Internal Revenue Service
DEPARTMENT OF THE TREASURY

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Office of Competitive Sourcing

IRS A-76 Primer

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INTRODUCTION

The August 1983 Office of Management and Budget (OMB) Circular No. A-76, "Performance of Commercial Activities," established Federal policy for the performance of recurring *commercial activities (CA)*. On May 29, 2003, OMB issued a revised circular – a major step and one of the pillars to fulfill the Bush Administration's promise of better management in Government.

> ***"Government should be market-based—we should not be afraid of competition, innovation, and choice. I will open government to the discipline of competition."***
>
> ***George W. Bush***

The Government has long relied on the private sector to provide needed commercial services. The concept of CA dates back to 1955 when the Bureau of the Budget announced a national policy to rely on the private sector for goods and services whenever proper and economical to do so. The program has changed and grown throughout the years and emphasis has fluctuated with various administrations, but the basic policy of relying on commercial sources for products and services has not changed.

According to the President Management Agenda, increased competition consistently generates significant savings and noticeable performance improvements. For example:

- Recent competitions under OMB Circular A–76 have resulted in savings of more than 20 percent for work that stays in-house and more than 30 percent for work outsourced to the private sector.
- From 1995 through 2000, the Department of Defense (DoD) completed over 550 A-76 initiatives, which resulted in an average 34 percent reduction in cost. DoD expects to achieve $11.7 billion in savings as a result of A-76 competition between 1997 and 2005.
- Numerous studies conducted by the General Accounting Office (GAO,) the Center for Naval Analyses, and others confirm the magnitude of these savings.
- Competition promotes innovation, efficiency, and greater effectiveness. For many activities, citizens do not care whether the private or public sector provides the service or administers the program. The process of competition provides an imperative for the public sector to focus on continuous improvement and removing roadblocks to greater efficiency.

By focusing on desired results and outcomes, the objective becomes identifying the most efficient means to accomplish the task.

With few exceptions, activities that provide products and services can be classified into one of two categories: commercial or governmental in nature. CAs are functions that provide products or services available from private sources. Governmental functions are those, which are not suitable for performance by private sources due to law or exercise of governmental discretion.

The CA program emphasizes competition of CAs with the private sector to determine the most efficient and cost-effective means of providing required services.

The CA program is used as a tool for managers to make their organizations more efficient and to make better use of dwindling resources. In addition to the encouragement of competition, a fundamental requirement of the CA program is that an activity may not be converted from in-house to contract performance or from contract to in-house performance without conducting a cost competition (unless it qualifies for one of many the many exceptions listed in the circular.

The circular also establishes a policy that governs the competitive force of these *commercial activities* and requires agencies to:

- Identify commercial and inherently governmental activities
- Perform governmental activities with federal personnel
- Use private-public competition to determine if government personnel should perform a commercial activity
- Apply Federal Acquisition Regulation (FAR) to appropriate competitions and comply with procurement conduct rules
- Designate an agency official responsible for implementing the circular and hold them accountable
- Centralize oversight responsibility of competitions
- Develop government cost estimates for competitions using standard costing software
- Track the execution of competitions
- Assist adversely affected federal employees

Now, you're probably thinking, why is this happening to me? It is important to remember that this has been occurring, in some shape or form, since 1955. The Department of Defense (DoD) has been following the circular for quite some time, and, as shown in the examples below, many civilian agencies are currently also engaged in the competitive sourcing process:

- Graphics activities, human resources, and payment processing at the Department of Energy
- Archaeological services (in the southeastern United States) at the Department of the Interior
- Office automation support for the Department of Commerce
- Library services and graphics arts at the Department of Health and Human Services
- Order fulfillment, inventory management, logistics and warehousing for IRS publications at the Department of the Treasury
- Immigration information services, marine navigational aides, and public works at the Department of Homeland Security

- Nationwide test administration at the Office of Personnel Management
- Automotive maintenance and repair activities at the Department of Justice
- Maintenance and light construction activities at the Department of Agriculture
- Information technology, vessel maintenance, and the Federal Aviation Administration's automated flight service stations at the Department of Transportation.

The final decisions for many of these have yet to be determined; however, the result, i.e., whether to perform the work in-house or by contract, will be a more efficient and cost effective operation for the taxpayer. This isn't to say that you're not currently doing a good job, it's just that by going through Most Efficient Organization (MEO) development surfaces efficiencies that are often overlooked.

The table below depicts the number of full time equivalents (FTE) performing commercial activities that were reported to OMB, by agency, in FY 2002.

Figure 1 – FTEs Performing Commercial Activities (FY 2002)

Agency*	Total Workforce	Total # of FTEs Performing Commercial Activities	Total # of FTEs Performing Commercial Activities Available for Competition	% Of Workforce Available for Competition
USDA	98,500	46,500	35,600	36
DOC	26,500	8,400	4,800	18
DOD	596,600	410,700	270,600	45
ED	4,700	3,100	2,900	62
DOE	15,100	7,800	4,700	31
EPA	17,400	600	400	2
HHS	64,900	31,400	11,200	17
HUD	9,200	8,000	3,600	39
DOI	70,200	33,900	23,000	33
DOJ	132,100	10,600	3,400	3
DOL	16,400	6,200	2,600	16
State	10,400	2,300	1,000	10
DOT	64,600	38,400	11,900	18
Treasury	118,100	27,100	18,400	12
VA	221,500	190,500	7,600	3
AID	2,000	600	300	15
Army Corps (Civil)	27,900	23,300	16,500	59
GSA	14,100	6,300	5,200	37
NASA	19,000	7,400	3,400	18
NSF	1,200	500	200	17
OPM	3,000	1,700	600	20
SBA	4,200	3,000	2,900	69
Smithsonian	4,500	1,300	0	0
SSA	63,900	11,100	4,000	6

Note: The figures in this table represent a rough OMB estimate based on initial 2002 inventory submissions to OMB. These figures do not reflect workforce restructuring associated with the creation of DHS. DHS represents approximately 135,200 positions.
*Agency figures may not reflect the inspectors general inventory, which may be reported separately form the rest of the agency. This is the case, for example, with USDA, DOD, EPA, HUD, DOI, DOT and SBA.

Figure 2 below further summarizes each agency's competitive sourcing plans. As you can see by the examples of commercial activities included in the Competition Plan, you and the IRS are not alone.

Figure 2 – Summary of Agency Competitive Sourcing Plans

Agency	# Of Positions in Completion Plan	Examples Activities included in Competition Plan	Examples of Commercial Activities EXCLUDED from Competition Plan
USDA	5,822	– Data center activities – Loan operations – Administrative support – Equipment operations – Road maintenance – Maintenance, repair & minor construction of real property – Fleet management services & motor vehicle maintenance	– Data collection & analysis for regulatory and program management – Program planning & support for regulatory and program management – Systems design, support & computer programming services – Compliance operations for regulatory and program management – Insurance analysis for regulatory and program management – Food and drug testing and inspection services
DOC	1,203	– Administrative support – Security – Publications – Graphics – Information technology services	– Systems design, development & programming services – Data processing services – Data center operations
DOD	67,800	– Administrative support – Aircraft maintenance – Audiovisual – Facility operations & maintenance – Information technology – Logistics – Supply & transportation – Storage, warehousing & distribution – Vehicle operations & maintenance	– Inspector general audit operations – Ordnance activities – Basic training & training of military doctrine or tactics – Selected research & development activities – Selected activities that provide combat support & combat service support
ED	220	– Human resources services – Payment processing	– Management evaluations/audits for investigations – Performance audits for investigations – Public affairs/relations
DOE	1,180	– Information technology services – Logistics – Financial management – Graphics – Human resources/training – Headquarters civil rights review	– Power marketing administrations
EPA	215	– Human resources services – Payment processing – Risk analysis	– Computing services & database management – Administrative support – Special studies & analysis – Program monitoring & evaluation

Purpose

This primer introduces key concepts and provides a general overview of the A-76 processes for Internal Revenue Service (IRS) employees and how these might affect you. These processes include the following:

- Inventory Process
- Public-Private Competition Process (Streamlined and Standard)
- Cost Estimation Process.

