

SMALL BUSINESS PARTICIPATION
IN A-76 PRIVATIZATION INITIATIVES

Final Report

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Chapter 1

RESEARCH PURPOSE, DESIGN AND METHODOLOGY

Purpose

This report examines privatization initiatives, and more specifically, small business participation in those initiatives, that have resulted from Federal agency implementation of the OMB Circular No. A-76. The following three objectives guided the conduct of this examination:

- first, to identify commercial activities that have been "contracted out" to the private sector through both direct conversions as well as through cost comparison studies in the 13 Federal departments and 10 independent agencies having A-76 point contacts for OMB reporting purposes during Fiscal Years 1985-1987;
- second, to identify the extent to which small businesses have participated in the "contracting out" process through the capture of A - 76 related contract awards during this time period; to identify the cost savings involved, and to examine the type of competition utilized;
- third, to provide information as to where commercial activities are being contracted out by type of activity, by Federal subagency and by the dollar volume of the activity being privatized.

Research Design and Methodology

The research for this study involved determining first those agencies that experienced cost savings from A-76 privatization activities during the fiscal years under consideration, and then contacting the A-76 coordinators within each agency, to obtain detailed information on A-76 activities and the size of firms receiving awards under the A-76 process (Appendix A provides further detail on the study methodology).

Using data provided by the Office of Management and Budget, Office of Federal Procurement Policy, all agencies reporting cost savings under A-76 for the 1985-1986 time period were identified. Specifically, from the OMB listing, the U.S. Department of Defense, the Corps of Army Engineers, and nine civilian agencies were identified for contact purposes (See Table 1-1).

Table 1-1

AGENCY RANKS ACCORDING TO A-76 DOLLAR SAVINGS
FISCAL YEARS 1985 AND 1986 COMBINED

AGENCY	DOLLARS SAVINGS (000)
U.S. DEPARTMENT OF DEFENSE	168,200
GENERAL SERVICES ADMINISTRATION	19,144
DEPARTMENT OF TRANSPORTATION	8,168
DEPARTMENT OF HEALTH & HUMAN SERVICES	4,358
DEPARTMENT OF COMMERCE	2,716
CORPS OF ARMY ENGINEERS	1,305
DEPARTMENT OF AGRICULTURE	1,148
DEPARTMENT OF INTERIOR	957
DEPARTMENT OF THE TREASURY	440
DEPARTMENT OF ENERGY	344
AGENCY FOR INTERNATIONAL DEVELOPMENT	60

SOURCE: Unpublished Data,
Office of Management and Budget,
Office of Federal Procurement Policy

Subsequently, through agency contacts, activities awarded to the private sector through A-76 direct conversions and cost comparison studies for Fiscal Years 1985-1987 were identified along with the size of firm recipients, the dollar volume contracted, and the resultant cost savings. Specifically, from agency A-76 contacts and data bases, data on the following variables were assembled:

- location of privatization effort, i.e., specific sub-agencies within the agency where the contracting out activity occurred.
- dollar amount of the contract award, and demonstrated savings to the Federal government (Federal cost estimate minus contract award amount)

- type of activity, i.e., maintenance, audiovisual service, etc. and the industry within which the activity is located as classified in the Standard Industrial Classification Manual.
- size of firms receiving the A-76 contracts, and to the extent possible, the type of competition through which the contract was awarded, i.e., preferential--small business set aside or 8(a) award vs. unrestricted.

Further, it should be noted that an examination of the U.S. Department of Defense's Commercial Activities Management Information System (CAMIS) revealed the existence of 24 multi-function, unrestricted contracts during the time period of this examination. Case studies of all of these contracts were conducted to determine the extent to which small businesses won these unrestricted contracts, but more specifically, to determine the extent to which small businesses may have participated as subcontractors on these large contracts.

Definition of Terms

The OMB Circular No. A-76 (Revised) requires that agencies review their commercial activities in keeping with the policies and procedures contained in the Circular and its accompanying Cost Comparison Handbook. Several terms, contained within the Circular and used throughout this report, require definition for the reader. These terms are as follows:

Commercial Activity--one which is operated by a Federal executive agency and which provides a product or a service which could be obtained from a commercial source; it is not a governmental function; it also may be part of an organization or a type of work that is separate from other functions or activities and is suitable for performance by contract.

FTE's (Full-Time Equivalents)--generally, one FTE refers to one employee; the term references the planned use, for an employee, of 2,080 straight time paid hours in a fiscal year (to include authorized leave and paid time off for training)

A-76 cost comparison studies--a comparative analysis of the cost of performing a commercial activity where the expense of Federal in-house performance is examined against the expense of obtaining the product or service from a commercial or other non-Federal source. If the contract price is found to be less than the in-house estimate by 10%, then the contract is awarded to the commercial source; if not, the activity remains in-house and is performed by Federal employees.

A-76 direct contract conversions--refers to the transference of a commercial activity from in-house government performance to performance under contract by a private commercial source; if an activity employs 10 or fewer FTEs and a satisfactory commercial source is available, then the contract may be awarded directly to that source without the requirement for a formal cost comparison; if an activity exceeds 10 FTEs, a cost comparison may be waived and converted to contract in cases where effective price competition is available

Data Problems and Limitations

Several data problems and limitations were identified during the course of this research and must be discussed in view of the information contained within this report.

U.S. Department of Defense. The cost comparison study data reported by the departments within the U.S. Department of Defense, and contained within CAMIS (Commercial Activities Management Information System), generally proved adequate for purposes of this report. One major problem was encountered, however. Firm size data were missing for 44% of the unrestricted contracts listed as having been awarded during the FY 1985-1987 time period. To locate this critical data element for each of these contracts, contacts with the various military installations identified as having awarded these contracts was initiated. This data search resulted in the identification of firm size data for all except seven, or 6%, of the unrestricted contracts. Reducing the missing data component of the study, has meant that the analyses of cost comparison studies are based on data reflective of 97.7% of all contracts resulting from such studies.

Contract amount data could be determined for only 31, or 13%, of the U.S. Department of Defense direct contract awards. No data on contract amounts could be obtained from the Defense Logistics Agency, the Air Force or the Marine Corps. Only 73% of the Army and 91% of the Navy direct contract cost data were available. In addition, manpower estimates were not available for 61% of the direct contract records. Also, cost savings data were available for only 23, or slightly less than 10%, of the direct awards. This lack of data severely hampered the resulting analysis.

