

Client Enrichment Series – What To Expect From RWA Fee Reform



Topic: What to Expect From RWA Fee Reform

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Dates of Presentation: June 18, June 25, July 16

Additional Resources:

[What to Expect From RWA Fee Reform Slide Deck](#) and [Session Video](#)

[Client Enrichment Series website](#) - upcoming sessions and past presentations library

[Client Enrichment Series YouTube Playlist](#) - 32 session recording about PBS programs, policies and services

Transition Date (August 1, 2020)	1
Old versus New fee structure	2
Severable RWAs (services like overtime utilities, cleaning, maintenance, etc.)	3
Nonseverable RWAs (projects like renovations, repairs, alterations, etc.)	4
Amendments / Cancellations	6
Micro-Purchase Delegation of Authority	6
F-type RWAs	7
Resources	7

Transition Date (August 1, 2020)

Why is the implementation date not October 1, 2020 with the new FY? (When FY20 spend plans were built in FY18, these fees were not accounted for and some of the RWAs we need to submit will have a substantial RWA fee).

PBS is required by law to recoup all costs of delivering the program, so GSA senior management wanted the new fee structure implemented as soon as GSA systems could handle it, which happened to be August 1, 2020.

Is the new fee structure starting before the deadline of FY20 RWAs which I understand is September 8?

Yes, the new fee structure will apply to all RWAs with an Acceptance/Start Date of August 1, 2020 or later. For nonseverable RWAs (e.g. projects), this means any RWAs that are digitally signed (accepted) by GSA on or after August 1st, 2020. For severable RWAs (e.g. services), this means any RWAs whose period of performance starts on August 1st or later. The transition date for the new fee structure is completely separate from the Fiscal Year End deadline to send RWAs to GSA for acceptance.

If the RWA has been in eRETA for a while but still has not been accepted, will it have to be redone with the new fee?

The date the RWA Work Request was initially input into eRETA does not have an impact on which fee structure is applied. The date that determines whether the RWA gets the old versus new fee structure applied is the Acceptance/Start date. For nonseverable RWAs (e.g. projects), that is the date the RWA is digitally signed by GSA. For severable RWAs (e.g. services), that is the start date of the period of performance.

Old versus New fee structure

Can we get a comparison of what costs will be on the old fee structure compared to the new one?

You can find a fee calculator comparison by going to www.gsa.gov/rwa and clicking on the “Policy & Guidance” page where you'll find the Fee Comparison calculator under one of the several communications posted on the site.

What is a stepped fee?

A stepped fee means that the fee rate rises as the project costs increase. For example, a large RWA will have a lower fee *rate* than a smaller RWA. You can find the actual table showing the different fee rates at different dollar ranges at www.gsa.gov/rwa on the Policy & Guidance page.

Why are we reviewing a history of what the fees are and how they have changed?

We often find that customers are confused why they are being charged the way they are. By providing the history and context of why and how fees have been assessed over time, we are being as transparent as possible with our customers, and providing a more thorough understanding of how fees are changing moving forward.

What process did the RWA Fee structure complete to get the required approvals?

This was a multi-year effort led by GSA and ultimately approved by the Office of Management and Budget (OMB). A team representing the RWA Program and OCFO staff identified all indirect costs of regional associates and Central Office associates who handle RWAs ranging from 1% of their annual workload to 100% of their annual workload. Costs other than employees (i.e. IT costs) were also included in the calculation. The total annual costs over the last 5 years was compared to actual fee recovery and efforts were made to identify ways to bridge the gap between actual Program Costs and actual Fee Recovery. Besides a fee structure change, cost cutting and efficiency improvements were also recommended to GSA senior leadership to reduce the overall fee increase necessary. The proposal, once approved by GSA Senior Leadership was presented to GSA's OMB Examiner and after months of meetings and slight revisions to the proposal the final fee structure and other Fee Reform initiatives were implemented.

Why is GSA charging a \$500 fee to install a cypher lock which only costs \$600?

