

# Federal Procurement Consolidation: OMB's New Guidance for Greater Centralization

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The Office of Management and Budget (OMB) has released new guidance in the push to consolidate federal procurement activities. The guidance, which expands on Executive Order 14240, aims to reduce waste and duplication by prioritizing use of governmentwide acquisition contracts (GWACs) and centralizing commercial acquisitions within the General Services Administration (GSA), as much as possible.

## Why Consolidate?

It is often said that the federal government is the world's largest buyer. That should equate to a lot of leverage. But federal procurement is generally fragmented across numerous agencies, with the left hand often not knowing what the right is doing. By consolidating procurement activity as much as practicable, OMB hopes to leverage the government's buying power, reduce costs, and allow agencies to focus on their core missions.

Greater consolidation has been a key feature of the category management initiatives formally inaugurated by the Obama Administration. The policy, however, has been around much longer and is the animating principle behind the creation of the Federal Supply Schedules and the GSA itself back in the 1940s.

## Two Main Workstreams

The OMB guidance sets out two main workstreams for centralization: (1) Increased use of centralized contracts (like GWACs and the Federal Supply Schedule) for widely available commercial products and basic services; and (2) increased centralization in GSA of procurement functions currently decentralized across agencies. The guidance recognizes that not all acquisitions will be suitable for consolidation, and not all procurement functions can be centralized in GSA. None of this is news to anyone who has been watching the procurement policy space for the last six months.

What is new is a list of actions that should occur over the next 60–90 days and a clearer vision of what lies ahead:

- Within 60 days, the FAR Council will issue new text for FAR 8.004, requiring “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.” Under the current FAR 8.004, agencies are merely “encouraged” to do this. OMB expects agencies to implement the proposed FAR 8.004 by class deviation within 30 days of its issuance by the FAR Council.
- Within 60 days, a review will be undertaken to recommend areas suitable for greater consolidation through the award of new GWACs or the modification of existing GWACs. This review will include recommendations for

making the GWACs mandatory, when appropriate.

- OMB will study how best to centralize procurement functions in GSA. OMB states it will not concur in the transfer of a procurement function from an individual agency to GSA, unless “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.” OMB highlights six particular considerations that will be part of this analysis. These include whether GSA has the capacity to manage each new procurement function—a true cause for concern given significant personnel losses and widespread reports of lack of capacity at GSA in recent months.

Time will tell how these initiatives will play out and how successful they will be, particularly with rumors of staffing crunches at GSA. What seems clear, though, is that holding a Federal Supply Schedule contract will be table stakes going forward and that the real winners will have the right—potentially GSA-issued—GWACs in their portfolios.