Also, it should be noted that the commercial activities contained in CAMIS had function codes assigned. For purposes of this research, these codes were matched with the corresponding standard industrial classification code (SIC). In so doing, a

number of the function codes were condensed under various SIC codes, thus creating a more manageable number of commercial activities for analytical purposes.

Finally, it is important to note that divisions of the U.S. Army Corps of Engineers reported only contracted information, thus it is not possible to report on inhouse activity for the Fiscal Years examined. Further, only information on A-76 small business contracts was obtained, thus making it difficult to place small business activity in the context of the total U.S. Army Corps of Engineers A-76 activity.

Civilian Agencies. Only several of the agencies contacted maintain a centralized A-76 data base for reporting purposes. Thus, much of the data assembled for this report had to be obtained through additional contacts with procurement personnel in agency bureaus, field offices, regions, and so forth. It was possible to assemble the bulk of the information, but at times and within certain agencies, the memory of the contracting officer had to be relied upon, thus suggesting caution with regard to reported results. Where such "memory" was involved, an attempt to flag the information has been attempted, thus contributing to the reliability of the results.

Also, existing centralized data bases in the various agencies did not always contain uniform types of information, thus making initial comparisons difficult across agencies. For example, some agencies provided an annualized cost figure; others provided a total cost figure. In reference to the latter, the total cost could be either of several: a) total bid price at time of contract award, or b) total amount paid as of a given date in the case of multiple year contracts. In reference to the annualized cost figures, some of these costs could be converted to total cost figures once the length of the contract was known. In all instances where it was possible to obtain length of contract data, such data were obtained and used as the multiple upon which an estimated total cost figure could be derived. In all instances, except where noted, the data contained in this report are total cost figures--either estimated or actual.

Other data problems centered on the omission of certain data. For example, the U.S. Department of the Treasury could provide complete data for Fiscal Years 1986 and 1987, but no data for Fiscal Year 1985. Also, for certain A-76 contracts, all information was available except contract amount, and/or cost savings. Where possible, attempts were made to obtain these amounts, so that data were as complete as possible. In some instances, however, this was simply not possible.

Also, it should be emphasized that all agencies provided data on contracting out decisions, but not all provided data on decisions to maintain an activity inhouse. Some agencies were able to

provide this information readily. For others, however, the task proved more difficult. As such, the information provided across agencies is incomplete here, making it impossible to determine small business success not only in contracting out activity vis a vis other firms, but also in inhouse competitions vis a vis the various agencies.

Finally, in assigning a contracted activity to a Standard Industrial Classification (SIC), where the match was not clearly evident, members of the research team, who were experienced in using SIC codes, applied the closest reasonable code for the activity in question.

Chapter 2

U.S. DEPARTMENT OF DEFENSE A-76 CONTRACTING

Overview

This chapter is divided into two parts. The first part contains an examination of A-76 privatization activities that have occurred in the U.S. Department of Defense (DoD) during Fiscal Years 1985 through 1987. This examination, which includes data from the Defense Logistics Agency and four DoD Departments, including the Army, Navy, Air Force, and the Marine Corps, has two components, as follows:

- a detailed examination of DoD A-76 contracting out conducted through both cost comparison studies as well as direct contract conversions.
- a detailed examination of small firm performance in DoD A-76 contracting out through comparison studies as well as direct contracts

In both components of the examination, the dollars and numbers of activities contracted out; the type of competition used to contract the activities; the cost savings effected; and the types of activities contracted are reviewed.

Both components of the examination employ a multi-tiered analysis, first to examine small firm participation in DoD-wide A-76 contracting, and then to examine more in-depth, small firm participation both within and across the various individual DoD departments.

Incorporated into the examination of small firm performance in DoD A-76 contracting are two comparative analyses, the first which provides insights into small firm performance vis a vis the government in cost comparison studies; the second which permits insights into small firm performance in DoD A-76 contracting out vis a vis other contractors in both cost comparison studies and direct contracting.

The examination of small firm performance concludes with a case study of small business subcontracting on large multi-function A-76 contracts. To conduct this analysis, all 24 of the large multi-function contracts awarded during FY 1985-1987 time period were reviewed.

Finally, the second part of this chapter focuses on A-76 privatization initiatives of the U.S. Army Corps of Engineers. A separate analysis is required for the Corps because of its status as a separate OMB reporting agency.

The Services and the Defense Logistics Agency

Comparative Review of Cost Comparison Study Activities Remaining Inhouse vs. Being Contracted Out. A total of 561 cost comparison studies were completed by DoD during Fiscal Years 1985-87. Of these, 304, or 54.2% resulted in a decision to contract out (See Table 2.1).

Table 2.1

U.S. DEPARTMENT OF DEFENSE
DECISION STATUS OF A-76 COST COMPARISON STUDIES
FISCAL YEARS 1985-1987

DECISION STATUS	NUMBER	PERCENT OF TOTAL
REMAINING INHOUSE	257	45.8%
CONTRACTED OUT	304	54.2%
TOTAL	561	100.0%

Total Number and Dollar Volume of Commercial Activities Contracted Out. When the 304 awards resulting from cost comparison studies are combined with 235 direct contract awards, it is determined that a total of 539 commercial activities were contracted by the U.S. Department of Defense under the A-76 program in Fiscal Years 1985 to 1987 (See Table 2.2). The 304 cost comparison study awards represent 56.4% of the total awards; the 235 direct contract awards represent 43.6% of the total.

Table 2.2 indicates that the DoD expended a minimum of \$1.51 billion through A-76 privatization activities during Fiscal Years 1985-1987. The minimum figure results because analysis was hampered when DoD direct contracting was examined. Available cost data on direct contracting, drawn from the CAMIS data base, were limited. Specifically, cost data were reported for only 31, or 13%, of the 235 direct contracts awarded during the fiscal years studied.

Using available data, it could be determined that a total of \$1.48 billion was expended through contracts resulting from cost comparisons. Another \$41.9 million was identified as having been expended through direct contracts.

