



OFFICE OF FEDERAL  
PROCUREMENT POLICY

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

December 19, 2011

MEMORANDUM FOR CHIEF ACQUISITION OFFICERS  
CHIEF FINANCIAL OFFICERS

FROM: Daniel I. Gordon   
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Controller

SUBJECT: Increasing Opportunities for Small Businesses in Purchase Card Micro-Purchases

Increasing opportunities for small businesses in Federal contracting is a top priority for this Administration. The Office of Management and Budget (OMB), along with the Small Business Administration (SBA), is working with agencies to improve access by small businesses to the Federal marketplace and to increase communications to small businesses about Federal business opportunities. As part of these efforts, Federal agencies are reminded of the importance of considering small businesses when buying goods and services at or below the micro-purchase threshold.<sup>1</sup> Although these low-dollar purchases are not subject to small business set-aside requirements (15 U.S.C. 644(j)), this memorandum serves as a reminder that agency purchase cardholders should consider small businesses, to the maximum extent practicable, when making micro-purchases.

The Federal Acquisition Regulation (FAR) states that use of the Government-wide purchase card is the preferred method for buying these small purchases.<sup>2</sup> As a means for front-line personnel to quickly acquire relatively low-dollar goods and services, the card reduces administrative processing costs and creates efficiency in the procurement process.<sup>3</sup> Agencies already buy a significant amount of products and services from small businesses using purchase cards. Section 1332 of the Small Business Jobs Act of 2010 requires an analysis of small business participation in government wide commercial purchase card micro-purchases, and in fiscal year 2010, according to commercial industry data, agencies used the General Services Administration's (GSA) SmartPay® purchase cards to transact approximately \$6 billion with small businesses at or below the micro-purchase threshold. This level of spending represents approximately 30% of the total annual government purchase card spend. While much of this data is based on merchant business size self-representation, we understand from industry that 70% of the business size information is validated with third party data sources.

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<sup>1</sup> "Micro-purchase threshold" means \$3,000, except it means— (1) For acquisitions of construction subject to the Davis-Bacon Act, \$2,000; (2) For acquisitions of services subject to the Service Contract Act, \$2,500; and (3) For acquisitions of supplies or services that, as determined by the head of the agency, are to be used to support a contingency operation or to facilitate defense against or recovery from nuclear, biological, chemical, or radiological attack, as described in 13.201(g)(1), except for construction subject to the Davis-Bacon Act (41 U.S.C. 428a)— (i) \$15,000 in the case of any contract to be awarded and performed, or purchase to be made, inside the United States; and (ii) \$30,000 in the case of any contract to be awarded and performed, or purchase to be made, outside the United States (FAR Subpart 2.101).

<sup>2</sup> FAR Subpart 13.201(c)

<sup>3</sup> The majority of the 260,000 purchase cards in circulation are in the hands of front-line personnel so they can effectively and efficiently support mission delivery.

Section 1332 of the Small Business Jobs Act of 2010 also requires OMB to issue guidelines to agencies in order to increase small business participation when using the Government-wide purchase card below the micro-purchase threshold. Accordingly, agencies shall update their purchase cardholder training to include appropriate consideration of small businesses and provide appropriate direction to the purchase cardholders at the next practical opportunity but no later than six months from issuance of this memorandum. Additionally, each agency's senior card manager should take advantage of the attached guidelines and reporting tools provided under the GSA SmartPay® program. Based on this information, agencies shall adjust cardholder training as needed to help ensure cardholders continue to place a reasonable proportion of micro-purchases with small businesses, consistent with agency mission support needs.

Questions regarding this issue should be directed to Susan Truslow in the Office of Federal Procurement Policy at [struslow@omb.eop.gov](mailto:struslow@omb.eop.gov), or to GSA's Office of Charge Card Management at [gsa\\_smartpay@gsa.gov](mailto:gsa_smartpay@gsa.gov).

Attachment

## 1. **Strategies for achieving small business participation in micro-purchases using the GSA SmartPay® Purchase Card**

- **Training.** Ensure agency's organization-specific purchase cardholder training programs emphasize consideration of small business concerns when making micro-purchases.
  - Consider using GSA-provided on-line purchase cardholder training available through the GSA SmartPay® website at: <https://training.smartpay.gsa.gov/>.
- **Guidance.** Include consideration of small business sources in agency-specific purchase card policies and procedures:
  - Both GSA Advantage! and DoD e-Mall electronic shopping sites include capabilities to search for small business.
  - Provide information on small business sources available under Federal strategic sourcing initiatives, such as those for office supplies.

## 2. **Management tools to measure small business participation in micro-purchases using the GSA SmartPay® Purchase Card**

GSA SmartPay® customer agency senior card managers can identify small business spend through their servicing bank's Electronic Access System (EAS) and brand tools, provided these tools were included in the agency's task order placed under the GSA SmartPay® master contract. The availability of this data is also dependent upon the degree of access granted to these tools pursuant to each agency's policy. Additional information also can be obtained from government on-line shopping sites, when the purchase card is used to acquire products through these sites.

Available GSA SmartPay and government-managed on-line shopping site resources include:

- GSA SmartPay Contractor Bank Electronic Access Systems (EAS)
  - <https://home.cards.citidirect.com/CommercialCard/Cards.html>
  - <https://gov1.paymentnet.com/>
  - <https://access.usbank.com/cpsApp1/index.jsp>
- Brand Tools
  - Visa Intellilink - <https://intellilink.visa.com/>
  - Visa Information Management (VIM) – <https://informationmanagement.visa.com>
  - MasterCard Enhanced Merchant Reporting (EMR) – <https://cps.mastercardbusiness.com>
- Bank Reports – GSA SmartPay contractor banks can provide agencies with reports addressing the following data elements related to small business spend:
  - Merchant name
  - Transaction amount and number of transactions

- Small business self-representation (noting that commercial data does not necessarily reflect government size standards)
- GSA Advantage! and DoD e-Mall purchasing reports
  - [https://www.gsaadvantage.gov/advantage/main/start\\_page.do](https://www.gsaadvantage.gov/advantage/main/start_page.do)
  - <https://dod-email.dla.mil/acct/login.action?onetimeToken=&username=&CT=1319125509476&=OK&dsrf=/acct/login.action>

While each agency's senior card manager can primarily utilize the reports generated by the brands tools and their servicing banks' EAS to identify small business spend, agencies can gain additional insight into small business spend by reviewing the level III transaction detail data "business disadvantaged" field. Agencies can further analyze small business spend through reporting system queries on merchant names and Merchant Category Codes (MCCs) also provided in the level III transaction data. One form of MCCs applies North American Industry Classification System (NAICS) codes. These codes can be used to determine transaction activity within certain industries.

Questions regarding the use of bank tools and data may be directed to the agency's servicing bank or GSA's Office of Charge Card Management at [gsa\\_smartpay@gsa.gov](mailto:gsa_smartpay@gsa.gov).