

FAQ: Are all government contracts competitively bid?

Not all government contracts are subject to fully open and competitive bidding. In many cases, contracts are set aside for specific types of firms in order to advance the government's goals of protecting and assisting historically disadvantaged groups. In these cases, there may still be competition among the smaller universe of eligible firms.

Pursuant to federal regulations and policies and individual agency goals, the government can designate certain solicitations as fully competitive and open to any bidders, or as set-asides for only certain types of firms representing disadvantaged groups. In some cases, there can even be a mix of the two, known as a "partial set-aside," in which only a portion of the awards under a solicitation or program will be set aside and the rest will be fully open for competitive bidding.

When special needs arise, the government can also bypass competitive bidding altogether and issue "sole source" awards, as long as it satisfies certain requirements to justify this exception to the normal procurement process. Sole source awards come up when there is only one firm that meets the needs of the agency, perhaps because of special concerns related to specific technologies or in the context of national defense. Sole source awards can also be given to certain disadvantaged businesses through set-aside programs such as the 8(a) Business Development program.

Agencies can also issue what are known as "bridge" contracts. When an existing contract is terminated or there is not enough time to go through the formal solicitation process before goods or services are needed, an agency can issue a short-term bridge contract to ensure continuing performance until a longer term award is granted after competitive bidding and a thorough review of proposals.