



**US Army Corps
of Engineers®**

Office of The Principal Assistant Responsible For Contracting (OPARC)

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The Government Purchase Card was adopted to replace the paper-based, time-consuming purchase order process, thereby eliminating procurement lead-time, providing transaction cost savings, reducing procurement office workload, and facilitating timely payment. The use of the purchase cards throughout the Government has increased efficiency and accountability and paved the way for other electronic commerce methods.

Evolution of the Government Purchase Card:

The program has undergone a number of changes over the years since its inception in 1989. The idea of using the purchase card began in 1982. An executive order was issued which proposed using charge cards to cut purchasing costs. The Department of Commerce tested a card pilot in 1986, and GSA awarded a governmentwide contract in 1989. The initiative gained some momentum through the National Performance Review, as one of the reform recommendations was to expand the use of the purchase card for small dollar items, i.e. micropurchases.

As we all know, the 1994 Federal Acquisition Streamlining Act (FASA)

was a major driver of reformed purchasing and contracting procedures in the Federal Government. This law, in essence, revised more than 225 statutory rules and introduced innovative procurement techniques. It encouraged agencies to rely on commercial, off-the-shelf products-instead of those designed to Government-unique specifications and simplified procedures for buying those items. It also reduced requirements for contractors to submit cost data and exempted small purchases under \$2,500 from certain procurement requirements.

Thus, the law established a simplified acquisition threshold of \$100,000 and waived certain laws for procurement pilot programs, making more contracts accessible to small and disadvantaged businesses. It also amended the process for resolving protests and contract disputes, and required agencies to develop and implement a computer network architecture for conducting procurements electronically. The revamping of the source selection process, increased flexibility in small purchases, and emphasis on electronic commerce significantly, created an environment which boosted the purchase card program in the Federal Government.

Average purchase card purchases range from \$300 to \$350. The cards are used widely for information technology

(printers, software, or other materials that may be required for special, deadline impacted project work or routine daily operations), stationery (such as for special presentations and brochures, or for more routine office use), and all ranges of office supplies. We are using the cards to expedite purchases of lumber, hardware, and furniture and for many other items.

The U.S. Government's purchase card program, now has realized about \$700 million in savings since its inception 7 years ago. The purchase card is increasingly being applied governmentwide and is helping to transform government into a more agile, responsive and interactive entity during times of scarce resources and streamlining.

Where is the Purchase Card being used effectively?

Currently, there are over 340,000 cardholders throughout Federal offices and agencies, thus, the growth in use and purchases made has been significant across the Government.

This is significant when considering the impact of purchase card purchases in relation to total procurement volume governmentwide. GSA's Office of Electronic Commerce noted that although small purchases under \$2,500 are only about 2% of the total Government purchase amounts, they comprise about 85% of total procurement volume. Larger purchases (greater than \$25,000) comprise approximately 90% of the total procurement dollar amount, while only involving 2% of the procurement

actions. As the bulk of the procurement workload is concentrated in processing the large volume of small purchases, increased purchase card use has had a significant impact in reducing this processing time. In this sense, we have seen the most effective use of the cards, which resulted in the dramatic reduction in administrative processing time and costs associated with this procurement workload.

Just remember, next time you are deployed, don't leave CONUS without it.