We encouraged you to review the complete A-76 Circular, available from the Office of Management and Budget (OMB) website (www.omb.gov) for more detail. A-76 activities of the Internal Revenue Service (IRS), along with information helpful to IRS employees affected by A-76 activities, are also available on the IRS Office of Competitive Sourcing (OCS) website on the IRS Intranet.

Old vs. New Circular A-76

As noted, OMB issued a revised Circular A-76 in May 2003. Your next question might be, "What is the difference between the old and the new circular?" The table below provides you with a summary of what has changed.

Figure 3 – Comparison of Old and New Circular A-76

Issue	Old A-76	New A-76
Focus of policy	Competition cited as underlying element of policy, but preference for private sector performance	Emphasis on best results for the citizen through transparent & fair competition processes (i.e., not outsourcing). Continued recognition of important role played by private sector
Use of direct conversion & streamline procedures	Direct conversion of work to private sector permitted, primarily for activities involving less than 10 FTE. Streamlined public-private competition allowed	Direct conversions eliminated and replaced by versatile streamlined competition process requiring consideration of both in-house and private sector providers. Agency must document actions on standard form & certify decision is cost-effective.
Basis for selecting Providers	Decisions generally made based on low cost.	Creation of "tradeoff" source selection process to allow tradeoff between cost & quality in IT procurement &, with agency approval, other services.
Consideration of deficient offers	Guaranteed consideration of in-house offer. NO guaranteed consideration of private sector offer with deficiencies.	Express right to exclude either in-house or private sector offer if materially deficient, but agency must ensure in-house offer gets full opportunity to be considered & devote additional resources if this will enable submission of a more competitive offer.
Timeframes for conducting competitions	No mandatory timeframes for conducting competitions/	12-month timeframe for standard competitions with 6-month extension for complex competitions. Timeframes do not apply to preliminary planning, which is emphasized by Circular to ensure effective & considered application of competition.
Accountability	Private sector sources held accountable, but only limited post-competition accountability for in-house providers.	Centralized oversight to promote sound & accountable decision making & post-competition accountability rules for both sectors (e.g., performance standards and quality assurance surveillance plans required for public & private providers).
Reporting requirements	Some reporting.	Expanded reporting to measure results (e.g., estimated & actual cost of performance must be tracked).
Development of workforce inventories	No requirement to justify classification of activities as inherently governmental or as commercial but not suitable for competition.	Increased visibility into government management. Requirement to identify inherently governmental activities & justify determination. Reason codes (rationale) for govt. performance of commercial activities, or decision to make activity available for competition, may be challenged.

THE FAIR ACT INVENTORY PROCESS

The Federal Activities Inventory Reform (FAIR) Act of 1998 (Public Law 105-270) requires most agencies, including IRS, to prepare a FAIR Act *inventory*. A FAIR Act inventory is a list of government personnel, by location, function (section), and position, who perform commercial activities. The Office of Management and Budget (OMB), through Circular A-76, also requires agencies to provide an inventory of *inherently governmental activities* performed by federal employees. OMB also provides information on how to prepare and submit the inventory through its annual inventory guidance.

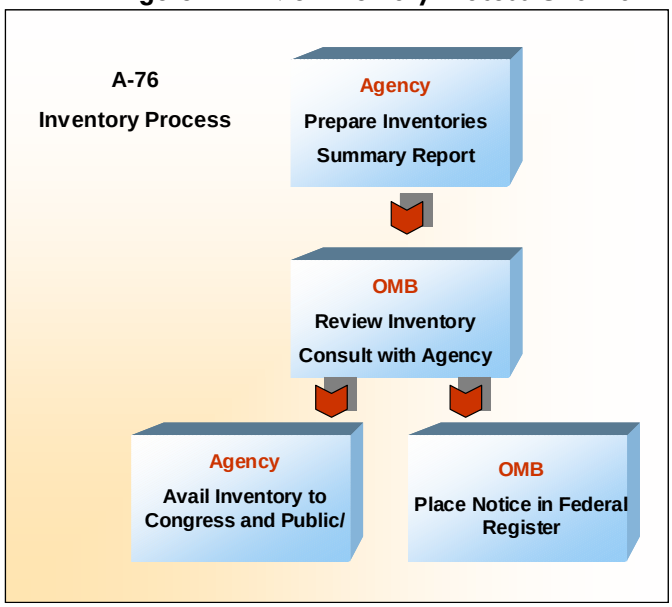
The Fair Act and OMB Circular A-76 stipulate that once a year agencies prepare and submit to OMB the following inventory information:

- Agency inventory of commercial activities performed by government personnel
- Agency inventory of inherently governmental activities performed by government personnel
- Inventory summary report.

As you can see in Figure 4, the process of creating, reviewing and publishing an agency inventory follows a very strict process.

An agency must submit its inventories and the summary report to OMB via e-mail by June 30. Upon receipt, OMB reviews both agency inventories and consults with the agency regarding their contents. Following this review, OMB publishes a notice of availability in the Federal Register, and the agency makes the inventory and the summary available to the public and Congress. The specific data formats that must be used for the annual inventories, along with the type of data to provide are posted on the OMB website (http://www.omb.gov/).

Figure 4 – A-76 Inventory Process Overview



Circular A-76 prescribes the format of the Inventory Summary Report. As discussed, activities performed by you or other government personnel can be grouped into two categories—inherently governmental activities and commercial activities. The designation of government personnel performing inherently governmental activities must be justified and must be based on the set of criteria presented in the circular.

An agency must also explain why its commercial activities should be performed by federal employees. It does so by using six reason codes for commercial activities. These are shown in Figure 5 below.

Figure 5 – Reason Codes

Code	Definition
A	The commercial activity, or function, is not appropriate for private sector performance pursuant to a written determination by the CSO.
B	The commercial activity is suitable for a streamlined or standard competition.
C	The commercial activity is the subject of an in-progress streamlined or standard competition.
D	Government personnel perform the commercial activity as the result of a standard or streamlined competition (or a cost comparison, streamlined cost comparison, or direct conversion) within the past five years.
E	The commercial activity is pending an agency approved restructuring decision (e.g., closure, realignment).
F	Government personnel due to a statutory prohibition against private sector performance perform the commercial activity.

Commercial activities may be subject to a competition

Commercial activities are products or services that can be obtained from a commercial source – for example, activities that are listed in the yellow pages. Commercial activities fall into two categories:

- Functions performed in-house by Federal personnel, or
- Contracted activities provided by contractor personnel.

OMB defines commercial activities as anything that can be, could be, or should be contracted. Federal Acquisition Regulations (FAR) 2.101 contains further information regarding the definition of commercial activity. For additional information about the FAR, visit the Department of State's Acquisition web site at www.statebuy.gov for links to the FAR.)

Inherently Governmental Activities are not subject to competition

Only public employees can perform inherently Governmental activities and tasks, which usually involve significant discretion (subjective judgments) that

- Bind the government to a particular course of action
- Involve the control or disbursements of property or funds.

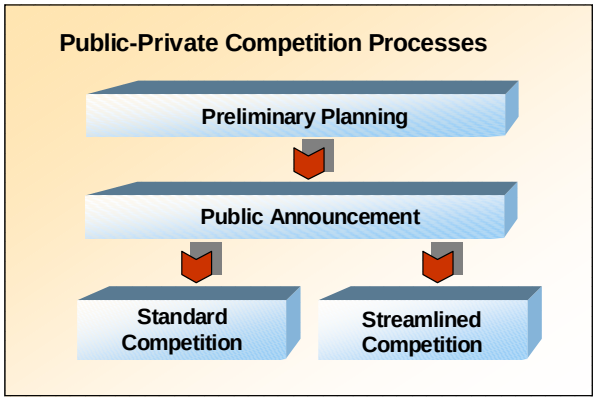
Evidence of inherently governmental activities usually involve signature authority in terms of approving of funds, policies, or government authorities such as appointing foreign service officers.