GSA is required to recoup the costs of the RWA Program. We found that we were not fully recovering our costs most often on small dollar RWAs, hence the establishment of a minimum \$500 fee on all RWAs. In this example, an RWA with \$600 in direct costs would incur the \$500 fee for a total authorized amount of \$1,100. This \$500 fee covers the cost of GSA employees working with the

customer to develop requirements, processing and reviewing the RWA, as well as other costs of the Program like maintaining the eRETA application, etc.

What is GSA doing to save the government dollar as GSA fees increase for most RWAs? We can see that the only time these rates are more beneficial to the client are when the RWA cost hits the \$2M RWA threshold.

By not recouping the costs of the RWA Program, GSA has been subsidizing agency appropriations. Recouping the full indirect costs to deliver the Program ensures that agency appropriations are not subsidized and thus used for the purpose designated by Congress. Also the change to the fee structure is just one component of fee reform. Other components leading to RWA Program efficiencies are the mandatory use of eRETA by all customers, GSA's Express Menu of Services, as well as more consistent direct charging for costs not covered by GSA fees. For more information on direct and indirect costs, we would encourage you to visit GSA [PBS's Office of Portfolio Management page](#).

Does the fee structure change on an annual basis?

No, the fee structure has not changed for over 20 years, though we are looking to revise it on a more regular basis going forward.

Is the fee a separate line on the RWA? Or do we just roll it up into the overall cost?

You can find the Summary Cost Estimate / Overtime Utility Estimates in eRETA. The fee ends up being applied on top of expenses above it, and will be included in the total authorized amount on the estimate.

Are we required to pay the \$500 fee up front to establish the RWA?

For non-recurring RWAs above \$2000 (where the flat \$500 fee no longer applies but a fee percentage applies instead), fees are charged as expenses are incurred. For nonrecurring RWAs below \$2000 and all recurring RWAs, the flat \$500 fee is charged during the first billing cycle.

How will the salary cost be covered in the future by the RWA Fee Structure?

The RWA Management fee is meant to capture the salaries of GSA personnel managing/overseeing RWA projects.

Severable RWAs (services like overtime utilities, cleaning, maintenance, etc.)

What do you mean by "Overtime Utility" RWA?

An overtime utility RWA is something like gas, electric, water, etc., which goes beyond what is typically included in your rental agreement with GSA (e.g. more than the standard 10 hours per day). In other words, if you needed 14 hours worth of electricity per day, then you would need an RWA to cover the 4 hours per day that are not already included in your rental agreement with GSA. You should work with your GSA Building Manager to confirm what services need to be provided via RWA.

Does the flat \$500 fee apply to all overtime utilities?

It depends if the overtime utility is a recurring or nonrecurring RWA. If it is a recurring RWA, the flat \$500 fee applies. If it is a nonrecurring RWA, the stepped fee structure applies.

When will we receive recurring overtime utility estimates?

You should receive your estimates for FY2021 in the June-August timeframe. If you don't, we would encourage you to work directly with your GSA Building Manager and/or email the Overtime Utilities Helpdesk at ouet.help@gsa.gov.

Can bundling of overtime utilities occur based on GSA regions? or is this strictly based on the lessor?

Bundling of identical scopes across different locations within a region is possible and handled by each region based on a variety of factors. However, bundling is not permitted across GSA Regions. Additionally, overtime utilities cannot be mixed across leased and owned facilities. We recommend you engage your regional POCs or Client Delivery Teams for assistance.

Can you explain the fee for overtime utilities in more detail? In the past they had a flat fee?

There will still be a flat fee for recurring overtime utility RWAs, but the fee will be \$500 instead of the current \$100.

What type of RWA is used for Overtime Utilities? Recurring R-type?

Overtime utilities in GSA owned space would be R-types (also known as recurring RWAs), which will be charged the flat \$500 fee. Overtime utilities in GSA leased space are typically N-types, which will follow the stepped fee structure.

Nonseverable RWAs (projects like renovations, repairs, alterations, etc.)

Please give an example of something not covered in the RWA Management fee, meaning a GSA employee would directly charge the customer his/her time for the service.

