the service is not known at the time of Schedule contract award.

### **3.4. Is freight considered an OLM?**

No. If the freight terms are FOB Destination, then freight is already included as part of the awarded Schedule price. If the freight terms are FOB Origin, then freight will be included as a separate line item and is not subject to IFF.

### **3.5. Can an OLM be a non-commercial item?**

No. OLMs are purchased under the authority of the GSA Schedules Program, which only allows for award of commercial items. Since OLMs are not awarded at the MAS Contract Level, the ordering activity must ensure that each OLM offered meets the definition of commerciality at FAR 2.101.

### **3.6. Can an OLM be for A&E or construction services?**

No. OLMs are purchased under the authority of the GSA Schedules Program, which does not allow for the acquisition of A&E or construction services.

## **4. Schedule Contract Level Implementation**

### **4.1. How is the Order-Level Materials SIN numbered?**

The Order-Level Materials SIN is numbered “[Schedule Number] 500.” For example, the Order-Level Materials SIN under Schedule 71 - Furniture is 71 500, under the 00CORP - Professional Services Schedule it is 00CORP 500, and so on.

### **4.2. Do contractors awarded the Order-Level Materials SIN have an advantage over contractors without it?**

GSA highly recommends that contractors add the Order-Level Materials SIN if the contract is under an OLM-authorized Schedule. It is simple and easy to add (as easy as accepting the OLM mass modification) and provides the vendor with maximum flexibility in responding to RFQs. However, total solutions can be provided via various combinations of Schedule SINs, Ancillary/ODC SINs, the Order-Level Materials SIN, the Open Market Item authority in FAR [8.402\(f\)](#), the FAR 51 deviation, etc. The ordering activity CO should make award to the contractor whose quote represents the best value, consistent with the evaluation criteria in the RFQ.

### **4.3. Will contractors have to submit an eMod request to add the Order-Level Materials SIN or will all contracts get the SIN via the mass modification?**

Currently, the only way to add the Order-Level Materials SIN is via acceptance of the OLM mass modification. The Order-Level Materials SIN will be added to the contract automatically upon acceptance - no additional action is required on the part of the contractor. Contractors will not be able to request the Order-Level Materials SIN via eMod until systems updates are complete, which will be January 2019 at the earliest. GSA therefore strongly recommends that contractors do not decline the OLM mass modification unless certain they will not want/need the SIN before these systems updates are made.

#### **4.4. What does a contractor need to do in order to begin offering OLMs under its Schedule contract?**

In order to add the OLM authority to an existing Schedule contract, the contractor must:

1. Accept the Commercial Supplier Agreement (CSA) mass modification that adds GSAR clause 552.212-4 *Contract Terms and Conditions Commercial Items* (JAN 2017) (DEVIATION - FEB 2018) (ALTERNATE I - JAN 2017) (DEVIATION - FEB 2007) to the contract.
2. Accept the OLM mass modification that adds the Order-Level Materials SIN and GSAR clause [552.238-82 Special Ordering Procedures for the Acquisition of Order-Level Materials](#) to the contract.

By accepting the OLM mass modification, the Order-Level Materials SIN and GSAR clause [552.238-82](#) will automatically be added to the contractor's existing contract and applicable GSA eTools, such as [GSA eLibrary](#). Contractors may begin to propose OLMs in response to customer requirements following acceptance of the OLM mass modification.

#### **4.5. Why does a contractor need to accept the CSA mass modification before it will be invited to accept the OLM mass modification?**

Acceptance of the CSA mass modification before issuance of the OLM mass modification will ensure that, where OLMs have associated CSAs, both government and industry benefit from the protections against conflicts with federal law provided by the CSA [final rule](#).

Contractors must address all outstanding (non-customized) mass modifications, to include the CSA mass modification, before they will be able to act on the OLM mass modification.