Table 2.2

U.S. DEPARTMENT OF DEFENSE
NUMBER AND DOLLAR VOLUME OF A-76 ACTIVITIES CONTRACTED OUT
FISCAL YEARS 1985-1987

TYPE OF A-76 CONTRACTING	AMOUNT CONTRACTED	NUMBER OF ACTIVITIES CONTRACTED
COST COMPARISONS	\$ 1,476,790,000	304
DIRECT CONTRACTS	\$ 41,926,000	235
TOTALS	\$ 1,518,716,000	539

NOTE:

Direct contract amount reflects data for only 31, or 13% of all direct contracts awarded.

Table 2.3 provides a breakdown of contract awards by DoD department and type of award. This Table indicates the number of contracts and total dollar value of all contracts awarded by each department. It provides a more in-depth examination of the location of the missing cost data for direct contracts. Specifically, all of the available direct contract cost data were reported by the Army and the Navy; these data reflect costs for 9 of the eleven Army contracts and all 22 of the Navy contracts.

The largest amount of dollars awarded through DoD A-76 privatization activities was awarded through Army contracts. Specifically, through both direct contracts and cost comparison studies, the Army expended a minimum of \$811 million. This amount accounted for 53.4% of all DoD A-76 contract dollars that could be identified. Expenditures on the part of the Navy totalled \$509 million, or 33.5% of the total amount.

The Air Force was found to have awarded a total of \$185.3 million, but this amount clearly understates the total amount awarded because of missing cost data for 191 direct contracts. It was not possible to determine the dollars awarded through direct contract conversions for either the Marines or the Defense Logistics Agency. Using available data, it was possible to determine that the Marines awarded, through cost comparison

studies, a total of \$12.9 million. The Defense Logistics Agency did not award any contracts as a result of cost comparison studies.

In reference to numbers, the Air Force awarded the largest number of the 539 contracts privatized with 320, or 59% of the total. The Army and the Navy each awarded 100 contracts. Activity on the part of the Marines and the Defense Logistic Agency (DLA) was significantly less than the other departments. The DLA was found to have awarded only two direct contracts. The Marines awarded nine direct contracts and eight contracts that resulted from cost comparison studies.

A further examination of awards resulting from cost comparison studies by department, reveals that 129, or 42% of the total awards were awarded by the Air Force. Awards from the Army and Navy accounted for 29.7% and 25.7% of the total, respectively. The number of awards from these two departments totalled 89 and 78, respectively. The eight awards from the Marines contributed 2.6% to the total.

Table 2.3

U.S. DEPARTMENT OF DEFENSE
A-76 CONTRACTING BY TYPE AND AMOUNT
FISCAL YEARS 1985-1987

DEPARTMENT	DIRECT CONTRACTS		COST COMPARISONS		COMBINED TOTALS	
	NUMBER	DOLLARS	NUMBER	DOLLARS	NUMBER	DOLLARS
DLA	2	UTD	0	\$ 0	2	UTD
ARMY	11	\$40,144,000	89	\$ 771,272,000	100	\$ 811,416,000
NAVY	22	\$ 1,782,000	78	\$ 507,325,000	100	\$ 509,107,000
AIR FORCE	191	UTD	129	\$ 185,283,000	320	\$ 185,283,000
MARINES	9	UTD	8	\$ 12,910,000	17	\$ 12,910,000
TOTALS	235	\$41,926,000	304	\$1,476,790,000	539	\$1,518,716,000

Cost Savings Resulting from Contracting Out. A total of \$581.1 million in cost savings to the government is known to have resulted from Department of Defense A-76 contracting activities examined through this study. The analysis is hampered, however, because of missing cost savings data on 212, or 90%, of the 235 direct contracts. Thus, the reported minimum savings resulted from cost comparison studies for a total of \$579.9 million; and 23 direct contracts awarded by the Army and the Navy for a total of \$1.2 million.

Awards from both the Army and Navy contributed a significant amount to the cost savings resulting from cost comparison studies. Specifically, almost 50% of these savings can be found through contracts awarded by the Army; another 35% from contracts awarded by the Navy.

Table 2.4

U.S. DEPARTMENT OF DEFENSE
COST SAVINGS BY TYPE OF A-76 CONTRACTING AND BY DEPARTMENT
FISCAL YEARS 1985-1987

DEPARTMENT	SAVINGS THROUGH COST COMPARISONS	SAVINGS THROUGH DIRECT CONTRACTS	TOTAL SAVINGS
DLA	\$ 0	UTD	UTD
ARMY	\$ 288,791,000	\$ 538,000	\$ 289,329,000
NAVY	\$ 204,540,000	\$ 701,000	\$ 205,241,000
AIR FORCE	\$ 79,651,000	UTD	\$ 79,651,000
MARINES	\$ 6,928,000	UTD	\$ 6,928,000
TOTALS	\$ 579,910,000	\$1,239,000	\$ 581,149,000

Type of Commercial Activities Contracted Out. Approximately 115 different types of commercial activities were involved in the Department of Defense awards resulting from cost comparison studies and direct contract conversions. Table 2.5 arrays these commercial activities in terms of the total number of contracts awarded. Smaller activities are grouped under "other."

As Table 2.5 demonstrates, the largest number of contracts awarded were for the provision of administrative support services. Approximately 22% of all A-76 contracts awarded were for this

purpose. Shelf stocking at commissaries was the second largest commercial activity contracted; 79, or almost 15% of all commercial activities contracted were for this purpose.

Other commercial activities contracted ranged from grounds maintenance for a total of 30 contract awards to pest management for a total of five contract awards. Commercial activities included among the "other" category are such functions as: medical services, messenger service, ocean terminal operations, operation of bulk liquid storage, housing management, railroad facilities, publication distribution centers, and so forth.