An example would be a GSA Architect doing design work which would typically be done by an A&E contractor. Since GSA is not contracting out the services, we are charging our time directly to the RWA.

Does this new fee structure include Construction Management (CM) services?

The stepped fee structure would be applied on top of contracted construction management costs. However, if GSA is performing those services ourselves (in lieu of a contractor doing it), then we would direct charge for those services.

How do we account for furniture / equipment (e.g. personal property) fees?

Certain limited personal property expenses are not applied to the stepped fee structure. Their costs are added to the total value of the RWA.

Will we be charged for a request for a quote (estimate), before we turn it into an RWA?

No, agencies are not charged for GSA providing an estimate on your RWA Work Request.

Is GSA actively working to reduce the time frame for processing and accepting RWAs? Initially we were told RWAs would be approved within 14 business days.

Yes we are, and actually the timeframe we have communicated to customers is 15 business days from when the customer clicks "Send to GSA" in eRETA and when GSA routes the RWA for signature. In most cases, we are processing, reviewing, and routing RWAs for signature much faster than the 15 business day timeframe, but if you see issues with specific RWAs or GSA regions, please let us know at AskRWA@gsa.gov.

Why does it take so long for IPACs to be received against RWAs?

Customers are not billed until expenses are incurred against the RWA. In other words, if we accept an RWA today but do not execute any of the work until months from now, then you will not see any bills until months from now.

Does the Summary Cost Estimate (SCE) have to be revised if the work request is not accepted until after August 1st?

If we originally estimate for the project thinking that the RWA will be accepted before August 1st, but it ends up being accepted on or after August 1st, then yes we will need to adjust the estimate to line up with the new fee structure. GSA Central Office will be monitoring RWAs that fall under this scenario.

What about a move? Is there a fee on RWAs submitted for a move?

Yes the fee structure applies to move expenses.

What are the components of the monthly RWA expenses?

Monthly expenses are the costs of the actual work delivered during that month (we bill based on the invoices we receive, so it could be a slight time delay), which would include the GSA fees assessed on top of those direct project costs.

Can RWAs cross fiscal years?

Yes, with the exception of R-types (recurring RWAs) and F-types (miscellaneous tasks/services) which cannot cross fiscal years.

Does the 7.8 business for GSA to review, process, and route for signatures include legal review?

Yes, but remember this is an average across all RWAs. Some RWAs are more complex and may take longer to review, process, and route for signatures, just as some may go through the process quicker.

Are the timeframes described in the slide (“Timeframe from Work Request Submission to Acceptance”) in business days or calendar days?

The timeframes referenced on those slides are in business days.

Will billing still occur to collect GSA RWA fees even if the agency never utilizes the services?

Billing occurs as expenses are incurred against the RWA. If we never end up doing any work against it (i.e. \$0 in expenses), then there would be no bills and no associated fees.

Amendments / Cancellations

If an RWA is accepted before the transition date (e.g. under the existing fee structure) but then amended on or after August 1st, which fee structure applies to the amendment?

The fee structure is tied to the original RWA acceptance date, so if the RWA is accepted before August 1st and amended after August 1st, all fees will still be associated with the existing (old) fee structure.

If an additional \$5,000 is needed to an RWA originally accepted for \$1M, would the supplemental RWA fee be calculated based on the smaller supplemental amount or the total project costs?

The fee rate is tied to the Total Authorized Amount on the RWA. An amendment to add funds increases the Total Authorized Amount which *could* put the the RWA in a new fee range, thus decreasing the fee

rate tied to the RWA. This does not necessarily mean that you would pay less for the RWA, but rather that you would be paying a lower fee *rate* on the RWA.

If an RWA is provided and accepted by GSA but the Agency decides to cancel this request, how quickly is the fee returned?

GSA only collects against actual expenditures. If the RWA is cancelled, then the customer would be billed for any services provided, which would include the cost of the service plus GSA fees.

Micro-Purchase Delegation of Authority

Given the \$500 fee for small RWAs, what other options do we have other than GSA?

Customers have the option to use Micro-Purchase Authority assuming they are delegated such authority. You can visit the [Facilities Management](#) page for more information.

