

What Is the IFF?

IFF stands for Industrial Funding Fee.

The IFF is a slight bump in your rates that you collect and then, four times each year, send to GSA. The IFF money that GSA collects from its contract-holders funds GSAAdvantage.

Here's how it works. Let's say that your proposed rate (for anything, don't worry about if it's a good or a service) is \$100.00 before you factor in the IFF. For most GSA schedules, the IFF factor (rate) is $\frac{3}{4}$ of one percent...or .0075.

You don't want to fund that out of your own pocket, of course, so you include the IFF factor into the rates that you propose to GSA. To do that, you divide your proposed rate of \$100.00 by .9925, and you get a proposed rate to GSA, with the IFF, of \$100.76:

\$100.00 (your original proposed rate to GSA) + **.76** (the IFF factor of $\frac{3}{4}$ %) = **\$100.76**, the final proposed rate to GSA with the IFF.

Let's say that the rate of \$100.76 is an hourly rate for a programmer and this rate ends up in your GSA contract and, by extension, on your listing at GSAAdvantage.

Now, let's say that you get a contract with some federal agency and the eventual contract includes 256 hours of that \$100.76-per-hour labor category. Great! This means that you will earn \$25,794.56.

But the $\frac{3}{4}$ % IFF factor is included in that \$25,794.56:

$$\$25,794.56 \times .0075 = \$193.46$$

Once the government agency that contracted with you pays you \$25,794.56, you pull \$193.46 out of that \$25,794.56 and keep it in a special account. Every three months, you give whatever is in that account to GSA.

You've then paid the IFF to GSA. Of course, the money really came from the federal customer who paid you \$25,794.56, right? Right! So, you didn't really pay the IFF, your government customer with whom you've got your contract paid it. You just collected it and passed it along to GSA.

And, that's the IFF!