



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

THE DIRECTOR

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M-25-31

MEMORANDUM TO THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Russell T. Vought
Director

A handwritten signature in blue ink, appearing to read "R. Vought", written over the printed name and title.

SUBJECT: Consolidating Federal Procurement Activities

On March 20, 2025, President Donald J. Trump issued Executive Order 14240, *Eliminating Waste and Saving Taxpayer Dollars by Consolidating Procurement*, to ensure common goods and services are acquired in the most efficient and effective manner possible for the American taxpayer. The order directs a series of actions to consolidate domestic Federal procurement of common goods and services in the General Services Administration (GSA) to eliminate waste and duplication while enabling agencies to focus on their core mission of delivering the best possible services for the American people.

The Appendix to this memorandum provides guidance to support the successful implementation of the Executive Order and optimization of contract value through smart, aggressive consolidation of buying activities for common goods and services. The activities are focused on two workstreams: (1) increased agency use of centralized contracts managed by GSA, especially for widely available commercial products and basic services, and (2) centralization in GSA of procurement functions currently decentralized across departments and agencies whenever such centralization promotes greater economy and efficiency.

Agencies should work proactively with GSA and OMB to implement these workstreams and fully leverage GSA's expertise and statutory role as the Federal Government's core buyer for addressing prevalent and repetitive needs.

Appendix

Appendix

Guidance to Implement Executive Order 14240: Eliminating Waste and Saving Taxpayer Dollars by Consolidating Procurement

In President Trump's first term, OMB issued Memorandum M-19-13 to help the Federal Government leverage its buying power and achieve savings for taxpayers commensurate with its posture as the largest buyer in the world. The memorandum formalized the use of category management, where teams of experts help the Government buy as an organized entity, rather than as thousands of independent buyers, in common categories of spending, such as information technology, professional services, medical supplies and security and protection.

Organized buying has allowed the Government to send strong demand signals and increase the impact of Federal acquisition to advance national priorities.¹ Cumulatively, through agency use of "best-in-class" contracts² and other government-wide contracts, the Federal Government has saved almost \$100B and is projected to continue avoiding costs at a rate of about \$10B per year at current spending levels.

GSA has played a central role in the successful implementation of category management, leading seven of the 10 categories of common spend. Use of GSA's Best in Class contracts (BICs) and other government-wide contracts has produced significant savings and cost avoidance, including an average savings rate of 38% for certain types of IT hardware and savings of \$150 million in FY 2024 for identity protection services.³ Despite GSA's successes, less than 20 percent of common spend currently goes through GSA.⁴ These savings levels can be significantly increased through smart consolidation efforts that further reduce redundant or otherwise inefficient procurement activity.

¹ Common spend covers a wide range of requirements needed by multiple agencies, from those that are easily defined and can be satisfied by the simple purchase of off-the-shelf commercial commodities, such as office supplies, to more complex or specialized requirements, such as for medical, security, logistics, or technical and engineering services that may necessitate heightened and ongoing involvement of the funding agency's program office throughout the acquisition lifecycle, from development of the acquisition plan and evaluation of offerors to management of the contractor.

² BICs are contracts that have adopted exemplary stewardship practices, including strong vendor management and analysis of prices paid data for evaluation against commercial benchmarks.

³ GSA's recent work to leverage their expertise in the negotiation of agreements for common licenses with original equipment manufacturers promises to help the Government overcome numerous challenges and inefficiencies, including pricing inefficiencies, when agencies with less expertise and market insight seek to negotiate independently through resellers. GSA projects that consolidating the acquisition of Microsoft Office 365 services in GSA could result in more than \$100M in savings per year.

⁴ In FY 2024, \$78.2B went through GSA vehicles and \$16.3B was awarded by GSA on behalf of the funding agency (i.e., an "assisted acquisition").

Guidance

In accordance with Executive Order 14240, OMB and GSA will work closely with agencies to significantly increase consolidation efforts in an orderly manner that fully leverages GSA's expertise and statutory role as the Federal Government's core buyer for addressing prevalent and repetitive needs.

Many, but not all, common requirements are highly suitable for consolidation. See Figure 1.