Do agencies have the ability to do some small projects/services on their own?

Yes, some agencies are delegated Micro-Purchase Authority. This allows them to procure projects/services themselves up to a certain dollar threshold (\$2,000 for construction, \$2,500 for services).

What is the national Micro-Purchase authority limit?

Currently the Micro-Purchase threshold is \$2,000 for construction and \$2,500 for services.

Is GSA working to have the Micro-Purchase limit for construction increased?

Not that we are aware of, though this would be a decision made by senior management with GSA Acquisition, an office completely separate from our own. The Micropurchase threshold for COVID-related cleaning services was raised to \$20,000. More details can be found at www.gsa.gov.

F-type RWAs

If I have an F-type RWA for miscellaneous services, do I get charged \$500 just to establish the RWA, and then another \$500 for every task ordered against that RWA?

No, F-type RWAs follow the stepped fee structure, so the fee applied is based on the estimated total project costs associated with the RWA. There is not a separate fee assessed on top of each task ordered against the RWA.

If certain regions have F-type RWAs and others don't, why is GSA not providing transparency across all the regions? Who is determining the "type" of RWA, whether it's F or R or N?

All regions should permit F Type RWAs. The difference between an F Type and any other type is that the F Type is intended to be for "unplanned" small tasks (e.g. changing key locks, replacing carpet squares, etc.) that come up throughout the fiscal year. If your request is a true project, this would be on an N-type RWA. An R-type RWA is for recurring overtime utility services.

Tasks come in against my F-Type RWAs numerous times throughout the year. Would I be charged the \$500 fee each time a task is ordered against an F-type RWA?

No, F-types are never recurring RWAs so they would follow the stepped fee structure. As tasks come in against F-type RWAs, customers will be billed the direct cost of those expenses plus the fee rate, which

is tied to the total authorized amount of the RWA. For example, let's say GSA accepted an F-type RWA which had estimated direct projects of \$100,000, meaning the 13% fee rate applies. If a \$10,000 task was ordered against the F-type, the customer would be billed the cost of the work (\$10,000) plus GSA fees ($\$10,000 \times 13\% = \$1,300$), so the customer would be billed \$11,300 for that particular task on the F-type.

Can an F-type RWA be used for overtime utilities?

No, F types may not be used for overtime utilities.

Is the fee rate the same for all F-type RWAs?

No, F-types follow the stepped fee structure so the fee rate will depend on the estimated direct project costs. An RWA with smaller estimated direct project costs will have a higher fee rate than an RWA with larger estimated direct project costs. The various fee rates can be found in the Fee Reform Fact Sheet found at www.gsa.gov/rwa on the "Policy & Guidance" page.

Resources

Where can we find more details on the RWA fees so that I can do some calculations and analysis myself?

All of the details regarding fee reform are included in the five communications we have sent out over the past few months. You can find those at www.gsa.gov/rwa on the "Policy & Guidance" page.

Is the Express Menu of Services available to data entry users in eRETA or only available to GSA?

The Express Menu of Services isn't available to eRETA users. This is something utilized internally by GSA employees. It allows the GSA PM on your project/service to engage in contracts much quicker to streamline delivery and execution of the project/service.

Who should we go to for questions about eRETA?

Please email eRETA@gsa.gov.

Do you have a chart for calculating fees?

The fee calculator can be found at www.gsa.gov/rwa on the "Policy & Guidance" page.

Why does it take multiple tries to connect to eRETA sometimes?

If you are having issues logging in, please email eRETA@gsa.gov. While we might not be able to assist directly (since the PBS Extranet Portal is managed by another group), we will put you in touch with folks that can assist.

Will this video be posted with the original content?

Yes we'll prepare a closed captioned video and post it on www.gsa.gov/ces. Our entire CES video playlist can be watched on our YouTube channel at the following link:

<https://www.youtube.com/playlist?list=PLvdwyPgXnxxXtlR2l3cSAtkf9h32UI3r5>

Where can I find more info about Micro-Purchases?

You can find information regarding Micro-Purchases at www.gsa.gov/ou.