Table 2.5

U.S. DEPARTMENT OF DEFENSE
NUMBER OF AWARDS BY TYPE OF COMMERCIAL ACTIVITIES
COST COMPARISON STUDIES AND DIRECT CONTRACT CONVERSIONS
FISCAL YEARS 1985-1987

SIC CODE	COMMERCIAL ACTIVITY	NUMBER AND PERCENT CONTRACTED					
		CC ¹	% TOTAL	DC ²	%TOTAL	TOTAL	%
7399	ADMINISTRATIVE SUPPORT SERVICES	41	35.0%	76	65.0%	117	100.0%
7399	COMMISSARY SHELF STOCKING	32	40.5%	47	59.5%	79	100.0%
0782	GROUNDS	27	90.0%	3	10.0%	30	100.0%
8331	TRAINING ADMIN.	10	34.5%	19	65.5%	29	100.0%
1799	PROTECTIVE COATING	26	100.0%	0	0.0%	26	100.0%
4582	AIR TRANSPORTATION SERVICES	11	47.8%	12	52.2%	23	100.0%
7349	CUSTODIAL SERVICES	8	36.4%	14	63.6%	22	100.0%
5812	FOOD SERVICES	7	31.8%	15	68.2%	22	100.0%
7539	MOTOR VEHICLE OPS. & MAINTENANCE	18	100.0%	0	0.0%	18	100.0%
7813	AUDIO VISUAL SERV	15	100.0%	0	0.0%	15	100.0%
5086	MATERIAL SERVICES	0	0.0%	13	100.0%	13	100.0%
4226	STORAGE/WAREHOUSE	12	100.0%	0	0.0%	12	100.0%
4953	REFUSE	5	41.7%	7	58.3%	12	100.0%
8231	LIBRARY SERVICES	10	100.0%	0	0.0%	10	100.0%
7374	DATA AUTOMATION, ENTRY SERVICES	4	66.7%	2	33.3%	6	100.0%
7342	PEST MANAGEMENT OTHER	4	80.0%	1	20.0%	5	100.0%
		74	74.0%	26	26.0%	100	100.0%
TOTALS		304	56.4%	235	43.6%	539	100.0%

NOTES:

¹Cost Comparisons

²Direct Contracts

An examination of commercial activities in terms of dollars awarded reveals that food service was the activity area totalling the largest dollar volume of awards, with \$209 million (See Table 2.6). Ranking activity areas by dollars awarded reveals that library services and administrative support services follow food service, with expenditures totalling \$95.2 million and \$77.0 million, respectively. Dollar awards totalled by other commercial activities were significantly smaller than those listed above, with several activities found to be higher than \$30 million each. It is important to note that the dollars reported reflect total awards by activity, and an examination of the dollar amounts of individual awards could yield other activities as expending higher average award.

Table 2.6

U.S. DEPARTMENT OF DEFENSE
AMOUNT OF AWARDS BY TYPE OF COMMERCIAL ACTIVITY
COST COMPARISON STUDIES AND DIRECT CONTRACTS
FISCAL YEARS 1985-1987

SIC CODE	COMMERCIAL ACTIVITY	COST COMPARISON	DIRECT CONTRACTS	TOTAL, COMBINED
7399	ADMINISTRATIVE SUPPORT SERVICES	\$ 76,246,000	\$ 765,000	\$77,011,000
7399	COMMISSARY SHELF STOCKING	\$ 31,891,000	UTD	UTD
0782	GROUND	\$ 35,792,000	\$ 433,000	\$36,225,000
8331	TRAINING ADMIN.	\$ 85,252,000	UTD	UTD
1799	PROTECTIVE COATING	\$ 31,338,000	0	\$ 31,338,000
4582	AIR TRANSPORTATION SERVICES	\$ 64,701,000	UTD	UTD
7349	CUSTODIAL SERVICES	\$ 6,799,000	\$ 328,000	\$ 7,127,000
5812	FOOD SERVICES	\$ 172,608,000	\$ 37,184,000	\$209,792,000
7539	MOTOR VEHICLE OPS & MAINTENANCE	\$ 38,067,000	0	\$ 38,067,000
7813	AUDIO VISUAL SVCS	\$ 37,700,000	0	\$ 37,700,000
5086	MATERIAL SERVICES	0	UTD	UTD
4226	STORAGE/WAREHOUSE	\$ 37,243,000	\$ 465,000	\$ 37,708,000
4953	REFUSE COLLECTION	\$ 10,341,000	UTD	\$ 10,341,000
8231	LIBRARY SERVICES	\$ 95,227,000	0	\$ 95,227,000
7374	DATA AUTOMATION, ENTRY SERVICES	\$ 3,320,000	\$ 236,000	\$ 3,556,000
7342	PEST MANAGEMENT	\$ 12,875,000	UTD	UTD
	OTHER	\$ 773,390,000	\$ 2,515,000	\$739,905,000
TOTALS		\$1,476,790,000	\$ 41,926,000	UTD

Further examination of commercial activities contracted by department reveals that there is little variation in the types of activities contracted by the Army, Navy, and Air Force (See Table 2.7). Specifically, the only commercial activities not contracted by all of these departments are air transportation services, which were contracted by the Navy and Air Force; refuse collection, which was contracted by the Army and Air Force; protective coating, which was contracted by the Air Force; and pest management, which was contracted by the Navy as well as the Marines. In terms of the DLA and Marines, the range of commercial activities contracted is more restricted simply because of their smaller number of awards.

Table 2.7

U.S. DEPARTMENT OF DEFENSE
TYPE OF COMMERCIAL ACTIVITIES AWARDED BY DEPARTMENT
COST COMPARISON STUDIES AND DIRECT CONTRACT CONVERSIONS
FISCAL YEARS 1985-1987

SIC CODE	COMMERCIAL ACTIVITY	DLA	ARMY	NAVY	AIR FORCE	MARINES
7399	ADMINISTRATIVE SUPPORT SERVICES		X	X	X	
7399	COMMISSARY SHELF STOCKING		X	X	X	
0782	GROUNDS		X	X	X	X
8331	TRAINING ADMIN			X	X	
1799	PROTECTIVE COATING				X	
45B2	AIR TRANSPORTATION SERVICES			X	X	
7349	CUSTODIAL SERVICES		X	X	X	
5812	FOOD SERVICES		X	X	X	X
7539	MOTOR VEHICLE OPS & MAINTENANCE		X	X	X	
7813	AUDIO VISUAL SVCS		X	X	X	
50B6	MATERIAL SERVICES				X	
4226	STORAGE & WAREHOUSE		X	X	X	
4953	REFUSE	X	X		X	
8231	LIBRARY SERVICES		X	X	X	
7374	DATA AUTOMATION, ENTRY SERVICES		X	X	X	
7342	PEST MANAGEMENT			X		X

A Comparative Analysis of Small Business Performance in A-76 Cost Comparison Studies vis a vis the Government. Insights into small firm success in competing for DoD contracts can be obtained through an examination of the number of cost comparison competitions that they won in relation to the total number in which they competed, including those resulting in a decision for the activity to remain inhouse (see Table 2.8). While it is impossible to determine with precision how they performed in terms of winning unrestricted single-function competitions because of lack of data on the size of firms participating in competitions that were lost, it is known that all multi-function competitions were won by private commercial sources. Small business received contracts in six, or 25%, of the 24 competitions. Of the 172 unrestricted single-function competitions conducted, small business received contracts in at least 72, or 41.9% of the competitions.

