

# Competitive Sourcing

## The Office of Management and Budget A-76 Circular

*(revised May 2003)*

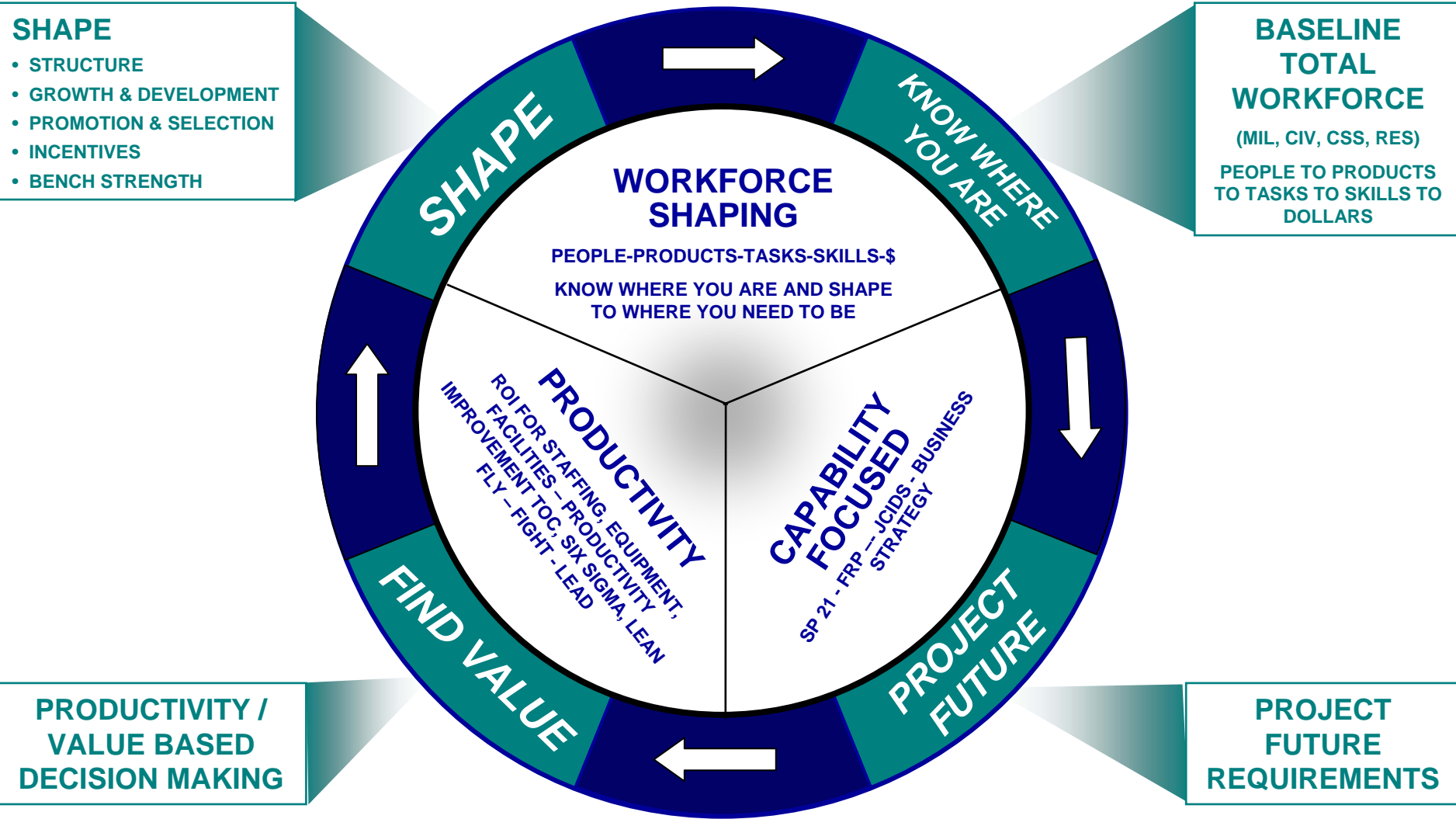
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# Human Capital Management Cycle



# Potential Competitive Sourcing Impacts on Human Capital Strategy Planning

## **Inherently Governmental & Commercial Activities - FAIR Act Inventory**

- Standardize Inventory to Identify Common Functional Areas for Competition
- Commercial Coding of Billets to be Based on Occupation & Grade/Rank
  - Exceptions to be Justified

## **Potential Market Areas for Competition (Not All Inclusive)**

- Facility & Base Operations
- Non-Technical Support (Clerical, Graphics, etc.)
- Retail Supply Operations

## **Military to Civilian Conversions (Department of Defense)**

- 80,000 Billets for FY05-FY11 (24,000 in FY05)
- Many will Undergo Competitive Sourcing

# The Office of Management and Budget

## A-76 Circular

*(revised May 2003)*

### **Goal of Revised Circular**

- Improve Cycle Time to Achieve Savings by Reducing Length of Competition

(Reduced to 12-18 mos. vs. 24-36 mos.)

