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**Comments on Proposed Revisions to OMB Circular A-76
from Art Smith
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The proposed revisions are very well thought out, and if implemented will significantly increase the degree of competitiveness and entrepreneurship in government service provision. I would note in particular the proposed timelines for A-76 studies, and the exposure of ISSAs to full-cost competition, as very beneficial. I would like to offer a few suggestions for alternative approaches, and note several areas where clarification of OMB's intent might be helpful. These items follow.

Alternatives

1. The 12-month overall timeline for a typical study is realistic and attainable. However, I do have reservations about the proposed distribution of time. In many cases, the solicitation should be ready for release in less than the eight months allowed. Four months from issuance of solicitation to performance decision, on the other hand, is very aggressive; it is actually a shorter timeframe than many agencies would employ for a non-A-76 acquisition. I recommend retaining the 12-month timeline, but letting the agency determine the distribution of time: e.g., eight months to solicitation release and four to decision; seven months to solicitation release five to decision, etc. The timeline for each study would be included in the FedBizOpps announcement, and the agency would be required to notify OMB one month before the scheduled solicitation release if they were not on schedule. This approach would give the agencies more flexibility, but not increase the timeline beyond the 12-month proposal.
2. The proposed Circular appears to exclude local national employees employed at U.S. facilities overseas. However, our firm has successfully completed competitive sourcing studies which included local national employees, at overseas locations for the Army, Navy, and State Department. The Air Force has also completed such studies. There are significant savings and service improvements to be obtained through such studies, and I believe OMB should encourage these efforts. If OMB's concern is that foreign national employees might bear the brunt of an agency's competitive sourcing focus, a simple control would be that the percentage of local national FTE in an agency's competitive sourcing plan for a given year should not exceed the percentage that local national FTE comprise of that agency's commercial FTE.
3. Under the current rules, once an A-76 study is announced, the MEO cannot assume contracting out of existing in-house work where adverse impact on employees would result. However, the new language (Page B-9, paragraph 3.2.(4)) which states that "New contracts shall not be created as part of MEO development," is very restrictive, and limits the Government's ability to reengineer. I recommend that the MEO be allowed to create new contracts (e.g., by combining existing contracts, or contracting out work which would be performed by currently vacant positions) so long as no current employees are adversely impacted.
4. A Source Selection Board does not typically have the resources or expertise to conduct an IR-like review, and the in-house organizations are not as adept at proposal preparation as their private sector competitors. Eliminating the IR entirely in the Standard Cost Comparison will simply push more problems into the appeals process. I recommend that an IR-like process to review the agency tender be established as support to the Source Selection Board. Problems in the agency tender identified by the IR would be addressed through the normal proposal clarification/discussion process, and

in the same timeframe as discussions with private offerors. This will retain the acceleration of the A-76 process desired by OMB (i.e., by conducting the IR concurrent with, rather than prior to, the Source Selection effort), but detect more of the problem areas prior to the appeals process.

5. I recommend that the new rules for Standard Cost Comparisons be applied only to studies announced after January 1, 2003. The 12-month timeline is attainable if an agency can plan for it, but to convert an ongoing study, planned and resourced under the old A-76 guidelines, to the new rules in mid-study would create numerous implementation challenges. A more feasible solution for in-progress studies might be: if the solicitation is already issued at the time the new Circular is effective, the Performance Decision must be made in six months from that date; if the solicitation is not issued the Performance Decision must be made within 12 months.
6. The proposed 15 working day timeline for completion of Business Case Analyses is very aggressive. This does not allow adequate time for resolution of workload problems, researching existing contracts and establishing their comparability, etc. I recommend that this timeline be increased from 15 to 30 working days.

Clarifications

1. Page B-8, Paragraph C.3.a.(2) states that "The ATO shall develop an Agency Tender that responds to the requirements and bid structure stated in the solicitation." What does the "and bid structure" mean? Is the intent that the In-house Cost Estimate be subdivided in some manner, so that the government can reflect its cost for each CLIN in Section B?
2. Page B-5, Paragraph C.2.a.(1), refers to "releasing the QASP". Does OMB intend to make release of the QASP to all offerors mandatory? Currently, many agencies treat the QASP as an in-house management tool, and will not release it, as a matter of policy.

Thank you for the opportunity to comment. I look forward to the release of the new Circular.

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