A more precise determination of small firm success in winning preferential setaside competitions is offered. Table 2.8 emphasizes that of the 341 cost comparison studies conducted using small business setaside competitions, small business is identified as having won 157, or only 46% these competitions. In contrast, the total number of awards resulting from cost comparison studies comprised 56% of the total number of competitions. In addition, small business was not very successful in 8(a) designated competitions. Of the 12 cost comparison studies conducted using 8(a) competitions, only two, or 16.7%, were contracted out.

Further, it should be emphasized that dollars "lost" as a result of the 184 small business setaside competitions that remained inhouse totalled \$538.1 million dollars. The amount of dollars remaining inhouse as a result of small business setasides exceeded the amount contracted - \$315 million. Dollars "lost" as a result of the ten 8(a) competitions remaining inhouse totalled \$12.9 million, compared with the \$2.5 million awarded.

Table 2.8

U.S. DEPARTMENT OF DEFENSE
 INHOUSE AND CONTRACTED AWARDS, TOTAL, SMALL BUSINESS TOTAL AND PERCENT
 AWARDED TO SMALL BUSINESS BY TYPE OF COMPETITION
 FISCAL YEARS 1985-1987

TYPE OF COMPETITION	# OF COST COMPARISONS	DECISION STATUS		# AWARDED SMALL BUS	% WON BY SMALL BUS
		INHOUSE	CONTRACT		
SM BUS SETASIDE	341	184	157	157	46.0%
B(A) SETASIDE	12	10	2	2	16.7%
UNRESTRICTED					
MULTI FUNCTION	24	0	24	6	25.0%
SINGLE FUNCTION	172	58	114	72	41.9%
NISH	12	5	7	n/a	n/a
TOTAL	561	257	304	237	42.2%

A Comparative Analysis of Small Firm Performance in DoD A-76 Contracting vis a vis Other Contractors. Small business is known to have won 398, or 73.8% of the 539 commercial activities awarded through both A-76 cost comparisons and direct contracts. The number won may be even higher because the firm size of all 57 unrestricted direct contract recipients could not be determined. Small business is known to have been awarded 237, or 78%, of the 304 cost comparisons¹, and at least 161, or 68.5%, of the 235 direct contracts (See Table 2.9).

¹ Large business was found to have won 52, or 17.1% of the cost comparison competitions; the National Institute for the Severely Handicapped (NISH) was found to have won 8, or 2.6%; and for seven unrestricted contracts, or 2.3% of all awards, it was impossible to determine the size of the firm recipient.

Table 2.9

U.S. DEPARTMENT OF DEFENSE
NUMBER OF SMALL BUSINESS AWARDS THROUGH
BOTH COST COMPARISONS AND DIRECT CONTRACTS
FISCAL YEARS 1985-1987

A-76 CONTRACTING METHOD	TOTAL NUMBER AWARDED	SMALL BUSINESS AWARDS NUMBER	% of TOTAL
COST COMPARISONS	304	237	78.0%
DIRECT CONTRACTS	235	161	68.5%
TOTAL	539	398	73.8%

NOTE:

- ¹ Reflects only those awards to small business through preferential small business or 8(a) set-asides; the firm size of recipients of 57 direct contracts awarded through unrestricted competitions could not be determined.

Using data obtained from CAMIS, it is impossible to determine the total amount of dollars awarded to small firms through the DoD A-76 contracting out process. The availability of contract cost data for only 31, or 13%, of the 235 direct contracts is the major source of this imprecision. Missing contract recipient firm size data for seven unrestricted contracts that resulted from cost comparison studies further contributes to the uncertainty.

What is known about the dollars awarded to small firms through DoD A-76 contracting out is displayed in Table 2.10. While the direct contract cost data should be reviewed cautiously, it is possible to make certain determinations based on these data.

First, it is known that small firms received at least \$597.6 million, or 40.5%, of the total dollars contracted out through cost comparison studies². This amount may be even slightly

² Large business was awarded \$827.8 million, or 56.1% of the total; NISH was awarded another \$3.6, or .2%, of the total; and the type of recipient could not be determined for approximately \$47.7 million, or 3.2%, of the total because of missing firm size data for seven unrestricted contract awards resulting from cost comparisons.

higher given that approximately \$47.8 million, or 3.2%, of the total dollars awarded through cost comparisons could not be linked to the size of the contract recipient. In this context, it is possible to estimate a maximum amount awarded to small firms through cost comparisons by making an assumption about the unknown dollars. Specifically, if it assumed that small business received all of the unknown dollars, then approximately \$645.4, or roughly 44% of the total amount, would have been awarded. In reality, the amount contracted to small business probably falls somewhere between \$597.6 million and \$645.4 million. When the unknown dollars are removed from the analysis, support for this estimate is provided. Specifically, small firms are found to have been awarded approximately 42% of all known dollars. While admittedly tenuous, it is probably not unreasonable to speculate that small business did receive roughly this percentage given no known reason for assuming any differences in the types of contracts for which data are missing.

Second, it is known that small firms were awarded at least another \$3.6 million through direct contracts. It is important to note that this amount is a minimum as cost data were available for only 31, or 13% of the direct contacts - 20 unrestricted and 11 setaside designated contracts. When the limited available direct contract cost data are used as the basis for estimation³, it is speculated that small business may have been awarded another \$32.4 million through preferential setasides--roughly \$24.2 million through small business setasides and approximately \$8.3 million through 8(a) setasides. Other dollars may have been received through unrestricted competitions, but the lack of firm size data for any of the contracts prohibits speculation in this context.

³ Direct contract cost data were available for nine small business setaside and two 8(a) competitions; these awards together totalled roughly \$3.6 million. In order to speculate about the amount that might have been awarded to small business, the average amount of the nine small business setaside contracts that totalled \$1.5 million was calculated and applied to the remaining 142 awards resulting from such competitions. Likewise, the average amount of the two 8(a) contracts that totalled \$2.1 million was calculated and applied to the remaining eight awards.