Figure 1: Requirements Centralization Suitability Continuum



Priority attention will be given to requirements that:

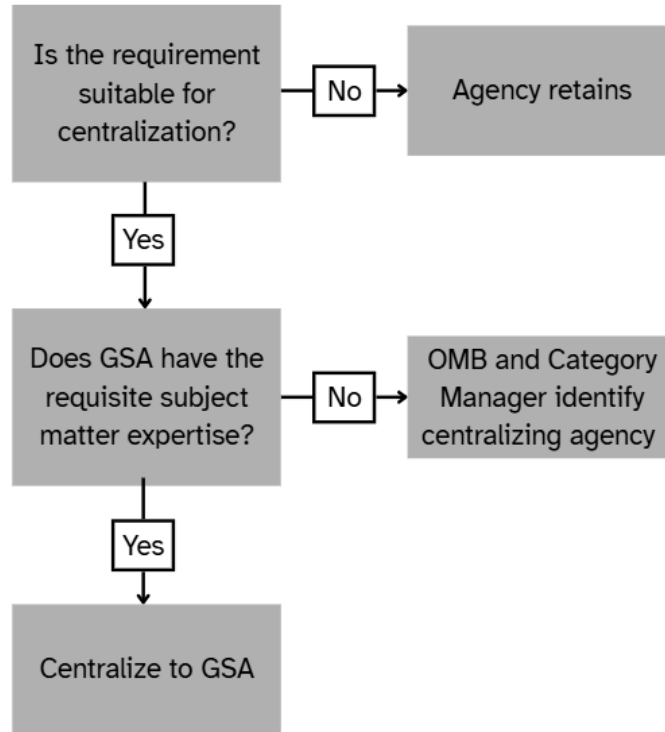
- do not vary based on the mission of the agency;
- involve highly commercialized products and services acquired without any customization;
- are easy to standardize; and
- allow achievement of economy and efficiency through reduced variation in offerings and services.

Lower priority will be given to requirements where economy and efficiency is more difficult to achieve through consolidation, such as for requirements that:

- are similar across agencies, but exact needs differ from one agency to another and may require some customization; and
- are of a sufficiently complex or mission-specific nature where contract performance is likely to involve ongoing engagement between buying and program offices.

For requirements that involve specialized knowledge and skills that reside outside of GSA, but the requirement is still appropriate for consolidation, consideration will be given to centralization at an agency with the requisite knowledge. See Figure 2 below.

Figure 2: Procurement Centralization Decision Tree



Consolidation efforts will proceed along two workstreams. The first workstream will focus on efforts to consolidate through centralized contracting using category management principles. The second workstream will focus on opportunities to consolidate through centralization of procurement functions at GSA, at either the requirements level (e.g., for certain types of common software licenses) or organizational level (e.g., for an agency or organizational component). Both workstreams will include the use of appropriate accountability metrics to ensure best value is being achieved and to allow timely adjustments in buying strategy as necessary to optimize good results. As explained below, centralized contracts will be required to meet BIC accountability measures or suitable alternatives. Centralized procurement functions will require service level agreements and performance monitoring.

1. Increased use of centralized contracts.

- a) *Using government-wide contracts first.* Memorandum M-19-13 institutionalized category management as a framework for the agencies to buy as “one government,” using common contracts to achieve economies of scale and reduce acquisition lead-time. Common sense dictates that agencies should routinely use existing government-wide contracts that can meet their needs before undertaking the time and expense of creating a new contract on the open market. The Federal Acquisition Regulation (FAR) currently encourages, but does not require, the use of existing government-wide contracts before an agency goes to the open market to award a new contract.⁵

⁵ FAR 8.004.

Accordingly, the Federal Acquisition Regulatory Council (FAR Council) intends to develop model deviation text within 60 days to optimize use of existing contracts. The text, which will be issued as part of the Revolutionary FAR Overhaul,⁶ will amend FAR 8.004 to state that if a commercial product or service meeting the agency's requirements is available on an existing contract awarded for government-wide use by GSA or another agency, the agency must use the existing contract vehicle instead of awarding a separate new contract, unless the head of the agency provides an exception. Within 30 days after the guidance is issued, agencies should issue deviations to implement the guidance.