PUBLIC PRIVATE COMPETITION

Competing for commercial activities involves a formal evaluation of sources that could provide a commercial activity. The process entails pre-established rules presented in the Federal Acquisition Regulation (FAR) and Circular A-76.

Competition, as defined in Circular A-76, can be accomplished using either the *streamlined* or the *standard* competitive process. Either type requires preliminary planning and an announcement to the public (see Figure 6. In general, the decision to use a standard or streamlined competitive process depends on the scope and specific attributes of the study, including the number of personnel, Full Time Equivalents (FTE), performing the commercial activity.

Figure 6 – Overview of Competition Process

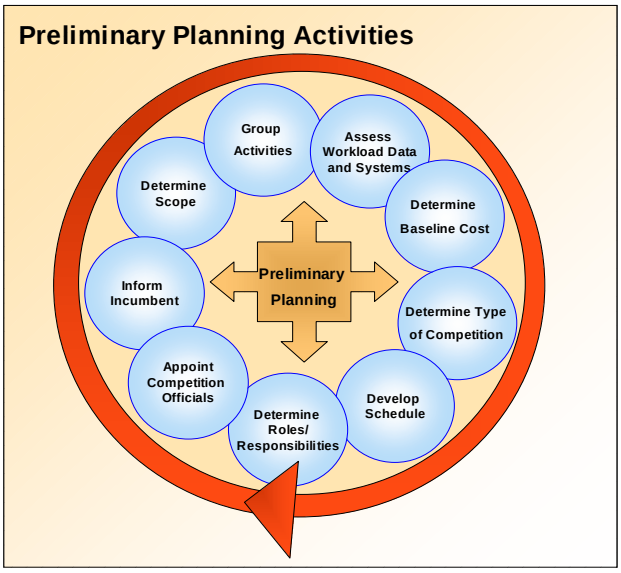


Preliminary Planning

Before an A-76 study or competition officially begins, the IRS takes several steps to plan for the study. These steps are shown in Figure 7 and include:

- Decide which activities and how many workers to study. This is called the *scope* of the study.
- *Group* the functions under study into business units.
- Examine *workload data* and perform-*ance standards* to ensure that the data is available, valid, and quantifiable. If the data is not available, then a collection system must be established.
- Determine the current cost of the activity. This is called establishing the *baseline*.

Figure 7 – Preliminary Planning



- Select the *type* of A-76 study to use. The types of studies are:
  - Standard Study for functions with more than 65 employees
  - Streamlined Study for functions with 65 or fewer employees.
- Develop a *schedule* for the study that accomplishes the following:
  - Establish planned and actual completion dates
  - Define the *roles and responsibilities* for members of the study team.

So far we've identified the function, determined the scope and type of study, and established a schedule. Now we determine who participates in the study.

Competition officials are named by the *Competitive Sourcing Officer* (CSO). The CSO may also appoint competition officials for streamlined studies. The most important duty of the competition official is to keep the study on schedule and make sure that the A-76 rules are followed. Their role is essentially the same as an umpire in a baseball game.

So, the next question is who are the officials? They include, but aren't limited to the following:

- The ***Agency Tender Official*** (***ATO).*** This person is a government official who has the power to make decisions and is independent of the study team and other competition officials. The ATO also certifies the *Most Efficient Organization* (*MEO)*, which is the government's bid, or *tender*, for the competition. By certification, we mean that this person insure that the MEO is capable of meeting the requirements of the PWS.

- The ***Contracting Officer (CO.)*** This person is responsible for the contractual aspects of the competition process, e.g., issuing the solicitations and awarding contracts. As with any official, the CO must follow the rules of A-76 and federal contracting. Federal contracting rules are known as the *FAR*, or *Federal Acquisition Regulation.*

- The ***Performance Work Statement (PWS) Team Leader.*** This person selected the PWS team members who are responsible for developing the PWS. The PWS is a document that describes the work to be done, the equipment and facilities provided, the performance standards, transition timeline, and the requirements of the quality control and transitions plans. The PWS Team Leader also helps the CO with the contract, or solicitation, and the final decision.

- The ***Human Resource Advisor*** (***HRA).*** This individual is on the MEO Team and is independent of the CO and PWS Teams. The HRA helps workers, who are under study, by explaining their rights. Some of these rights are placement, reemployment, and right of first refusal. The right of first refusal is used if a contractor wins the study. The right of first refusal means that if the contactor wins, they must offer the current government workforce positions before they

hire someone off of the street. The HRA also helps the MEO Team write and classify new position descriptions and develop a transition plan. The transition plan describes how the government will transition into the new organization, which will be either the MEO or contractor.

- **The *Source Selection Authority (SSA).*** The SSA is responsible for decisions during the source selection. The SSA follows the FAR rules and determines the winner of the competition.

Make Public Announcement

So far, we have notified OMB of the inventory (functions that are commercial in nature), determined the study method, performed our preliminary planning, and selected the competition official. Now it's time to announce the study.

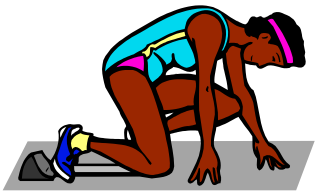
Announcement Components

- ***Agency***
- ***Agency Component***
- ***Location***
- ***Type of Competition***
- ***Activity being completed***
- ***Incumbent service provides***
- ***Number of government personnel performing the activity***
- ***Name of the CSO, CO and ATO***
- ***Projected End Date of the Competition***

So, when does the study start? Any A-76 study officially starts when the agency makes a *public announcement*. This is done at the local and national levels and signifies the *start date* of the competition. Generally, the he agency places a notice of the study on the Federal Business Opportunities (FedBizOpps) website (*FedBizOpps.gov*). The formal public announcement specifies which activities and how many workers are under study. It also supplies other important information about the CO, ATO, locations, and the *End Date* for the study; however, this isn't the only announcement. If it is canceled after the initial public announcement of the study, the CO posts a cancellation notice, with the reason, on the *FedBizOpps* website. The HRA notifies directly affected employees of the cancellation.

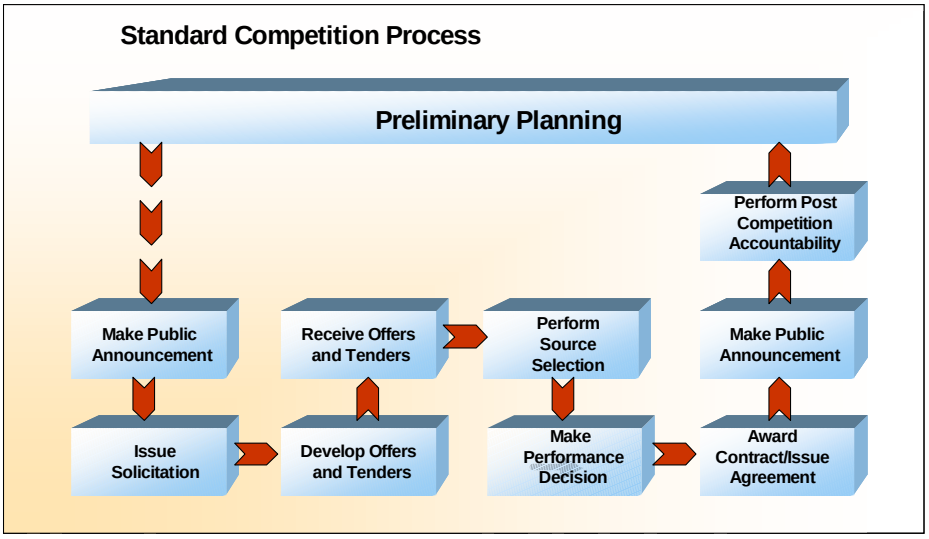
Another public announcement is posted locally and on the FedBizOpps website once the competition is completed and a performance decision has been made. Certifying the appropriate competition forms signifies that a performance decision has been made and that the competition has ended.