Table 2.10

U.S. DEPARTMENT OF DEFENSE
 TOTAL AMOUNT AWARDED TO SMALL BUSINESS THROUGH
 A-76 COST COMPARISONS AND DIRECT CONTRACTS
 FISCAL YEARS 1985-1987

A-76 CONTRACTING METHOD	TOTAL AMOUNT AWARDED	SMALL BUSINESS AWARDS AMOUNT	% of TOTAL
COST COMPARISONS	\$1,476,790,000	\$597,600,000	40.5%
DIRECT CONTRACTS	\$ 41,926,000	\$ 3,600,000	3.7%
TOTAL	\$1,518,716,000	\$601,200,000	39.5%

NOTE:

Direct contract amounts reflect data for only 31, or 13%, of all direct contract awards.

Competitiveness of Small Firms in A-76 Contracting: Cost Comparison Studies. A closer examination of the type of competition used to channel contracts to small business provides insights into the competitiveness of small firms in A-76 contracting. In this context, the type of competition used to channel commercial activities, first in terms of numbers of activities, and then in terms of the dollar volume of activities is reviewed.

This analysis reveals that of the 237 contracts awarded to small business as a result of cost comparison studies, the majority were a result of small business setaside competitions. Specifically, 157, or 66.3%, of the awards came through small business setasides. Only two, or .8%, through 8(a) competitions, and a minimum of 78, or 32.9%, through unrestricted multi-function and single-function competitions (See Table 2.11).

Approximately 92% of the 78 contracts known to have been awarded to small business through unrestricted competitions were single function awards. Only 8%, or six, of the 78 contracts resulting from unrestricted competitions were found to have resulted from multi-function competitions.

Table 2.11

U.S. DEPARTMENT OF DEFENSE
 NUMBER OF COST COMPARISONS RESULTING IN A DECISION TO
 CONTRACT WITH SMALL BUSINESS BY TYPE OF COMPETITION
 FISCAL YEARS 1985-1987

COMPETITION	NUMBER OF AWARDS	SMALL BUSINESS AWARDS	
		NUMBER	% OF TOTAL
SMALL BUS. SETASIDE	157	157	66.3%
8(a)	2	2	0.8%
NISH	7	N/A	
UNRESTRICTED, TOTAL	138	78	32.9%
-MULTIFUNCTION	24	6	2.5%
-SINGLE FUNCTION	114	72	30.4%
KNOWN	((107))		
UTD	((7))		
TOTAL	304	237	100.0%

NOTE:

Known refers to those contracts where it was possible to determine the type of contractor recipient, i.e., small business, large business, etc. In contrast, UTD, unable to determine, refers to the inability to determine the size of the contractor receiving the award.

Small firms won at least \$597.6 million, or 42% of the total dollars awarded. Further examination, by type of competition, of known awards to small business through cost comparison studies reveals that relatively fewer dollars were channelled to small business through setasides than were contracts. Only 52.8% of the dollars awarded to small firms for the operation of commercial activities were awarded through small business setaside competitions, for a total of \$315.5 million (See Table 2.12 on the following page).

In contrast, the unrestricted contract was relatively more important in channelling dollars than setaside activities, primarily due to the large dollar amounts involved. Approximately \$279.6 million, or 46.8%, of the dollars awarded to small business for the operation of commercial activities was awarded through unrestricted contract competitions in contrast to 33% of the activities.

Of the \$279.6 million captured through unrestricted competitions, \$154.5 million, or approximately 55%, was captured through unrestricted single function competitions, and \$125.1, or approximately 45% through unrestricted, multifunction competitions.

The small business capture of the dollars awarded through unrestricted competitions is somewhat hampered by the unavailability of firm size data for the seven unrestricted contracts. Dollars known to have been captured by small business through single function competitions were slightly higher than those captured through multi-function competitions, and could be even higher, if it were to be determined that any of the unknown dollars for which contractor size is unavailable had been awarded to small firms. Specifically, small business is known to have captured \$154.4 million, and anywhere between 29% to 38% of the unrestricted single function competition dollars depending upon the amount of the unknown dollars captured. In contrast, small business captured \$125.1 million for approximately 21% of the unrestricted multifunction competition dollars. Yet, it is important to note that dollar totals through unrestricted multifunction competitions reflect six awards as compared to 72 awards coming through single function competitions.

Table 2.12

U.S. DEPARTMENT OF DEFENSE
COST COMPARISON STUDY AWARDS TO SMALL BUSINESS
BY TYPE OF COMPETITION
FISCAL YEARS 1985 - 1987

TYPE OF COMPETITION	TOTAL AMOUNT AWARDED	SMALL BUSINESS AWARDS	
		TOTAL	% OF TOTAL
SMALL BUSINESS SETASIDE	\$ 315,472,000	\$315,472,000	52.8%
8(a) SETASIDE	\$ 2,530,000	\$ 2,530,000	.4%
UNRESTRICTED MULTIFUNCTION	\$ 620,917,000	\$125,133,000	20.9%
SINGLE FUNCTION	\$ 534,261,000	\$154,456,000	25.8%
--KNOWN TOTAL	[\$ 486,509,000]		
--UNKNOWN TOTAL	[\$ 47,752,000]		
TOTAL	\$1,473,180,000	\$597,591,000	100.0%

Competitiveness of Small Firms in Direct Contracting.

Examination of the type of competition used in direct contract awards reveals that at least 161 contracts, or 69%, of the total 235 awarded were contracted using preferential setasides. The majority, 151, were contracted using small business setasides, the other ten using 8(a) setasides. Of the remaining 74 direct contracts, fifty seven, or 24%, were awarded through unrestricted competitions; seventeen, or 7%, were awarded to NISH.

It is known that small business was awarded \$1,531,000 through nine direct contracts that used small business setaside competitions and \$2,069,000 through two direct contracts that used 8(a) competitions (See Table 2.13). The speculation, referenced earlier, that another \$24.2 million might have been awarded through small business setasides and another approximately \$8.3 million through 8(a) setasides is about all that can be stated about small firm competitiveness in direct contracting in terms of dollars. Both the missing firm size data for the direct contracts awarded through unrestricted competitions as well as the missing contract amount data for the substantial number of direct awards that used preferential setasides makes it impossible to determine the exact distribution of direct award dollars to small business by type of competition. Yet, because the direct contracts involve less than 10 FTE's, it can be speculated that small business was awarded the majority of these contracts.

