

IT firms that have little or no state and local business stand to gain from the bill, but those that already contract with such entities are understandably reluctant to have their local markets opened up to all schedule vendors.

In addition, some firms that are on the GSA schedules oppose the idea of extending to state and local governments the same discounts they offer their federal customers regardless of the size of the contract.

One industry source said that the IT firms with the most to gain from this idea are those in Davis's congressional district looking to establish a presence outside the Beltway.

"Come on, we've worked hard to develop our markets and don't think it's fair that Congress would for no good reason subject us to the added competition," the source said.

South Dakota-based Gateway 2000 and Compaq of Houston, Texas, supported repeal of the cooperative purchasing program. Representatives of the two firms declined to comment on the Davis proposal before it is drafted and thoroughly analyzed.

### Small Business Angle

Cooperative purchasing is viewed by some as a small business competitiveness issue. Last year, small businesses that supply emergency and safety equipment to state and local governments and pharmaceutical suppliers spearheaded the campaign to repeal cooperative purchasing, saying it would force them to

compete against large companies whose lower prices they could not meet.

Small companies contend that there is no need for a new federal channel, since there already is intense competition for local government IT work, and prices are already low.

These groups oppose even a limited pilot program geared toward IT products for fear it would be just a first step.

Kenton Pattie, president of the National Center for Fair Competition and a strong opponent of cooperative purchasing, said IT firms should ask themselves the following:

— Are you willing to sell nationwide to federal agencies to gain access to your local government market?

— Are you willing to pledge your lowest prices to any government or local school board regardless of the size of the contract?

— Does it bother you that Congress might help billion-dollar IT companies get direct access to your local customers?

In addition, critics say state and local governments are already realizing some of the benefits of such a program through other means without incurring the unintended results.

## Labor Standards

### OMB Developing Template for Project Labor Agreements

The Office of Management and Budget is developing a "template" for federal agencies to use in developing guidance to implement the president's June 1997 memorandum on use of project labor agreements in federal construction contracts, according to government and industry sources (67 FCR 679).

As a result, the General Services Administration and the Defense Department—the only two agencies that have issued guidance on the president's memo—may have to revise their guidance (68 FCR 482).

The administration's proposed action was prompted by complaints from the AFL-CIO that GSA's guidance was not as supportive of PLAs as the labor group would have liked, sources said.

Sources said the OMB guidance should be ready in time for the president's Jan. 27 State of the Union address or Vice President Gore's upcoming speech at the AFL-CIO's executive meeting later this month.

Meanwhile, controversial proposed changes to the governmentwide procurement regulation regarding contractors' labor relations practices are still being debated within the administration. The proposed changes would affect Parts 9 (regarding contractor responsibility) and 31 (regarding the allowability of costs incurred in litigating collective bargaining and labor relations matters) of the Federal Acquisition Regulation. Contractors, and some in the government, oppose being saddled with yet another nonprocurement requirement. They say that government contracts should not be the vehicle for advancing the administration's socioeconomic policies.

—Leroy H. Armes