### **Requires Re-Competition of Most Efficient Organizations (MEO) after Performance Period**

- Can Be Extended by 3 Yrs If Approved As a High Performing Organization

### **Preliminary Planning**

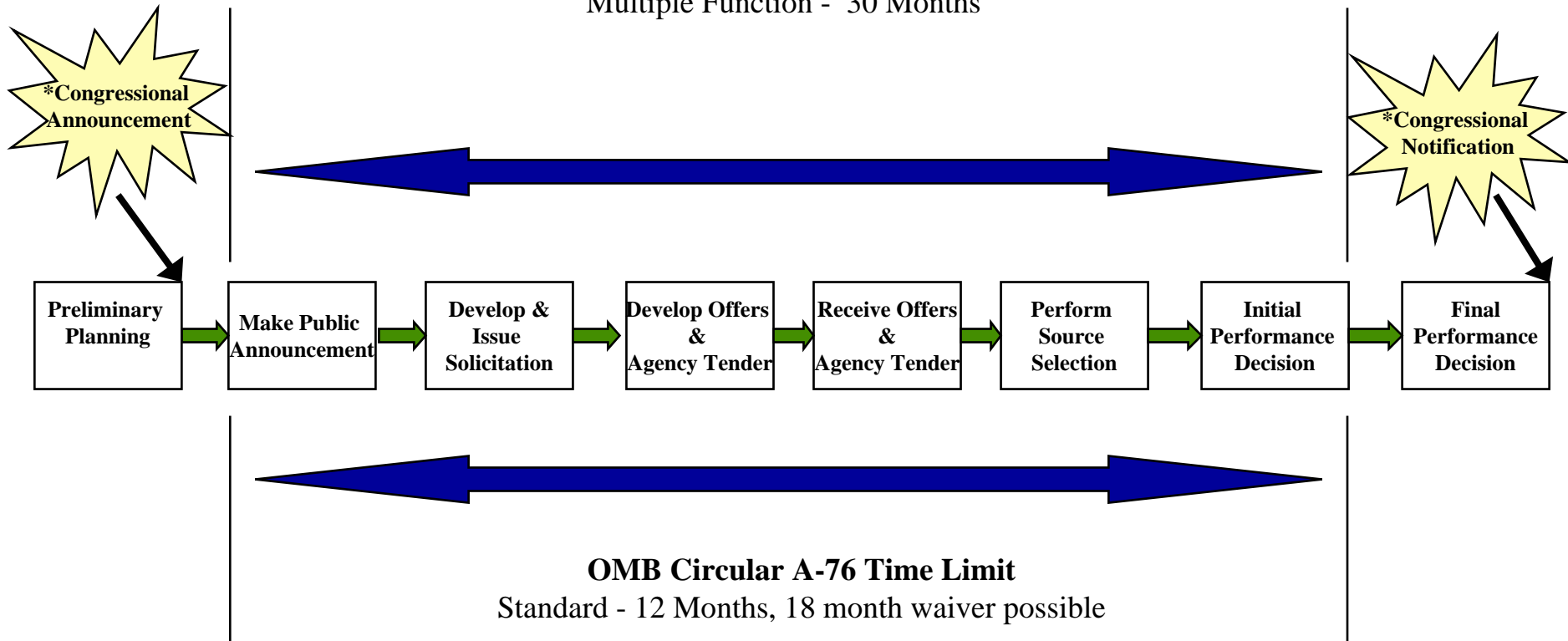
- Creates a Structured Approach to Look at Entire Functional Areas
  - Best Business Decision

# Competition Timeline

## DoD Appropriations Act Time Limit

Single Function – 24 Months

Multiple Function - 30 Months



**Immediately upon public announcement, the Government team should begin preparing the Government's Tender [Most Efficient Organization – (MEO)]**

**\*Required by 10 USC 2461**

# Considerations for Agency Tender Teams

## Team Members:

- ATO (Agency Tender Official)
- Technical and Functional Experts
- Human Resource Advisor
- Legal
- ATO/MEO Contractor Support
- Contract specialist/Contracting Officer (not required)

## Potential Strategies for Agency Tender development

- Benchmark Other Organizations Performing Similar Work
- Reorganize Organization and Process Based on Performance Work Statement (Business Process Re-engineering, Lean, Etc.)
  - Incorporate Best Business Practices

## Opportunity for ATO to Protest to GAO (new)

- National Defense Authorization Act for Fiscal Year 2005

# **Considerations for the Agency Tender Proposal and Source Selection Challenges**

**AT and Private Sector must address same technical and price proposal requirements, except:**

- AT not required to address labor strike plan, small business utilization or past performance information
- AT includes the Letter of Obligation
- Agency Cost Estimate (ACE) must be submitted using COMPARE software

**Source Selection will use Low Price Technically Acceptable (LPTA) or Tradeoff methods (Best Value continuum)**

- Government Tender Will Be Evaluated at the Same Time As the Private Sector Offerors

**ATO must represent the Agency Tender during discussions**

- Government Tender Cannot Be Eliminated From the Competition (DoD Only, Title 10 Section 2461)

# Considerations for the Agency Tender *Implementation Challenges*

## Agency Tender Win

- **Issue Letter of Obligation**
- **Reduction in Force (RIF) conducted**
  - Reduction & downgrades based on # MEO positions
  - Hire/Fill in Vacancies Due to Attrition During Competition
  - Finding Compatible Positions in Other Parts of Organization
- **Post Award Monitoring**
  - Changes in the Effort Must be Reflected in Letter of Obligation (PWS & Cost Estimates)
- **Re-Compete (*End of Performance Period*)**
  - Difficulty Maintaining Government Staff

## Private Sector Win

- **Contract awarded (*normal process*)**
- **RIF Conducted**
  - Reductions based on # existing positions
  - Adversely affected Government employees have the Right of First Refusal
- **Post Award Monitoring**
  - Changes in the Effort Must be Reflected in the Contract (PWS & Contract Price)
- **Re-Compete (*Normal process*)**