Table 2.13

U.S. DEPARTMENT OF DEFENSE
DOLLARS AWARDED TO SMALL BUSINESS BY TYPE OF COMPETITION
DIRECT CONTRACTS
FISCAL YEARS 1985-1987

TYPE COMPETITION	# OF AWARDS REPRESENTED	KNOWN DOLLARS AWARDED	% OF KNOWN TOTAL DOLLAR
SMALL BUSINESS SETASIDE	9	\$ 1,531,000	3.7%
8(a)	2	\$ 2,069,000	4.9%
UNRESTRICTED SINGLE FUNCTION	20	\$ 38,326,000	91.4%
TOTAL	31	\$ 41,926,000	100.0%

NOTE:

Contractor size is unknown for the 20 direct contracts for which contract cost data are available.

Savings from Contracting Out with Small Business. For Fiscal Years 1985-87, awards to small business were found to have contributed \$166.2 million to the overall savings of \$579.9 million resulting from cost comparisons awards. Dollars saved as a result of awards to small business accounted for 28.7% of the total savings.

A further analysis of savings by type of competition, reveals that of the \$166.2 million saved through awards to small business, 60.4%, or \$90.4 million was saved through small business setaside competitions, 0.1%, or \$241,000 through 8(a) designated awards, and 39.5%, or \$59.1 million through contracts known to have been awarded to small firms through unrestricted competitions. A further division of savings resulting from unrestricted contracts shows that \$48.1 million was saved through single function contracts while \$27.5 million was saved through multi-function contracts. (See Table 2.14).

Table 2.14

U.S. DEPARTMENT OF DEFENSE
SAVINGS TO THE GOVERNMENT THROUGH SMALL BUSINESS AWARDS
FISCAL YEARS 1985-1987

TYPE OF COMPETITION	SAVINGS	% OF TOTAL SAVINGS
SMALL BUSINESS SETASIDE	\$ 90,352,000	60.4%
8(a)	\$ 241,000	0.1%
UNRESTRICTED	\$ 75,558,000	39.5%
Single Function [\$ 48,105,000]		
Multi-Function [\$ 27,453,000]		
TOTAL	\$ 166,151,000	100.0%

Due to insufficient data in the CAMIS data base, an analysis of dollar savings to the government through direct conversions to small firms is hampered. Cost savings data were available on only 18 of the 161 direct contracts channelled to small business using preferential setasides. Limited cost savings data from direct contracts resulting from unrestricted competitions could not be attributable to contractor type because of missing firm size data.

What can be determined from available data is that savings from small business direct contracts totalled a minimum of \$797,000 out of the overall known total of \$1.2 million. Known savings from direct contacts accounted for 64% of total known saving.

This reflects cost savings reported on one Army small business setaside contract that totalled \$251,000, and 17 Navy preferential awards that totalled \$546,000. Cost savings data were unavailable for all Defense Logistics Agency, Air Force, and Marine direct contracts.

Type of Commercial Activities Contracted to Small Business.

There were approximately 100 commercial activities contracted to small business as a result of cost comparison studies. Table 2.15 below reflects those activity areas having a high volume of contracts awarded to small business. Due to the large number of commercial activities, small activities, in terms of numbers of contracts, have been combined in an "other" category.

With regard to the number of activities contracted out to small business by commercial activity area, administrative support services that fall into the SIC category, 73, Business Services, has the largest number of awards with 36. Also, a large number of awards in the following activity areas were contracted to small business: commissary shelf stocking, 24; protective coating, 23, and grounds maintenance, 23. Table 2.15 provides a full listing of activities contracted out to small business by their Standard Industrial Classification.

Table 2.15 also reports the dollars awarded to small business by commercial activity area. The commercial activity of most importance in terms of dollars to small business was food service, with \$172.6 million (SIC Major Group 58, Eating and Drinking Places). Contract dollar totals awarded through air transportation services and library services were also large--\$64.3 million and \$41.1 million, respectively.

Table 2.15

U.S. DEPARTMENT OF DEFENSE
NUMBER AND AMOUNT OF AWARDS BY TYPE OF COMMERCIAL ACTIVITY
COST COMPARISON STUDIES
FISCAL YEARS 1985-1987

SIC CODE	COMMERCIAL ACTIVITY	TOTAL NUMBER OF AWARDS	NUMBER OF SMALL BUSINESS AWARDS	PERCENT OF TOTAL AWARDS	AMOUNT OF AWARDS TO SMALL BUSINESS
7399	ADMINISTRATIVE SUPPORT SERVICES	41	36	87.8%	20,448,000
7399	COMMISSARY SHELF STOCKING	32	24	75.0%	24,869,000
1799	PROTECTIVE COATING	26	23	88.5%	28,548,000
0782	GROUNDS	27	23	85.2%	32,001,000
7539	MOTOR VEHICLE OPS & MAINTENANCE	18	12	66.7%	19,038,000
4582	AIR TRANSPORTATION SERVICES	11	11	100.0%	64,312,000
7813	AUDIO VISUAL SVCS	15	8	53.3%	16,555,000
5812	FOOD SERVICES	7	7	100.0%	172,608,000
7349	CUSTODIAL SERVICES	8	6	75.0%	6,787,000
4226	STORAGE & WAREHOUSE	12	4	33.3%	10,826,000
4953	REFUSE COLLECTION	5	3	60.0%	7,129,000
7374	DATA AUTOMATION, ENTRY SERVICES	4	3	75.0%	2,712,000
8231	LIBRARY SERVICES	10	2	20.0%	41,173,000
8331	TRAINING ADMIN	10	2	20.0%	2,047,000
7342	PEST MANAGEMENT	4	2	50.0%	2,525,000
	OTHER	74	69	93.2%	146,022,000
	TOTALS	304	235	77.3%	597,600,000

When direct contract conversions are examined, it is determined that approximately thirty commercial activities were involved. Table 2.16 lists those activities where six or more contracts were directly converted.

As the table indicates, administrative support services (SIC Major Group 73, Business Services) was the activity where the largest number of contracts were awarded. Small business captured 67, or 88.2%, of the administrative support services contracts. Small business participation also was prevalent in commissary shelf stocking. They received 34, or 72.3% of these awards.