STANDARD COMPETITION PROCEDURE



The public announcement has been made and it is time to start the formal study. As we mentioned above, there are two competitive procedures: the Standard Competitive procedure, and the Streamlined procedure. First, you need a little more detail on the *Standard Competitive Procedure,* as depicted in Figure 7. Remember this procedure must be used by an agency when, on the start date of the competition, more than 65 worker, or *Full Time Employees (FTE),* are performing the commercial activity. It's important to note that the time limit for a standard competition is 12 months from date of the public announcement. If the agency feels that the competition will be complex, it may ask for an additional six months, or 18 months total. However, this request must be made before the public announcement. Because of this very short duration, everyone must work as a team.

Figure 8 – Overview of Standard Competition Process



Preliminary Planning

Remember, during the planning step that occurs before any A-76 study or competition begins, the agency has already evaluated the scope of the study, established the cost in the form of a baseline, and determined that a standard study is necessary, based on the number of FTEs performing the commercial activity. It also has developed a schedule for the study and has assembled a study team. (See page 8 for more details on preliminary planning.)

Make Public Announcement

An announcement at the local or national level, i.e., on the *FedBizOpps* website is made to inform the public the agency' intent to perform an A-76 study. This public announcement provides basic information about the study and explains which activities and how many workers are under study. (See page 10 for more details on public announcements.)

Develop and Issue Solicitation

The announcement that was made provides very little detail for the current workforce (MEO team) and the contractor to develop their proposals. All of this information comes from a document know as a solicitation. It's the CO responsibility to issue a *solicitation* that promotes fair competition and follows the FAR rules. As soon as the PWS is complete, it is posted for the MEO Team and private contractors. In addition to the PWS, The solicitation also lists the closing date for bids, the evaluation process, and how the service provider is chosen. Sometimes, a draft is posted first to invite public review and comments.

The solicitation defines the *Period of Performance (POP)*. I know what you're thinking, another acronym. The POP is the length of time that the contract covers. For a standard competition, the POP must be at least three years.

The solicitation also can address specific information about government property, common costs (C*ommon costs* are also called "wash costs" and are the same no matter who is selected as the new service provider), and incentive and award fees (Incentive and award fees are ways the service provider may be rewarded with additional money). The agency must decide if it will allow the new service *provider to* use government property.

Solicitation Content

- ***Acquisition Process and Source Selection Provisions***
- ***Solicitation Provisions***
- ***Evaluation Factors***
- ***Closing Date***
- ***Compliance Matrix***
- ***Performance Period***
- ***Government Furnished Property***
- ***Common Costs***
- ***Performance Bond***
- ***Incentive Fee***
- ***Award Fee***
- ***Phase in Plan***
- ***Quality Control Plan***

As you can see in the table to the left, the solicitation consists of several parts. One very important part of the solicitation is the *Phase-in Plan*. The agency, e.g., IRS, requires the service provider (MEO or contractor) to outline how they will take over the work in the PWS with a minimum of disruption. The phase-in plan also describes how the service provider (MEO or contractor) will hire and train workers and handle the security needs of the agency. It is important that the service provider offers smooth phase-in that does not cause the IRS to suffer a loss of service.

The solicitation also includes a requirement for a service provider (MEO or contractor) to develop, and submit, a *Quality Control Plan*. This plan serves as a self-inspection plan and describes the internal staffing and the procedures that will be used to meet the service delivery requirements (performance standards) in the PWS (e.g., quality, quantity, and timeliness)

Finally, the PWS Team writes a *Quality Assurance Surveillance Plan* that describes how the agency will monitor the service provider and specifies methods for measuring the provider's performance. This is necessary to ensure the work is carried out correctly and according to the requirements presented in the solicitation.

Develop Offers and Tenders

So far a lot of work has been accomplished; however, there is much more to do. Once a solicitation is issued, any *service provider* (MEO or contractor) interested in performing the work develops a response to the solicitation. There are three types of responses:

- Agency tender
- Private sector offer
- Public reimbursable tender.

The *agency tender* is the government's offer to accomplish the work. This would be considered the MEO's bid. It includes the details of the MEO, a cost estimate, a Phase-in-Plan (sometimes referred to as a Transition Plan), and a Quality Control Plan. The MEO describes how it will staff the new organization, its new and better ways to do the work in the PWS, and position descriptions for the MEO workers. The cost estimate, developed using the *COMPARE* costing software, tells the CO how much it will cost the government if the MEO won the competition. The Quality Control Plan describes how the *MEO* will ensure the work is done correctly. It is very important for the MEO Team to keep the agency tender (their bid) secret so that other interested bidders (contractors) do not learn its details. The MEO must follow the rules of the solicitation to make a bid.

Private sector offers are made by the private sector that includes contractors or other companies that want to perform the work. These offerors must follow the rules of the solicitation to make a bid.

A *public reimbursable tender* may be made by another government agency interested in the work. This type of tender requires a cost estimate, phase-in plan (sometimes referred to as a Transition Plan), and quality control plan and must also follow the rules of the solicitation.

Offers and tenders are submitted to the CO in sealed packages by the solicitation closing date. Great, you've delivered the MEO offer; now it's time to wait, however, don't think that things aren't happening in the meantime. Remember, the study isn't over, and it stay on schedule. Let's see what happens next.

Receive Offers and Tenders

Once the offers and tenders are received, the contracting officials must examine them to make sure they meet the agency's needs. If they do not, or if no satisfactory private sector offers or public reimbursable tenders are received, the agency must decide whether the solicitation needs to be changed and reissued, or if the MEO's bid should be accepted. A public announcement describes the reasons the MEO's bid was accepted if no other reasonable offers or tenders (bids) are received. If this is the case, congratulations, you've won the competition! If all of the bids are acceptable, we move on to the next step, performing source selection.

Perform Source Selection

When making the decision on the new service provider, the agency adheres to very strict rules. The IRS must use one of the following two procedures to conduct the standard competition:

- Sealed Bid Acquisition
- Negotiated Acquisition.

In the *sealed bid procedure*, the CO opens all bids (offers and tenders) and selects the one with the lowest price. This one is entered into the *Standard Comparison Form (SCF)*. The standard cost comparison form is the form that is generated from COMPARE, once all of the MEO's costing information is entered. The offers and tenders are examined to make sure they are acceptable. The CO then makes the decision by certifying the SCF.

The *negotiated acquisition* is more complicated. The CO may make a decision based on the technically acceptable, lowest price bid, on a phased approach, or based on tradeoff. Let's look at each one individually:

- In the ***Lowest Price Technically Acceptable Source Selection***, the CO evaluates all bids (offers and tenders) for technical acceptability. A decision is then based on the lowest cost of all offers and tenders that are deemed technically acceptable.
- In the ***Phased Evaluation Source Selection Process***, the CO first decides which offers are acceptable (Phase 1), and then evaluates cost during Phase 2 through price analysis. The decision is based on the lowest cost of all technically acceptable bids (offers and tenders). Responses to solicitations utilizing a phased evaluation procedure are submitted in two separate parts – the technical proposal and the cost proposal.
- In the ***Tradeoff Source Selection***, the IRS may also pick an offer based on weights assigned to evaluation factors and sub-factors, including cost. In this procedure, the agency must follow the FAR rules and choose an offer that is within its budget.

For all types of contract the IRS must ensure that in evaluating responses, conducting exchanges, and handling perceived material deficiencies, FAR rules are being followed. It must also decide if the price of the offer or tender is reasonable. This is called cost realism. After completing and certifying the SCF, the agency makes its final decision.

Make Performance Decision

Now it's time to decide on the outcome. The CO must follow the selection process and FAR rules when deciding the winner of the competition. This is done after the Source Selection Authority (*SSA*) and CO certify the completed SCF. Signing the SCF certification signifies a *performance decision* and is considered the *end date* of the standard competition. Remember, the SSA is a competition official with decision-making authority who is responsible for source selection as required by the FAR and OMB Circular A-76. The SSA and CO may be the same individual.