- b) *Identifying new opportunities for centralized contracts.* Memorandum M-19-13 established the Category Management Leadership Council (CMLC) to help OMB set strategic direction for the Federal Government to buy as an organized entity. The memorandum also established a government-wide Category Management Program Management Office (CM PMO) in GSA to regularly analyze common agency spend in 10 categories (see Attachment) and help government-wide category managers work with agency solution providers to improve existing government-wide contracts and create new ones that incentivize the best contractors to maximize value for taxpayers.

Accordingly, within 60 days, each government-wide category manager will coordinate with the CM PMO to review existing common spend and make recommendations to the CMLC and the Office of Federal Procurement Policy (OFPP) on spend areas that would be suitable for greater consolidation through the award of new centralized government-wide contracts or modification of existing government-wide contracts with appropriate direction to mandate their use by buying offices across the federal enterprise.

To assist OMB and GSA in evaluating the best centralization strategies and the optimal level of involvement by the funding agency, the category manager should identify which one or more of the consolidation suitability characteristics enumerated above describe the requirements underlying their recommendation(s).

OFPP will work with GSA and the other CMLC members to review the category managers' recommendations and prioritize suitable opportunities for greater use of centralized buying, such as through mandatory government-wide contracts that meet the "best-in-class" contract criteria.⁷ The specifics of the centralization strategy and the role for the funding agency will depend on the nature of the requirements. For example, GSA could manage a mandatory BIC for highly standardized needs, such as office supplies, basic laptop computers, common software licenses, or mail delivery services that would require only limited input from the funding agency's acquisition office or might even be acquired by GSA on all agencies' behalf. (See the discussion below for additional

⁶ OMB Memorandum M-25-26, [Overhauling the Federal Acquisition Regulation](#).

⁷ These criteria include rigorous requirements definitions and planning, appropriate pricing strategies, data-driven demand management, category and performance management, and independent validated reviews.

management considerations for consolidation of procurement functions in GSA.) By contrast, for complex requirements, such as network infrastructure, construction services, or logistics support services, GSA might manage a mandatory BIC that includes basic terms and conditions and allows warranted contracting officers and their integrated product team from the funding agency to negotiate customized requirements and terms to support the agency's mission.

2. Centralization of procurement functions.

Centralization of procurement functions for the acquisition of common goods and services can promote economy and efficiency for requirements that may be more effectively negotiated and managed by one organization, by eliminating duplicative efforts, and by enabling agencies to focus on their core mission. At the same time, some requirements may involve complexities that lessen their suitability for acquisition and management by a central organization that is not responsible for the agency's mission. For example, challenges may arise where the requirement involves specialized mission knowledge, urgent response, or continuous involvement of the program office throughout the acquisition lifecycle. OMB seeks to ensure that there is confidence by the funding agency and assurance by GSA that transition of any particular buying function will result in increased economy and efficiency and not in long-term mission disruption. Before concurring in the transition of procurement functions, OMB will work with GSA to evaluate the suitability of such transition by the agency, taking into account information provided in the agency's transition plan submitted to GSA and the following considerations:

1. **Capacity Assessment:** How GSA will scale capacity to include the necessary personnel, technology, and financial resources to support operations and increased demand.
2. **Cost Efficiency:** How assumption of a given buying function will provide economy and efficiency beyond use of an existing centralized contract that allows the agency to conduct streamlined and simplified buying.
3. **Risk Management:** How GSA plans to address risks identified by the agency associated with having requirements (especially mission critical services of a specialized or complex nature) awarded and administered by an organization that is not directly responsible for the funding agency's mission.
4. **Performance Monitoring (GSA Measuring & Reporting):** GSA's planned mechanisms to continuously monitor its performance, which would include, but not be limited to addressing procurement acquisition lead time (PALT) and procurement cycle time, cost to spend ratio (total cost of acquisition divided by total spend on procurement), cost savings, order accuracy, and customer agency satisfaction.