#### **4.6. How are CSAs related to OLMs?**

Both regulatory changes require changes to clause 552.212-4 *Contract Terms and Conditions Commercial Items* (JAN 2017) (DEVIATION - FEB 2018) (ALTERNATE I - JAN 2017) (DEVIATION - FEB 2007) in order to be implemented. OLMs in many

instances may involve CSAs. To ensure application of the CSA protections to OLMs for our customers and to limit multiple changes to this clause, the mass modification issued to implement the [CSA changes](#) in existing Schedule contracts will also include the fill-in language required to implement the OLM authority. Once Schedules have been refreshed and contracts modified to implement the CSA [final rule](#), there will be second refresh and mass modification to implement OLM authority under OLM-authorized Schedules.

#### **4.7. Is the OLM mass modification mandatory?**

No. Acceptance of the OLM mass modification is highly encouraged, but not mandatory. Please note however that if the OLM mass modification is declined, the contractor will not have the ability to add the Order-Level Materials SIN to its contract until eMod systems updates are completed sometime after January 2019.

#### **4.8. How long will the OLM mass modification be available to the contractor?**

The OLM mass modification will remain available until the contractor takes action on it. However, GSA encourages contractors to accept the modification within 30 days of issuance.

#### **4.9. Is it possible to have a Schedule contract with both an ODC or Ancillary Supplies/Services SIN and the Order-Level Materials SIN?**

Yes. The ODC and Ancillary Supplies/Services SINs are for incidental items that are known and can be awarded at the Schedule contract level. If a contractor is able to define and price incidental items at the Schedule contract level under the Ancillary Supplies/Services or ODC SINs (i.e., they are routinely provided), it should do so. The Order-Level Materials SIN is only for incidental items that are *unknown* at the time of Schedule contract award and, therefore, must be defined and established at the order level.

### **5. Order-Level/RFQ Requirements**

#### **5.1. What special ordering procedures apply to the acquisition of OLMs?**

Refer to GSAR clause [552.238-82 Special Ordering Procedures for the Acquisition of Order-Level Materials](#), which establishes procedures for including OLMs when placing an individual task or delivery order against a Schedule contract or BPA.

#### **5.2. When is a Determination and Findings (D&F) required for OLMs?**

FAR [8.404](#)(h) requires preparation of a D&F for Time-and-Materials (T&M) and Labor-Hour orders regardless of dollar value. The OLM CLIN must be T&M, regardless

of whether additional T&M CLINs are included on the order (e.g. OLMs may be added to FFP, T&M, or Labor Hour Orders).

**5.3. Can OLMs be proposed in \*any\* quote, even if the RFQ doesn't specifically reference the Order-Level Materials SIN?**

Yes. Under OLM-authorized Schedules, OLMs can be proposed in a quote unless the RFQ specifically prohibits inclusion of the Order-Level Materials SIN.

**5.4. Will GSA eBuy be updated to allow inclusion of OLMs in quotes?**

Yes. After selecting the SIN(s) that represent the primary purpose of the requirement, ordering activity COs (buyers) will have the option to allow OLMs in quotes if the selected SIN(s) are part of an OLM-authorized Schedule. When an ordering activity CO indicates that OLMs are allowed, contractors (sellers) will be notified when they view the Request for Quotes (RFQ) in eBuy. A contractor must be awarded the Order-Level Materials SIN to propose OLMs in its quote.

**5.5. Will ordering activities be able to search GSA eLibrary to see which contractors are awarded the Order-Level Materials SIN and therefore authorized to include OLMs in orders?**

Yes. One of the many advantages of having a dedicated SIN for Order-Level Materials is that it is searchable and displayed in GSA eLibrary just like any other Schedule SIN.

**5.6. Why must OLMs be procured under a T&M order or CLIN?**

For purposes of the GSA Schedules Program, order-level materials (OLMs) represent the "materials" in Time-and-Materials. OLMs are only authorized under T&M Contract Line Item Numbers (CLINs) under hybrid Fixed-Price/T&M orders. By definition, only T&M allows ordering activity COs the flexibility to define materials at the order level in cases where needed products or services are unknown at time of contract award.