Make Public Announcement

Now that the winner has been identified, IRS formally announces the study decision to the public at a local level and on the FedBizOpps website. The CO also offers the opportunity for a debriefing to all respondents (bidders) and the *directly affected government personnel*. There is no release of secret, or proprietary, information from the bidders to the public. This means that all of the MEO's good ideas stay with the agency.

Award Contract or Issue Agreement

So far the CO has made the decision, made the public announcement, and now it's time to award the contract or issue agreement. The CO implements the performance decision by making the award or issuing an agreement in one of three ways:

1. If a private contractor has won the competition, the CO awards a contract that follows FAR rules. The contract includes the *right-of-first refusal*, a FAR clause that protects the rights of the current workers.
2. If another government agency, or public reimbursable source, has won, the CO issues a *fee-for-service agreement*. This means that one agency performs the work and another agency pays the fee.
3. If a decision was made in favor of the MEO, the CO establishes a *MEO Letter of Obligation* that assigns responsibility of MEO performance to an agency official. All of your hard work has paid off, and it is time to time to implement the MEO.

Perform Post Competition Accountability

A lot has been accomplished over the past year; however, there are still a few things left to do. After the competition ends, the IRS disseminates and tracks certain information about the competition and monitors its implementation. First, the IRS shares the lessons learned and its best practices from the study with the rest of the government by posting them on SHARE A-76!, the Department of Defense's A-76 knowledge website. This allows other agencies to improve their studies.

Post Competition Activities

- ***Post Best Practices and Lessons Learned***
- ***Track Execution of Competition***
- ***Submit Sourcing Quarterly Report***
- ***Monitor Performance***

The IRS must also track the execution of all its streamlined and standard competitions in a database. OMB provides guidance on the type and format of data agencies must track for each competition. The agency tracks information for each unique competition in real time from announcement to the end of the performance period and maintains relevant historical records.

Every quarter, the IRS must issue a report on its A-76 studies to OMB. This *Competitive Sourcing Quarterly Report* is posted on the OMB website and provides information about the status and decisions of ongoing and completed competitions.

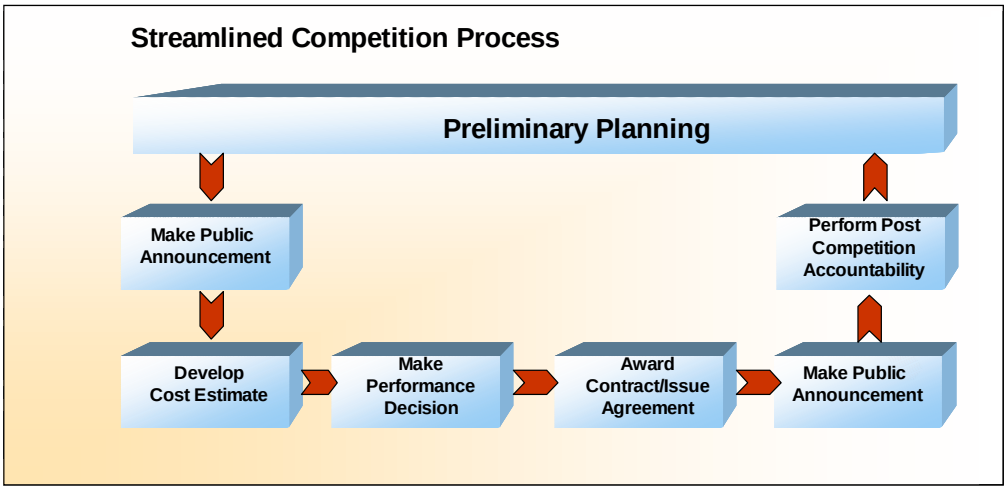
After the decision, the IRS must also monitor the performance of the private contractor, the public reimbursable agency, or the MEO. The IRS must ensure that the quality of work meets the agency's requirements and performance standards. In addition, costs are tracked on the SLCF or SCF. Through monitoring, the IRS can determine if it is satisfied with the new service provider and is saving money.

At the end of the contract or agreement period, the IRS may choose to start a new competition or extend the contract. The IRS may also terminate the contract or agreement at any time if the new service provider is failing to perform satisfactorily.

STREAMLINED COMPETITION PROCEDURE

We have discussed the standard competition above. We will now look at how to do a *Streamlined Competition. Streamlined Competitive Procedures,* as depicted in Figure 8, can be used by an agency when, on the *start date,* the *commercial activity* (function) of the agency is performed by no more than 65 *FTEs.* This procedure can also be used if the function is performed by either a private sector or public reimbursable source, and the agency *cost estimate* or *agency tender* will include a total of 65 FTEs or fewer.

Figure 8 – Overview of Streamlined Competition



Preliminary Planning

As with the standard competition, the streamline competition starts with Preliminary Planning. During the preliminary planning step that occurs before any A-76 study or *competition* begins, the agency has evaluated the *scope* of the study, established the cost in the form of a *baseline*, and determined that a streamlined study is appropriate, based on the number of FTEs performing the *commercial activity (function)*. It also has developed a *schedule* for the study and has assembled a *study team*. (See page 8 for more details on preliminary planning.)

Make Public Announcement

Again, as with the standard competition, prior to commencing any A-76 study, the agency's CO makes a *public announcement* at the local or national level, i.e., on the *FedBizOpps* website. This public announcement explains which activities and how many workers are under study and provides basic information about the study. Just like in the standard competition, a study can also be cancelled by posting a cancellation notice, with the reason, on the *FedBizOpps* website. (See page 10 for more details on public announcements.)

The time limit for a streamlined competition is 90 calendar days from the public announcement to the performance decision. You'll notice that this is significantly less than the 12 months for the standard competition. The CSO may grant a time limit waiver for no more than 45 days, for a maximum of 135 calendar days, if the agency will create a *Most Efficient Organization (MEO)* or issue a solicitation for private sector *offers*. If the agency feels that the competition will require even more time to complete, it can either convert the

streamlined competition to a standard competition or request a waiver.

Develop Cost Estimate

You've done your preliminary planning and made you public announcement, now it's time to develop you cost estimate. Following the public announcement, the agency must decide who can accomplish the work at a lower cost: the government (current workforce) or a private company. The IRS must prepare a *cost estimate* for each one. This is you do it:

- First, the agency calculates how much it will cost if the government continues to do the work for a minimum of 3 *performance periods*. The agency may estimate the cost by looking at data from the current organization or it may develop a MEO.
- Next, the agency calculates how much it would cost a private company to perform the work. They may also determine the same for another government agency, or *public reimbursable source*. The IRS can do this by looking for documented market research or asking companies to bid or propose their price.

Finally, the agency uses its estimates to complete the *Streamlined Cost Comparison Form (SLCF)*. The estimates on the SLCF are adjusted and certified. This form is used to make the final decision for the study.

Make Performance Decision

It's time to decide on the outcome of the study, but before reaching a decision, the IRS has three different people certify the SLCF. Once this certification is complete, the current service provider, or function, is also allowed to review the form. This review is required for ethical reasons and to ensure procurement integrity and adherence to federal standards of conduct rules. As with the standard competition, the IRS announces the study decision to the public at a local level and on the *FedBizOpps* website (http://www.fedbizopps.gov). The public may also request to review the SLCF, but no proprietary information contained in any support contracts is released.

Award Contract or Issue Agreement

Now that the decision has been made, the CO is responsible for making the award or issuing an agreement. If a private contractor has won, the CO makes a contract award. This contract will also include the *right-of-first refusal*, a *FAR* clause that protects the rights of the current workers.

If another government agency, or public reimbursable source, has won, the CO issues a *fee-for-service agreement*. This means that the one agency will do the work and the other agency will pay the fee.

Perform Post Competition Accountability

Following the award, the IRS takes several steps in ensuring accountability of all competition:

- First, the IRS must share the *lessons learned* and its *best practices* from the study with the rest of the government by posting it on the *SHARE A-76!* website (http://emissary.acq.osd.mil/inst/share.nsf), the Department of Defense's A-76 knowledge website.
- The IRS must track the execution of all its streamlined (and standard) competitions in a database.
- The IRS must enter information for each unique competition from announcement until the end of the performance period.
- It must maintain historical records relating to each competition.
- Every quarter, the IRS must issue a report on its A-76 studies to OMB. This *Competitive Sourcing Quarterly Report* is posted on the OMB website and provides information about the status and decisions of ongoing and completed competitions.

