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To: David C. Childs A-76comments/OMB/EOP@EOP

cc:

Subject: FW: NFFE 1384 Comments Concerning the Draft of 14 Nov 02 CircularNo. A-76 (Revised)

-----Original Message-----

From: White Zachary O Civ AFRL/SNHA

Sent: Friday, December 06, 2002 1:41 PM

To: 'A-76comments@omb.eop.gov'

Cc: 'Laurabnffeiamaw (E-mail); 'Rick Brown' (E-mail); John Paolino (E-mail)

Subject: NFFE 1384 Comments Concerning the Draft of 14 Nov 02 Circular No. A-76 (Revised)

Comments for OMB
ON
PERFORMANCE of COMMERCIAL ACTIVITIES
DATED NOVEMBER 14, 2002
CIRCULAR NO. A-76 (REVISED)

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4. Overhead Costs (Line 4 of the SCF)

- a. The Agency Tender shall include the overhead costs on Line 4 of the SCF. For each performance period, Line 4 is calculated by multiplying Line 1, including the fringe benefit cost factor, by 12 percent (.12) and entering the total on Line 4.
- b. The 12 percent overhead factor is a rate established by OMB to represent an overhead cost factor for all Federal agencies when performing Standard Competitions. Any deviation from the use of this standard cost factor shall be approved, in advance, by the Deputy Director for Management, OMB. This overhead factor represents costs that are not visible, allocable, or quantifiable to the agency, activity or MEO. Use of the rate accounts for all management and support costs internal and external to the agency not required on Line 1.

Recommend that the overhead percentage of 12% be reduced to 8%. The 12% overhead determination was made prior to the completion of many A-76 studies and other Privatization initiatives that were completed in the past ten years. These initiatives have resulted in cost savings to the government. These savings must have reduced the cost of overhead to the 8% range.

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3. Contract Administration Costs (Line 8 of the SCF)

Agencies shall calculate contract administration costs to be entered on Line 8, in accordance with the following table based on the MEO staffing in Line 1. This Line reflects a full range on

contractual administration requirements, excluding inspections related to the QASP, which are common costs to all offerors.

CONTRACT ADMINISTRATION FACTORS AND GRADES

| MEO STAFFING* | CONTRACT ADMINISTRATION FTE | GRADES | | | |
|---------------|-----------------------------|--|-------|------|------|
| | | GS-12 | GS-11 | GS-9 | GS-6 |
| 10 or less | .5 | 1 | 0 | 0 | 0 |
| 11 – 20 | 1 | 1 | 0 | 0 | 0 |
| 21 – 50 | 2 | 1 | 1 | 0 | 0 |
| 51 – 75 | 3 | 1 | 1 | 1 | 0 |
| 76 – 100 | 4 | 1 | 1 | 1 | 1 |
| 101 – 120 | 5 | 1 | 1 | 2 | 1 |
| 121 – 150 | 6 | 1 | 2 | 2 | 1 |
| 151 – 200 | 7 | 1 | 2 | 2 | 2 |
| 201 – 250 | 8 | 2 | 2 | 2 | 2 |
| 251 – 300 | 9 | 2 | 2 | 3 | 2 |
| 301 – 350 | 10 | 2 | 3 | 3 | 2 |
| 351 – 450 | 11 | 2 | 3 | 4 | 2 |
| 451 and above | 2.5% of agency MEO staffing | Distribution automatically calculated by <i>win.COMPARE</i> ² | | | |

The contract administration table does not represent current conditions of the organization being studied. This table is based on the size of the MEO rather than the mission of the organization. The table is based on the incorrect organization.

//SIGNED//
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