GSAR clause [552.238-82](#)(d)(2) states, "Order-level materials are included in the definition of the term "material" in FAR clause 52.212-4 Alternate I, and therefore all provisions of FAR clause 52.212-4 Alternate I that apply to "materials" also apply to order-level materials." Please reference FAR clause 52.212-4 Alternate I and GSAR clause [552.238-82](#) for additional details.

**5.7. Who sets the ceiling amount for OLMs?**

The ceiling amount is set by the ordering activity CO when the order is awarded.

**5.8. Who determines whether an OLM is in "direct support" of an order?**

The ordering activity CO determines whether an OLM is in direct support of an order.

**5.9. Who makes the determination that OLMs are fair and reasonable?**

The ordering activity CO is responsible for making the determination that all OLMs are fair and reasonable.

**5.10. Who has the final call on scope issues related to OLMs?**

The ordering activity CO makes the final call on all scope issues.

**5.11. When is the contractor required to obtain three quotes?**

The contractor must obtain a minimum of three quotes for any OLM that exceeds the Simplified Acquisition Threshold. This is on a per-item basis. Please see GSAR clause [552.238-82](#) for exceptions.

**5.12. If a contractor is the manufacturer, how would it acquire three quotes for OLMs that exceed the Simplified Acquisition Threshold?**

Per GSAR clause [552.238-82](#)(d)(7), “If the contractor cannot obtain three quotes, the contractor shall maintain its documentation of why three quotes could not be obtained to support their determination.”

**5.13. Are OLMs like Open Market Items, where they have to be invoiced as separate line items and clearly marked?**

OLMs are purchased under the authority of the GSA Schedules Program and therefore don't require special labeling. Open Market Items that are added to Schedule orders for administrative convenience under the authority of FAR [8.402](#)(f) must be clearly marked because they are non-Schedule items.

**5.14. Can an order be modified to add OLMs once the contractor adds the Order-Level Materials SIN to its Schedule contract?**

No. Modifying an order to add the Order-Level Materials SIN/OLMs is beyond the scope of the original order. If a need for incidental products or services is identified after the order is placed, the ordering activity CO will need to either follow the Open Market Item procedures at FAR [8.402](#)(f) or the procedures in FAR [8.405-6](#) for limiting sources.

**5.15. Can a contractor add profit/fee to OLMs?**

No. OLMs are to be included in orders at actual cost. The addition of profit/fee is not allowed. Contractors are, however, allowed to propose indirect costs as an OLM.

**5.16. Can a contractor propose OLMs that are within the scope of its Schedule contract?**

Yes. However, the contractor should strive to add these items to its Schedule contract as soon as possible, for future use.

**5.17. Can a contractor propose OLMs that are outside the scope of its Schedule contract?**

Yes. If the OLM items are in direct support of the order to be placed under the Schedule contract, this is acceptable.

**5.18. When an item can't be added at the Schedule contract level because it isn't Trade Agreements Act (TAA) compliant (or fails to meet some other Schedule requirement), can it be included in orders as an OLM instead?**

No. OLMs are Schedule items. If a requirement exists at the Schedule level, it applies to OLMs as well (see GSAR clause [552.238-82](#) for exceptions).

**5.19. Can the "Open Market Items" authority in FAR 8.402(f) be used to add non-TAA-compliant items to Schedule orders?**

No. For administrative convenience, Open Market Items can be added to a Schedule order per FAR [8.402\(f\)](#). However, they must be clearly marked in the order as non-Schedule/Open Market Items (i.e., they are not being purchased under the authority of the GSA Schedules Program), and the purchase of these items must comply with all applicable acquisition regulations, to include the Trade Agreements Act. Therefore, if the Trade Agreements Act would otherwise apply to the open market purchase of the item, it applies to items purchased in accordance with FAR [8.402\(f\)](#).