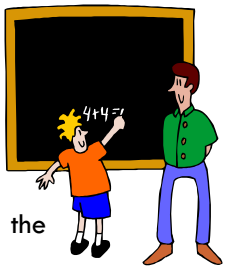
Post Competition Activities

- ***Post Best Practices and Lessons Learned***
- ***Track Execution of Competition***
- ***Submit Sourcing Quarterly Report***
- ***Monitor Performance***

In addition to ensuring the accountability of all competitions, the IRS must monitor the performance of the private contractor, the public reimbursable agency, or the MEO. The agency assures quality to ensure that the work is being performed according to the performance standards. In addition, costs are tracked on the SLCF or SCF. By doing this, the IRS determines if it is satisfied with the new service provider and is saving money.

At the end of the contract or agreement period, the IRS may choose to start a new competition or extend the current contract or agreement. The agency may also terminate the contract or agreement at any time if the new service provider, MEO, public reimbursable source or contractor, is failing to perform satisfactorily.

Calculating Competition Cost



Circular A-76 provides very specific guidance for public-private competitions, including procedures for agencies to estimate the full cost of performance. It explains what cost information to use in completing the Standard Competition Form (SCF) or Streamlined Competition Form (SLCF). For example, the circular defines the type of costs that can and cannot be included in the cost estimate and how to account for inflation. Agencies must adhere to these guidelines. The following are highlights of the instructions provided in the Circular to estimate cost:

- Agencies must use COMPARE, the costing software to develop cost estimates and generate the Standard Competition Form (SCF) or the Streamlined Competition Form (SLCF). This software is maintained by the Department of Defense and incorporates the appropriate costing procedures from the circular. The system performs the necessary calculations based on general data, such as inflation cost factors, tax rates, and wage rates, but the agency must determine and manually enter agency-specific cost data. COMPARE can be used for both standard and streamlined competitions and is available through the SHARE A-76! website.
- Cost estimates for public reimbursable tender is calculated following the rules of the public-private competition, but the Contracting Officer (CO) determines the cost adjustments that need to be made.
- Some costs must be excluded from the cost estimates. These include the costs for conducting the competition, the retained rate of basic pay for civilian employees, and certain agency separation incentive pays.
- For standard competitions, an agency must determine a conversion differential that is added to a non-incumbent's cost of performance.
- The performance periods used by public reimbursable sources must be identical to the performance periods specified in the solicitation and reflected on the SCF.
- All line entries on the SCF and SLCF must be rounded to the nearest dollar.
- Cost estimates for other Federal agencies must include a phase-in cost.
- Annual pay raise assumptions and inflation factors must be based on OMB's transmittal memorandum published in the Federal Register.
- Agencies must use standard A-76 costing factors presented in the A-76 Circular to calculate cost estimates. These factors fall into two categories, pay and non-pay, and come from different sources, including OMB Transmittal Memoranda, OMB Circular A-76, the Social Security Administration, and Internal Revenue Service.
- Standard Competitions require the completion of SCF; Streamlined Competitions require completion of SLCF. Certification and completion requirements vary between the two forms.

ACRONYMS AND GLOSSARY

This section provides acronyms and definitions of terms that are commonly used when discussing A-76 activities. The definitions in the glossary are those presented by OMB in Circular A-76.

Acronyms

ATO	Agency Tender Official
CA	Commercial Activities
CO	Contracting Officer
CSO	Competitive Sourcing Official
FAIR	Federal Activities Inventory Reform
FAR	Federal Acquisition Regulation
FedBizOpps	Federal Business Opportunities
FTE	Full Time Equivalent
GAO	General Accounting Office
GFP	Government Furnished Equipment
HRA	Human Resource Advisor
IRS	Internal Revenue Service
MEO	Most Efficient Organization
OCS	Office of Competitive Sourcing
OMB	Office Of Management and Budget
POP	Period of Performance
PWS	Performance Work Statement
SCF	Standard Competition Form
SLCF	Streamlined Competition Form
SSA	Source Selection Authority
SSEB	Source Selection Evaluation Board

Glossary

Activity	A specific task or grouping of tasks that provides a specialized capability, service or product based on a recurring government requirement. Depending on the grouping of tasks, an activity may be an entire function or may be a part of a function. An activity may be inherently governmental or commercial in nature.
Adversely Affected Employees	Federal civilian employees serving competitive or excepted service appointments in Tenure Groups I, II, or III, who are identified for release from their competitive level by an agency, in accordance with 5 C.F.R. Part 351 and 5 U.S.C. Chapter 35, as a direct result of a performance decision resulting from a streamlined or standard competition
Agency Cost Estimate	The part of the agency tender in a standard competition that includes the agency's cost proposal and represents the full cost of agency performance of the commercial activity, based on the requirements in the solicitation and the costing policy in Attachment C [of Circular A-76]. The agency cost estimate for a streamlined competition is developed in accordance with Attachments B and C of Circular A-76].
Agency Performance	Performance of a commercial or inherently governmental activity with government personnel. Often referred to as "in-house performance."
Agency Tender	The agency management plan submitted in response to a solicitation for a standard competition. The agency tender includes an MEO, agency cost estimate, MEO quality control plan, MEO phase-in plan, and copies of any MEO subcontracts (with the private sector providers' proprietary information redacted). The agency tender is prepared in accordance with Attachment B [of Circular A-76] and the solicitation requirements.
Agency Tender Official (ATO)	An inherently governmental agency official with decision-making authority who is responsible for the agency tender and represents the agency tender during source selection.
Annualize	The calculation method to convert a cost to an annual basis. The calculation converts a cost for a performance period that is less than one full year into an annual cost to correctly reflect the cost in a government cost estimate.

Basic Pay	Basic pay for GS employees is a position's annual salary plus any other applicable civilian employee pay entitlements. Basic pay for FWS employees is a position's annual wages including shift differential pay and environmental pay, plus any other applicable civilian employee pay entitlements. Examples of other civilian employee pay entitlements include, but are not limited to, night differential pay for FWS employees, environmental differential pay, and premium pay (for civilian employee fire fighters and law enforcement officers).
Capital Improvement	An expenditure for a physical improvement to an existing capital asset such as additions and major alterations that are intended to improve performance or increase useful life.
Civilian Employee	An individual who works for a federal agency, in this case the IRS, on an appointment without time limitation who is paid from appropriated funds, which includes working capital funds. A foreign national employee, temporary employee, term employee, non-appropriated fund employee, or uniformed personnel is not included in this definition.
Commercial Activity	A recurring service that could be performed by the private sector. Commercial activities may be found within, or throughout, organizations that perform inherently governmental activities or classified work.
Common Costs	Specific costs identified in the solicitation that will be incurred by the government regardless of the provider (private sector, public reimbursable, or agency). Common costs are sometimes referred to as wash costs. Examples of common costs include government-furnished property, security clearances, and joint inventories.
COMPARE	The windows-based A-76 costing software that incorporates the costing procedures of this circular. Agencies must use COMPARE to calculate and document the costs on the SLCF for a streamlined competition or the SCF for a standard competition. The software is available through the SHARE A-76! website at http://emissary.acq.osd.mil/inst/share.nsf.
COMPARE Version Control Log	The document that describes each of the changes made in a particular version of the COMPARE software. This document includes a brief description of the change, the area of the software program affected by the change, and the impact the change has on the SCF/SLCF and/or documentation.

