

A-76 Overview

The purpose of DoD's Competitive Sourcing Program (sometimes referred to as the Commercial Activities, or CA, Program) is to implement OMB Circular A-76 to create cost savings for DoD. A-76 mandates that the government obtain commercially available goods and services from the private sector when it makes economic sense to do so. Government policy dating back to 1955 establishes that the Government will only provide what its citizens (i.e. the private sector) cannot. Hence, the purpose of DoD's Competitive Sourcing Program is rooted in the firm belief that Government should not compete with its citizens. It follows, then, that there must be compelling justification for government to perform functions that the private sector could otherwise provide. A compelling reason is that it costs less.

Notwithstanding current policy and statutory requirements, it must make economic sense to outsource a commercial activity currently performed by government employees. This program requires a standardized, structured process for determining the most efficient and cost effective method of performance for commercial activities—be it by the Government, private sector or by a non-DoD federal agency through an Interservice Support Agreement (ISSA). This cost comparison process lets all three types of entities bid on the work and, through a managed competition process, gives the Commanders and Directors improved performance at reduced cost regardless of "who" performs the work.

FAQs:

Why do people refer to competitive sourcing as 'A-76'?

The competitive sourcing process is a DoD term for the competitive process required by the Office of Management and Budget (OMB) Circular A-76, Performance of Commercial Activities.

What is a commercial activity?

A commercial activity is a recurring service that could be obtained appropriately from a private sector source. Government agency missions may be accomplished through commercial facilities and resources, through Government facilities and resources, or through a mix of these, depending upon the products and services needed and the agency missions involved.

How does competitive sourcing differ from outsourcing?

Outsourcing is the contracting of a commercial activity. Competitive sourcing is the process whereby the cost of government performance of a commercial activity is formally compared to the cost of performance of commercial sources.

How are privatization and competitive sourcing different?

Under competitive sourcing, the Government retains ownership and control of the commercial activity regardless if the service provider is from the public or private sector. Under privatization, the Government divests itself of ownership and control of the activity.

What happens in an A-76 cost comparison?

The A-76 cost comparison process has nine essential steps. After a public announcement is

made that a cost comparison will be performed, a Performance Work Statement (PWS) and Quality Assurance Surveillance Plan (QASP) are developed. This PWS becomes part of the solicitation issued by the contracting officer to solicit offers from the private sector. Other non-DoD Federal agencies may submit offers which are evaluated with the private sector offers prior to selection of the InterService Support Agreement (ISSA) or contract offer that will compete against the in-house offer. The in-house organization is responsible for developing a Government Management Plan as their bid, which may include a TPP, TP, MEO and IHCE.

The offers of the contractor and, if submitted, ISSA, are evaluated by a Source Selection Evaluation Board (SSEB), and the Source Selection Authority (SSA) selects the most advantageous offer to compete against the in-house offer. The Independent Review is performed by the Independent Review Official (IRO), a qualified person from an impartial activity that is organizationally independent of the function being competed and the group developing the in-house offer. The IRO reviews the in-house offer to ensure that the data contained in the Government Management Plan reasonably establishes the in-house's ability to perform the requirements of the PWS. The IRO ensures that all costs entered on the cost comparison form are fully justified and calculated in accordance with Part II of the Revised Supplemental Handbook and the DoD A-76 Costing Manual.

The actual comparison of costs between the in-house and contract/ISSA offer is the "cost comparison." If the contract/ISSA costs are not less than the in-house cost estimate by at least 10% of the in-house personnel cost or \$10 million (whichever is lower) over the period of performance, the function will be performed by the Government MEO. After the tentative cost comparison decision is made, the cost comparison form and all supporting documentation is provided to affected parties and the public review period begins. It is during this public review period that the affected parties may submit an appeal of the tentative decision. The Administrative Appeal Process is used to determine the final cost comparison decision.

After a final cost comparison decision has been made, implementation of the MEO or conversion to contract occurs.

Who can compete against the in-house offer?

In a negotiated acquisition, the Source Selection Authority makes a determination among contract and ISSA offerors who will compete against the in-house offer. It is only this selected offeror that will compete against the in-house offer.

Is there bias in the A-76 process?

Both industry and government personnel may express concern about a perceived bias in the A-76 process. The organization undergoing cost comparison may believe that a centrally managed A-76 process encourages a contract decision because of bias at the HQ or Command level. Industry may believe that a non-centrally managed A-76 process will encourage the in-house workforce, based on local bias, to manipulate the system. Though the issue of bias is difficult to defend against, the application of a centrally managed process is just one method for completing multiple A-76 cost comparisons in a fair and timely fashion.

Source: Deputy Under Secretary of Defense (I&E)