**5.20. If a contractor has a product it wants to offer but doesn't have the Letter of Supply that's needed to get it awarded under its Schedule contract, can it be acquired as an OLM instead?**

By definition, OLMs are items that are unknown at the time of Schedule contract award. If the product is a "known" item (i.e., one the contractor routinely offers), it should be added to the Schedule contract and a Letter of Supply is required.

However, if a need for the product is identified at the order level and the item isn't awarded on the Schedule contract, the contractor can offer it as an OLM. Letters of Supply are not required for OLMs.

**5.21. Will GSA verify that the contractor has the authority to sell an OLM item (e.g., that the manufacturer has authorized the contractor to sell the item or they are getting it from another source)?**

OLMs are established at the order level, so if verification is required it will need to be handled by the ordering activity CO.

**5.22. Can OLMs be included in Schedule 70 and Schedule 84 orders placed by state and local customers using the Cooperative Purchasing Program?**

Yes. OLMs/the Order-Level Materials SIN can be included in Schedule 70 and Schedule 84 orders placed by state and local customers authorized to use the Cooperative Purchasing Program.

**5.23. Can OLMs be included in Schedule orders placed by state and local customers using the Disaster Purchasing Program?**

Yes. OLMs/the Order-Level Materials SIN can be included in orders placed by state and local customers using the Disaster Purchasing Program.

**5.24. Can a CSA for OLM items be included at the order level when the CSA has not been approved at the Schedule level?**

Yes. All requirements of the Schedule contract flow down to the order level, so the same requirements that would be applicable to a CSA at the Schedule level would apply to a CSA associated with an OLM. As long as the CSA is in compliance with the overall CSA requirements, it can be included for an OLM while not being approved at the Schedule level.

**5.25. Can OLMs be included on a Fixed-Price order?**

Yes. However, the OLM CLIN must be T&M, thus making the order a “hybrid.” Ordering activities should structure requirements to maximize the use of Fixed-Price elements. This may result in a “hybrid” order that, despite having T&M elements, is classified as Fixed-Price for reporting purposes. For example, an order may include several Fixed-Price CLINs totaling \$200,000, plus a T&M CLIN for OLMs with a not-to-exceed threshold of \$25,000. Since the majority of the order dollar value is awarded on a Fixed-Price basis, the order may be classified as Fixed-Price for reporting purposes.

**5.26. How does the “bona fide need rule” apply to OLMs?**

For OLMs, the “bona fide need rule” is applied no differently than it would be for any other T&M order placed under the GSA Schedules Program.

## **6. Contractor Compliance**

### **6.1. Do all Schedule contract-level terms and conditions apply to OLMs?**

Yes, with three exceptions. OLMs are exempt from the following GSAR clauses:

- 552.216-70 *Economic Price Adjustment - FSS Multiple Award Schedule Contracts*
- 552.238-71 *Submission and Distribution of Authorized FSS Schedule Pricelists*
- 552.238-75 *Price Reductions*

All other Schedule contract-level terms and conditions apply (e.g., Trade Agreements Act (TAA), Industrial Funding Fee (IFF) and Sales Reporting, AbilityOne, Transactional Data Reporting (TDR) (if applicable)).

### **6.2. Does Transactional Data Reporting (TDR) apply to OLMs?**

Yes. If a contractor is participating in the TDR Pilot, all TDR data elements must be reported for the Order-Level Materials SIN just as they are for any other awarded SIN.

### **6.3. Does the Industrial Funding Fee (IFF) apply to OLMs?**

Yes. The Order-Level Materials SIN is subject to GSAR clause 552.238-74 *Industrial Funding Fee and Sales Reporting*. Contractors are required to report sales and remit the IFF for all sales under the Order-Level Materials SIN. Contractors must include the IFF in proposed OLM pricing.