COMPARE User's Guide	A detailed guidebook for actual users of COMPARE that includes an in-depth explanation of the use and features of the COMPARE software program.
COMPARE Tables	A specific set of master tables incorporated into the COMPARE costing software that includes all of the approved standard cost factors and rates used to calculate the SCF/SLCF costs.
Competition	A formal evaluation of sources to provide a commercial activity that uses pre-established rules (e.g., the FAR, this circular). Competitions between private sector sources are performed in accordance with the FAR. Competitions between agency, private sector, and public reimbursable sources are performed in accordance with the FAR and this circular. The term "competition," as used in this circular includes streamlined and standard competitions performed in accordance with this circular, and FAR-based competitions for agency-performed activities, contracted services, new requirements, expansions of existing work, and activities performed under fee-for-service agreement. The term also includes cost comparisons, streamlined cost comparisons, and direct conversions performed under previous versions of OMB Circular A-76.
Competition File	The documents used in a standard competition in addition to the government contract files required by FAR Subpart 4.8. Agencies maintain this file regardless of the source selected to perform the activity.
Competition Officials	These are agency officials appointed before a standard competition is announced. These individuals perform key roles and have essential responsibilities for the successful completion of the standard competition. Competition officials are the agency tender official, contracting officer, source selection authority, human resource advisor, and PWS team leader.
Competitive Sourcing Official (CSO)	An inherently governmental agency official responsible for the implementation of this circular within the agency.
Component	An organizational grouping within an agency, such as a bureau, center, military service, or field activity.

Contracting Officer (CO)	An inherently governmental agency official who participates on the PWS team, and is responsible for the issuance of the solicitation and the source selection evaluation methodology. The CO awards the contract and issues the MEO letter of obligation or fee-for-service agreement resulting from a streamlined or standard competition. The CO and the SSA may be the same individual.
Conversion From Contract	A change in the performance of a commercial activity from a private sector provider to agency performance.
Conversion To Contract	A change in the performance of a commercial activity from agency performance to a private sector provider.
Depreciation	The decline in the value of a capital asset. Depreciation represents a cost of ownership and the consumption of an asset's useful life.
Direct Labor	Manpower resources dedicated to performing the requirements of the solicitation and labor for supervision and management related support to the tender (e.g., MEO) such as labor for quality control.
Directly Affected Employees	Civilian employees whose work is being competed in a streamlined or standard competition.
Directly Affected Government Personnel	Government personnel whose work is being competed in a streamlined or standard competition.
Directly Interested Party	The agency tender official who submitted the agency tender; a single individual appointed by a majority of directly affected employees as their agent; a private sector offeror; or the official who certifies the public reimbursable tender.
Divestiture	An agency's decision to eliminate a government requirement for a commercial activity. No service contract or fee-for-service agreement exists between the agency and the private sector after a divestiture. By divesting of a commercial activity, an agency elects not to control the activity and cedes ownership and control of the activity's associated assets (e.g., equipment, facilities, property) and resources (agency manpower and budgeting for the activity). The agency has no role in the financial support, management, regulation, or oversight of a divested activity. Moving, transferring, or converting a commercial activity from government performance to private sector or public reimbursable performance is not a divestiture.

Employee Transition Plan	A written plan developed by the HRA for the potential transition of the agency's civilian employees to an MEO, or to private sector or public reimbursable performance. This plan is developed early in the streamlined or standard competition process, based on the incumbent government organization, to identify projected employee impacts and the time needed to accommodate such impacts, depending on the potential outcomes of the competition. The employee transition plan differs from a phase-in plan, which is developed by prospective providers responding to a solicitation.
End Date	The end date for a streamlined or standard competition is the date that all SCF certifications are completed, signifying an agency's performance decision.
Expansion	An increase in the operating cost of an existing commercial activity based on modernization, replacement, upgrade, or increased workload. An expansion of an existing commercial activity is an increase of 30 percent or more in the activity's operating costs (including the cost of FTEs) or total capital investment.
FedBizOpps.gov	The website where the government electronically advertises solicitations or requirements.
Fee-for-Service Agreement	A formal agreement between agencies, in which one agency provides a service (a commercial activity) for a fee paid by another agency. The agency providing the service is referred to in this circular as a public reimbursable source.
First Period of Full Performance	The performance period following the phase-in period when the service provider becomes fully responsible for performing the activity. The first performance period is used to implement the new service provider's phase-in plan; therefore, full performance of the service provider does not occur until the second performance period, which may be referred to as the base period, full performance, or the first period of full performance. This first period of full performance may be less than or more than 12 months. The first period of full performance is the second performance period (the performance period immediately following phase-in period) regardless of the second performance period's length.
Foreign National Employee	An employee that is not a United States citizen who is employed by the United States Government and works outside the United States, its territories or possessions, under a system in which an Executive Agency is the official

employer of the foreign national employee and assumes responsibility for all administration and management functions associated with the employee's employment.

Full-Time Equivalent (FTE) The staffing of Federal civilian employee positions, expressed in terms of annual productive work hours (1,776) rather than annual available hours that includes non-productive hours (2,080 hours). FTEs may reflect civilian positions that are not necessarily staffed at the time of public announcement and staffing of FTE positions may fluctuate during a streamlined or standard competition. The staffing and threshold FTE requirements stated in this circular reflect the workload performed by these FTE positions, not the workload performed by actual government personnel. FTEs do not include military personnel, uniformed services, or contract support.

Function Code The numerical code used to categorize an agency's commercial and inherently governmental activities for inventory reporting purposes.

Government Furnished Property (GFP) Facilities, equipment, material, supplies, or other services provided by the government for use by all prospective providers in the solicitation. Costs for GFP included in a solicitation are considered common costs. Replacement costs, insurance, maintenance and repair costs for GFP may or may not be government-furnished, depending on the provisions in the solicitation.

Government Personnel Civilian employees, foreign national employees, temporary employees, term employees, non-appropriated fund employees, and uniformed services personnel employed by an agency to perform activities.

Human Resource Advisor (HRA) An inherently governmental agency official who is a human resource expert and is responsible for performing human resource-related actions to assist the ATO in developing the agency tender.

Incumbent Service Provider The source (i.e., agency, private sector, or public reimbursable source) providing the service when a public announcement is made of the streamlined or standard competition.

Information Technology Any equipment or interconnected system(s) or subsystem(s) of equipment used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the agency. For purposes of this definition, equipment is used by an agency if the equipment is used directly by the agency, or is used by a contractor under a contract with the agency that requires (1) its use or (2) to a

significant extent, its use in the performance of a service or the furnishing of a product. The term "information technology" includes computers, ancillary equipment, software, firmware and similar procedures, services (including support services), and related resources, and does not include any equipment that is acquired by a contractor incidental to a contract; or contains imbedded information technology that is used as an integral part of the product, but the principal function of which is not the acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information. For example, heating, ventilation, and air conditioning equipment, such as thermostats or temperature control devices, and medical equipment where information technology is integral to its operation, are not information technology.

Inherently Governmental Activities — An activity that is so intimately related to the public interest as to mandate performance by government personnel as provided by Attachment A [of Circular A-76].

Interested Parties — For purposes of challenging the contents of an agency's commercial activities inventory pursuant to the Federal Activities Inventory Reform Act, an interested party is (1) a private sector source that is an actual or prospective offeror for a contract or other form of agreement to perform the activity and has a direct economic interest in performing the activity that would be adversely affected by a determination not to procure the performance of the activity from a private sector source; (2) a representative of any business or professional association that includes within its membership private sector sources referred to in (1) above; (3) an officer or employee of an organization within an executive agency that is an actual or prospective offeror to perform the activity; (4) the head of any labor organization referred to in section 7103(a)(4) of title 5, United States Code, that includes within its membership officers or employees of an organization referred to in paragraph (3).

Inventory — A list of government personnel, by location, function, and position, performing either commercial activities or inherently governmental activities.

MEO Letter of Obligation — A formal agreement that an agency implements when a standard or streamlined competition results in agency performance (e.g., MEO).

MEO Subcontracts — Contracts between an agency and the private sector that are included in the agency tender or fee-for service agreements with a public reimbursable source that are included in the agency tender. In addition to the cost of MEO

subcontracts, agency or public reimbursable cost estimates must include support costs associated with MEO subcontracts such as government-furnished property, and contract administration, inspection, and surveillance.