5. **Service Level Agreements (SLAs):** GSA's plan for interagency agreements and SLAs, including what GSA plans to negotiate with each agency to ensure the centralized procurement and contracting function through GSA is meeting agency expectations and mission requirements.
6. **Budget Impacts:** GSA's short- and long-term plan to recover costs through centralization of the procurement function, including documentation of how each agency's plan for centralization of the procurement function through GSA impacts the agency's budget.

Agencies should consider opportunities for greater centralization of procurement functions within the agency to gain additional efficiencies where transfer of procurement functions to GSA would not be suitable.

Additional actions

OMB will review and update, as appropriate, its category management policies in Memorandum M-19-13, to ensure effective alignment with E.O. 14240 and the consolidation principles addressed in this guidance. This includes review of governance structures and the role of the category manager. Pursuant to E.O. 14275, Restoring Common Sense in Federal Procurement, and OMB Memorandum M-25-26, the FAR Council is returning the FAR to its statutory roots. Most non-statutory regulations will be removed from the FAR, other than those essential to sound procurement, allowing the workforce to spend less time on compliance and give greater attention to practical and manageable pathways to acquisition solutions. Category managers and agency category leads will play a vital role – as business advisors and experts in federal market buying trends – in helping to shape and maintain buying guides that track to the most popular common spend categories and making sure the acquisition workforce has access to the best contract solutions, business intelligence, and resources.

Effective implementation of the workstreams outlined above should help GSA optimize value for the American taxpayer and improve the efficiency and effectiveness of acquisition activities across the Federal Government.

Attachment

Attachment

Fiscal Year 2024 Total Spend in Categories of Common Goods and Services

Government-Wide Common Spend Categories, FY 2024: **\$488.9B**

Facilities & Construction	\$128.6B	Human Capital	\$6.8B	Industrial Products & Servic..	\$15.2B
Facility Related Services	\$83.7B	Talent Development	\$5.7B	Machinery and Components	\$3.9B
Construction Related Services	\$39.1B	Talent Acquisition	\$584.8M	Test & Measurement Supplies	\$3.5B
Construction Related Materials	\$3.7B	Strategy, Policies, and Operation..	\$392.0M	Basic Materials	\$3.3B
Facility Related Materials	\$1.2B	Human Capital Evaluation	\$98.6M	Hardware & Tools	\$2.2B
Facilities Purchase & Lease	\$866.6M	Employee Relations	\$9.4M	Industrial Products Install / Mainten..	\$1.4B
		Compensation and Benefits	\$40.8K	Fire/Rescue/Safety/Environmental ..	\$694.0M
				Oils, Lubricants, and Waxes	\$167.1M
IT	\$82.1B	Medical	\$78.3B	Office Management	\$2.6B
IT Professional Services	\$46.6B	Healthcare Services	\$46.7B	Furniture	\$1.1B
Products	\$19.4B	Drugs and Pharmaceutical Produ..	\$24.1B	Office Management Services	\$734.9M
Capability As a Service	\$16.1B	Medical Equipment and Accessori..	\$7.5B	Office Management Products	\$675.0M
Professional Services	\$123.0B	Security and Protection	\$10.4B	Transportation & Logistics S..	\$40.1B
Management & Advisory Services	\$52.0B	Security Services	\$6.2B	Transportation of Things	\$13.1B
Technical & Engineering Services	\$33.9B	Security Systems	\$4.0B	Fuels	\$11.9B
Social Services	\$11.0B	Ammunition	\$78.7M	Logistics Support Services	\$9.8B
Research & Development	\$10.9B	Protective Apparel and Equipment	\$63.5M	Motor Vehicles	\$4.2B
Business Administration	\$5.5B	Weapons	\$46.1M	Transportation Equipment	\$728.3M
Financial Services	\$4.2B	Security Animals & Related Svcs	\$30.4M	Package Delivery & Packaging	\$366.1M
Marketing & Public Relations	\$3.8B				
Legal Services	\$1.7B				
		Travel	\$1.8B		
		Passenger Travel	\$1.0B		
		Lodging	\$363.9M		
		Travel Agent & Misc Svcs	\$286.1M		
		Employee Relocation	\$88.8M		