### **6.4. Do industry quality standards (e.g., ANSI/BIFMA standards for furniture) apply to OLMs?**

If a quality standard would otherwise apply to the item when purchasing on an open market basis, it applies to the item when purchasing using OLM authority.

### **6.5. How will a contractor demonstrate compliance to the Industrial Operations Analyst (IOA) for orders that include OLMs?**

The Order-Level Materials SIN is much like any other Schedule SIN when it comes to IOA compliance visits. IOAs will check for compliance with applicable clauses, which for the Order-Level Materials SIN includes all Schedule contract clauses with three exceptions (see 6.1, above). This will include things like ensuring proper compliance with sales reporting, IFF remittance, Transactional Data Reporting (if applicable), etc. IOAs will be checking to make sure that OLMs are included only in orders under Schedules authorized for OLMs, and that a contractor utilizing OLM authority has been awarded the Order-Level Materials SIN. They will also be checking for compliance with

GSAR clause [552.238-82](#), e.g., for documentation related to OLM items exceeding the Simplified Acquisition Threshold (the three-quote requirement, etc.).

#### **6.6. What happens if a contractor quotes something as an OLM but has not accepted the mass modification?**

Per GSAR clause [552.238-82\(d\)\(5\)](#), “All order-level materials shall be placed under the Order-Level Materials SIN.” Contractors are not authorized to quote OLMs unless they have been awarded the Order-Level Materials SIN, which can currently be added only via acceptance of the OLM mass modification. A contractor that quotes OLMs without having the Order-Level Materials SIN awarded under its contract is in violation of the terms and conditions of its Schedule contract. Ordering activity COs should be checking GSA eLibrary to verify the contractual information provided by the contractor in its quote, to include the award of the Order-Level Materials SIN.

#### **6.7. Does a contractor need to update its Authorized Federal Supply Schedule Price List after adding the Order-Level Materials SIN?**

Yes. Once the Order-Level Materials SIN is added to the Schedule contract, the contractor needs to add it to its Schedule price list. Please keep in mind that no items or pricing are awarded at the contract level under the Order-Level Materials SIN. By definition, OLMs are unknown when the contract is awarded and therefore must be established and priced at the order level.

Therefore, the Order-Level Materials SIN is added to the list of awarded SINs on the price list, but without any pricing entries. If desired, contractors may refer ordering activities to [www.gsa.gov/olm](http://www.gsa.gov/olm) for more information, and/or they may note in the price list that OLMs are established and priced at the order level.

#### **6.8. Is special documentation required for orders that include OLMs?**

GSAR clause [552.238-82](#) *Special Ordering Procedures for the Acquisition of Order-Level Materials* includes several documentation requirements unique to OLMs. A contractor proposing OLMs as part of a solution is required to obtain a minimum of three quotes for each OLM above the Simplified Acquisition Threshold. One of these three quotes may include materials furnished by the contractor under FAR 52.212-4 Alt I (i)(1)(ii)(A). If the contractor can't obtain three quotes, the contractor is required to maintain documentation addressing why three quotes could not be obtained to support their determination. A contractor with an approved purchasing system per FAR [Subpart 44.3](#) is exempt from these requirements.

Please also note that in accordance with GSAR clause [552.215-71](#) *Examination of Records by GSA*, GSA has the authority to examine the contractor's records for compliance with the pricing provisions in FAR clause 52.212-4 Alternate I, to include examination of any books, documents, papers, and records involving transactions

related to the contract for overbillings, billing errors, and compliance with the IFF and the Sales Reporting clauses of the contract.

## **7. The 33.33% Limitation**

### **7.1. Is the 33.33% limitation based on the dollar value of the order or the number of items ordered?**

The 33.33% limitation on OLMs is based on the total dollar value of the order. GSA considers “total value” to be the anticipated or recorded dollar value of Schedule contract items at time of order award, inclusive of option periods and the IFF. Travel costs and open market items are excluded from this total value calculation.