MEO Team A group of individuals, comprised of technical and functional experts, formed to assist the ATO in developing the agency tender.

Military Personnel Officers [as defined in 10 U.S.C. § 101(b)(1)] and enlisted members [as defined in 10 U.S.C. § 101(b)(6)] of the military services (defined as the Army, Navy, Air Force, and Marine Corps).

Most Efficient Organization (MEO) The staffing plan of the agency tender, developed to represent the agency's most efficient and cost-effective organization. An MEO is required for a standard competition and may include a mix of government personnel and MEO subcontracts.

New Requirement An agency's newly established need for a commercial product or service that is not performed by (1) the agency with government personnel; (2) a fee-for-service agreement with a public reimbursable source; or (3) a contract with the private sector. An activity that is performed by the agency and is reengineered, reorganized, modernized, upgraded, expanded, or changed to become more efficient, but still essentially provides the same service, is not considered a new requirement. New ways of performing existing work are not new requirements.

Non-Pay Categories of Costs Costs in a cost estimate that are not related to pay. Non-pay categories of costs include, but are not limited to, materials, supplies, equipment, facilities, capital assets, and minor items and the inflation for these costs.

Offer A private sector source's formal response to a request for proposals or invitation for bid. The term "offeror" refers to the specific source rather than the response.

Overhead Overhead includes two major categories of cost, operations overhead and general and administrative overhead. Operations overhead includes costs that are not 100 percent attributable to the activity being competed but are generally associated with the recurring management or support of the activity. General and administrative overhead includes salaries, equipment, space, and other tasks related to headquarters management, accounting, personnel, legal support, data processing management, and similar common services performed external to the activity, but in support of

the activity being competed. A standard twelve percent overhead factor is an estimated federal agency overhead factor that is calculated in agency and public reimbursable cost estimates for streamlined and standard competitions

Past Performance An indicator that may be used in the source selection process to evaluate a prospective provider's previous performance on work comparable to that being competed, for the purpose of predicting the quality of future performance relative to other offers or public reimbursable tenders. FAR 42.1501 describes the information used to evaluate past performance, and FAR 15.305(a)(2) provides guidance for the consideration of past performance in the source selection process.

Pay Categories of Cost Costs in a cost estimate associated with the payroll for government personnel, including inflation.

Performance Decision The outcome of a streamlined or standard competition, based on SLCF or SCF certifications.

Performance Standards Verifiable, measurable levels of service in terms of quantity, quality, timeliness, location, and work units. Performance standards are used in a performance-based PWS to (1) assess (i.e., inspect and accept) the work during a period of performance; (2) provide a common output-related basis for preparing private sector offers and public tenders; and (3) compare the offers and tenders to the PWS. The requiring activity's acceptable levels of service are normally stated in the PWS. The solicitation includes performance standards.

Performance Work Statement (PWS). A statement in the solicitation that identifies the technical, functional, and performance characteristics of the agency's requirements. The PWS is performance-based and describes the agency's needs (the "what"), not specific methods for meeting those needs (the "how"). The PWS identifies essential outcomes to be achieved, specifies the agency's required performance standards, and specifies the location, units, quality and timeliness of the work.

Phase-in Plan A prospective provider's plan to replace the incumbent provider(s) that is submitted in response to the solicitation. The phase-in plan is implemented in the first performance period and includes details on minimizing disruption, adverse personnel impacts, and start-up requirements. The phase-in plan is different from the employee transition plan developed by the HRA.

Privatization	A federal agency decision to change a government-owned and government-operated commercial activity or enterprise to private sector control and ownership. When privatizing, the agency eliminates associated assets and resources (manpower for and funding of the requirement). Since there is no government ownership and control, no service contract or fee-for-service agreement exists between the agency and the private sector after an agency privatizes a commercial activity or enterprise. Moving work from agency performance with government personnel to private sector performance where the agency still funds the activity is not privatization.
Prospective Providers	Private sector, public reimbursable, and agency sources that may submit responses (offers or tenders) in response to an agency's solicitation.
Provider	An agency, private sector, or public reimbursable source that is performing, or will perform, a commercial activity; sometimes referred to as a service provider.
Public Announcement	An agency's formal declaration that the agency has made a (1) decision to perform a streamlined or standard competition, or (2) performance decision in a streamlined or standard competition. The CO makes these announcements via *FedBizOpps.gov*.
Public Reimbursable Source	A service provider from a federal agency that could perform a commercial activity for another federal agency on a fee-for-service or reimbursable basis by using either civilian employees or federal contracts with the private sector.
Public Reimbursable Tender	A federal agency's formal response to another federal agency's solicitation for offers or tenders. The public reimbursable tender is developed in accordance with this circular and includes a cost estimate, prepared in accordance with Attachment C [of Circular A-76].
PWS Team	A group of individuals, comprised of technical and functional experts, formed to develop the PWS and quality assurance surveillance plan, and to assist the CO in developing the solicitation.
Quality Assurance Surveillance	The government's monitoring of a service provider's performance in accordance with the quality assurance surveillance plan and the performance requirements identified in the solicitation.

Quality Assurance Surveillance Plan	The government's inspection plan. The quality assurance surveillance plan documents methods used to measure performance of the service provider against the requirements in the PWS. The agency relies on the service provider to monitor daily performance using their own quality control plan, but retains the right to inspect all services. When the agency makes a performance decision, the agency re-evaluates and modifies the existing quality assurance surveillance plan, based upon the selected provider and the selected provider's accepted quality control plan.
Quality Control Plan	A self-inspection plan that is included in all offers and tenders. The quality control plan describes the internal staffing and procedures that the prospective provider will use to meet the quality, quantity, timeliness, responsiveness, customer satisfaction, and other service delivery requirements in the PWS.
Representatives of Directly Affected Employees	In the case of directly affected employees represented by a labor organization accorded exclusive recognition under 5 U.S.C. § 7111, a representative is an individual designated by that labor organization to represent its interests. In the case of directly affected employees not represented by a labor organization under 5 U.S.C. § 7111, a representative is an individual appointed by directly affected employees as their representative.
Residual Value	The estimated value of a capital asset at the end of its useful life as determined by application of the Useful Life and Disposal Value Cost Factor.
Resources	Funding allocated for contracts, manpower, facilities, material, or equipment to perform agency requirements.
Segregable Expansion	An increase to an existing commercial activity that can be separately competed.
SHARE A-76!	The Department of Defense A-76 knowledge management system used to share knowledge, information, and experience about public-private competitions. This public site contains A-76-related guidance, sample documents, best practices, tools, and links to other A-76 websites and sources for A-76-related information. Users may post best practices used in public-private competitions, research A-76 through the use of search engines, and submit internet links to add to the available links in SHARE A-76! The website address is http://emissary.acq.osd.mil/inst/share.nsf/.

Solicitation Closing Date	The due date for delivery of private sector offers, public reimbursable tenders, and the agency tender, as stated in the solicitation.
Source	One of three specific categories of service providers (i.e., agency, private sector, or public reimbursable) that can perform a commercial activity for an agency.
Source Selection Authority (SSA)	A competition official with decision-making authority who is responsible for source selection as required by the FAR and this circular. The SSA and CO may be the same individual.
Source Selection Evaluation Board (SSEB)	The team or board appointed by the SSA to assist in a negotiated acquisition.
Standard Competition Form (SCF)	The agency form that documents and certifies all costs calculated in the standard competition.
Start Date	The start date for a streamlined or standard competition is the date that the agency makes a formal public announcement of the agency's decision to perform a streamlined or standard competition.
Streamlined Competition Form (SLCF)	The agency form that documents and certifies all costs calculated in the streamlined competition, in accordance with Attachment C [of Circular A-76].
Uniformed Services	Members of the armed forces (i.e., Army, Navy, Air Force, Marine Corps, and Coast Guard) and other uniformed services (e.g., National Oceanic and Atmospheric Administration, Public Health Service).
Useful Life	The estimated period of economic usefulness of a capital asset.