### **7.2. What about logical follow-on orders issued on a sole source basis - does the 33.33% calculation start over?**

Yes. A logical follow-on order is a new order, and therefore the 33.33% is calculated based on this new order only.

### **7.3. If items are not awarded at the Schedule contract level and have to be added to an order under the Order-Level Materials SIN, what happens if they’re added to the Schedule contract during the order performance period? Does the OLM calculation go back to zero, or does it stay as-is?**

The existing OLMs and their relative percentage under the order remain the same. If an item is routinely provided and can be priced at the Schedule contract level, it should be added to the contract under an Ancillary Supplies/Services or ODC SIN when available. However, it will likely be rare that items included under the Order-Level Materials SIN will be able to be priced at the contract level. OLMs tend to vary widely depending on the specifics of the order, which is why they can’t be established or priced at the contract level.

### **7.4. What happens if the 33.33% limit is exceeded on an order?**

Compliance with the regulatory 33.33% limitation is important. GSA recommends close monitoring of orders to prevent this from happening. Our long-term goal is to demonstrate successful and proper use of OLM authority so we can make a strong case for incorporation of OLM authority into FAR [Subpart 8.4](#). Frequent misuse and abuse of this authority, even on a small scale, will hinder these efforts.

### **7.5. Are the Order-Level Materials SIN Maximum Order Threshold (MOT) of \$100,000 and the 33.33% limitation on OLMs related?**

No. Whenever a new SIN is established, GSA must set a MOT, among many other data elements, in order to load the SIN into our various systems. However, the MOT is simply a recommended point at which the ordering activity CO should seek additional discounts. Note also that an ordering activity CO can seek additional discounts or concessions at any time under the GSA Schedules Program, regardless of whether an order exceeds the MOT for a particular SIN.

The 33.33% limitation on OLMs is based on the total dollar value of the order (or the cumulative value across all orders for BPAs). GSA considers "total value" to be the anticipated or recorded dollar value of Schedule contract items at time of order award, inclusive of option periods and the IFF. Travel costs and open market items are excluded from this total value calculation. The 33.33% limitation applies to the total dollar value, regardless of what the MOT is for each SIN included on the order.

**7.6. If an ordering agency is working with GSA's Assisted Acquisition Services Division (AASD), do AASD's fees count toward the total dollar value of the acquisition?**

No. When ensuring an order complies with the 33.33% limitation on OLMs, AAS fees should not be included when calculating the total dollar value of the order.

**7.7. What if certain CLINs under an order are defunded, causing the balance of OLMs versus total value to be thrown off unexpectedly, and for the 33.33% limitation to be exceeded?**

This is a scenario beyond the control of the ordering activity CO. If it is not possible to bring the OLM percentage back into compliance when the order is modified/defunded, the CO should document the file with an explanation of what happened.

**7.8. Why is travel considered an OLM but excluded from the 33.33% calculation?**

The OLM [final rule](#) clarifies that travel OLMs will continue to be handled in accordance with FAR [31.205-46](#) and exempts travel OLMs from the 33.33% limitation as well as the price reasonableness determination. The OLM special ordering procedures specifically state that, "Travel costs do not count towards the 33.33% limitation..." (see GSAR clause [552.238-82 Special Ordering Procedures for the Acquisition of Order-Level Materials](#)). A T&M D&F is not required for travel costs.

**7.9. Why 33.33%? How did GSA arrive at that figure?**

GSA determined that a limitation on OLMs was a necessary protection in order to meet statutory requirements. GSA received feedback from industry and ordering activities during the rulemaking process that the cap must be at least 25% to meet certain types of customer requirements, but below 50% to ensure the principal purpose of the order was to acquire a service or product off of the GSA Schedule. GSA also concluded that

to be consistent with the GSA Schedules Program, the cap has to be clear, has to be easy to explain to customer agencies, has to be easy for contractors to understand and follow, has to be easy for GSA to conduct needed training, and has to be easy for everyone to remember. Based on these criteria, GSA set the limitation at 33.33%. Please refer to the OLM [final rule](#) for additional explanation.

**7.10. Who is responsible for monitoring the 33.33% limitation, contractors or ordering activities?**

The ordering activity CO is responsible for monitoring compliance with the 33.33% limitation.

**7.11. Can some OLMs be handled as Open Market Items instead, to prevent the order from exceeding the 33.33% limitation?**

Yes. However, ordering activity COs should keep in mind that adding Open Market Items to a Schedule order for administrative convenience in accordance with the authority of FAR [8.402\(f\)](#) means that the purchase of these items must comply with all applicable acquisition regulations.

**7.12. If the order is modified, does the 33.33% calculation remain based on the original value at time of award or on the modified value?**

The 33.33% limitation on OLMs must be maintained throughout the order period, including the value of any options or modifications.

**7.13. Are there any exceptions to the 33.33% limitation? For example, what if the Schedule contract-level items in the order are “small ticket items” compared to the OLMs?**

There are no exceptions to the 33.33% limitation. If the dollar value of OLMs is high compared to the Schedule contract-level items in an order, this brings into question whether the OLMs are truly incidental to the work being performed.

## **8. Indirect Costs**

### **8.1. How will G&A expenses be covered?**

OLM authority includes the flexibility to reimburse the contractor for indirect costs, which can include, for example, material handling and subcontract administration costs. Specifically, GSAR clause 552.212-4 Alt I (i)(1)(ii)(D)(2) includes the following fill-in language addressing indirect costs:

*Each order must list separately the fixed amount for the indirect costs and payment schedule; if no indirect costs are approved, insert "None."*

The ordering activity CO must make a determination that all indirect costs approved for payment are fair and reasonable (see GSAR clause [552.238-82](#) (d)(7)(iii)).

### **8.2. What if a contractor's indirect costs are in the form of a percentage rate (%) instead of a fixed dollar amount?**

Indirect cost OLMs must be established under the order as a fixed dollar amount. Indirect cost percentage rates are not allowed. However, contractors have the option of using their indirect cost percentage rate to calculate a proposed fixed dollar amount for these costs, based on the specifics of the order.

### **8.3. How will contractors support indirect cost OLMs if they do not have DCAA or similarly approved rates?**

Indirect costs should not be proposed unless it's already the contractor's routine practice to include them when doing business. In the absence of approved DCAA rates, the contractor should support proposed indirect costs with documentation already on-hand.

### **8.4. Do contractors have to pay IFF on indirect cost OLMs?**

Yes. As an OLM, indirect costs are considered Schedule contract items and must be inclusive of the IFF.

## **9. Schedule Blanket Purchase Agreements (BPAs)**

### **9.1. Under an existing Schedule BPA, can the ordering activity CO add OLMs/the Order-Level Materials SIN after contractors have added it to their contracts?**

Since OLMs by definition are unknown at the time the BPA was established, the flexibility to acquire OLMs to support individual orders *may* be within the scope of an existing Schedule BPA - provided that the underlying Schedule contracts include the

Order-Level Materials SIN. Ordering activity COs will have to determine whether the Order-Level Materials SIN (and the OLMs to be procured under it) are within the scope of the BPA, as established. The inclusion of OLMs in BPA orders cannot alter the primary purpose or scope of the BPA, since OLMs may only be acquired in direct support of work performed under existing BPA SINs.

## **9.2. How is the 33.33% limitation applied to Schedule BPAs?**

A [technical amendment](#) was issued to the [final rule](#) on August 16, 2018, to clarify how the 33.33% limitation applies to Schedule BPAs. OLM special ordering procedures now make it clear that the 33.33% limitation applies not on an individual order basis, but to the *cumulative* value of OLMs across all orders placed against the BPA. Reference GSAR clause [552.238-82\(d\)\(4\)](#) and the [technical amendment](#) for further details.