Table 2.16

U. S. DEPARTMENT OF DEFENSE
NUMBER OF DIRECT AWARDS TO SMALL BUSINESS
BY TYPE OF COMMERCIAL ACTIVITY
FISCAL YEARS 1985-1987

SIC CODE	COMMERCIAL ACTIVITY	# OF AWARDS	SMALL BUSINESS AWARDS	
			NUMBER	% OF TOTAL
7399	ADMINISTRATIVE SUPPORT SERVICES	76	67	88.2%
7399	COMMISSARY SHELF STOCKING	47	34	72.3%
7349	CUSTODIAL SERVICES	14	5	35.7%
5086	MATERIAL SERVICES	13	9	69.2%
4582	AIR TRANSPORTATION SERVICES	12	3	25.0%
5812	FOOD SERVICE	10	5	50.0%
7349	MESS ATTENDANTS & HOUSEKEEPING	6	6	100.0%
4953	REFUSE COLLECTION	7	4	57.1%
8331	TRAINING ADMIN OTHER	19	0	0.0%
		31	28	90.3%
TOTALS		235	161	68.5%

Small Business Performance in A-76 Contracting by DoD Department. This part of the analysis reviews small firm performance in A-76 contracting by individual DoD department. The number and dollar volume of commercial activities awarded to small firms through cost comparison studies and direct contracts are reviewed along with the type of competition employed. Also reviewed are the cost savings effected and the types of activities contracted.

Number and Dollar Volume of Commercial Activities Awarded to Small Firms by Type of Competition Employed. The number and dollar volume of commercial activities awarded to small firms and the type of competition used in channeling these contracts is reviewed first for cost comparison studies, and then, for direct contracts.

Cost Comparison Studies. An examination of awards resulting from cost comparison studies by DoD department reveals that in each department, for the fiscal years examined, over 70% of the awards went to small business.

In terms of the absolute number of contracts awarded to small business as a result of cost comparison studies, the Air Force

contracted the largest number with 105. Awards by the Army and Navy totalled 67 and 58, respectively. The Marines awarded seven contracts to small business as a result of cost comparison studies for Fiscal Year 1985-87; this reflects 87.5% of all of the Marine Corps awards, resulting in the highest percentage of total awards of any Department. (See Table 2.17).

Table 2.17

U.S. DEPARTMENT OF DEFENSE
COST COMPARISON STUDY AWARDS TO SMALL BUSINESS BY DEPARTMENT
FISCAL YEARS 1985-1987

DEPARTMENT	TOTAL AWARDS	SMALL BUSINESS AWARDS	
		NUMBER	% OF TOTAL AWARDS
ARMY	89	67	75.3%
NAVY	78	58	74.4%
AIR FORCE	129	105	81.4%
MARINES	8	7	87.5%
DLA	0	0	0.0%
TOTAL	304	237	78.0%

NOTE:

Seven contracts for which firm size were unknown may have been awarded to small business; three of these were awarded by the Army; four by the Air Force. Thus, small business totals and percentages in these Departments may be slightly higher than reported.

While the amount of dollars awarded to small business by the Navy and Marines through cost comparisons is defined, the amount awarded by the Army and Air Force is less certain. The dollar volume of commercial activities awarded through cost comparisons to recipients whose firm size is unknown totalled \$47.8 million; 83.3% of these dollars were contracted by the Army and another 16.7% by the Air Force (See Table 2.18).

The dollar volume of commercial activities awarded to small business by the Navy is approximately \$144.7 million; the dollar volume awarded by the Marines totalled \$10.5 million.

The Army was found to have awarded the largest dollar volume of commercial activities to small business through formal cost comparisons. Specifically, the Army awarded at least \$308.9 million, or almost 52%, of all known dollars awarded to small firms. It is possible that the Army awarded even more to small

business. If all dollars for which the size of firm recipients are unknown are assumed to have been awarded to small businesses, then the Army may have awarded a maximum of \$348.7 million to small business.

Similarly, the Air Force is known to have awarded approximately \$133.5 million in commercial activities to small firms. If the dollars for which the size of firm recipients are unknown are assumed to have been awarded to small businesses, then it is the Air Force may have awarded a maximum of approximately \$141.4 million to small business.

Table 2.18

U.S. DEPARTMENT OF DEFENSE
DOLLAR AMOUNTS AWARDED TO SMALL BUSINESS THROUGH
COST COMPARISON STUDIES, BY DEPARTMENT
FISCAL YEARS 1985-1987

DEPARTMENT	TOTAL AMOUNT AWARDED	AMOUNT AWARDED TO	
		SMALL BUSINESS	UNKNOWN
ARMY	\$ 771,272,000	\$ 308,963,000	\$39,779,000
NAVY	\$ 507,325,000	\$ 144,676,000	\$ 0
AIR FORCE	\$ 185,283,000	\$ 133,451,000	\$ 7,973,000
MARINES	\$ 12,910,000	\$ 10,510,000	\$ 0
TOTAL	\$ 1,476,790,000	\$ 597,600,000	\$47,752,000

NOTE:

Unknown reflects the amount awarded through unrestricted competitions for which size of firm recipient could not be determined; all or some of this amount may have been awarded to small business.

Finally, it should be noted that the Air Force and the Marines awarded the largest percentages of their dollars contracted out as a result of cost comparison studies to small business, at least 72.0% and 81.4% respectively. In contrast, the Army awarded only 40% to 45% of its total dollars to small business; the Navy, only 28.5% of its total dollars.

Table 2.19 arrays cost comparison awards across department by type of competition. As this Table indicates, the Air Force

awarded the majority, or approximately 82%, its A-76 contracts resulting from cost comparison studies through small business setasides. In contrast, the Navy awarded 60% of its contracts using the small business setaside; the Army 46%. Only the Army and the Navy were found to have awarded multi-function contracts to small business with the Army awarding five of the six multi-function awards.

Table 2.19

U.S. DEPARTMENT OF DEFENSE
NUMBER OF AWARDS TO SMALL BUSINESS BY DEPARTMENT
AND TYPE OF COMPETITION - COST COMPARISON STUDIES
FISCAL YEARS 1985-1987

DEPARTMENT	8(a)	SMALL BUSINESS SETASIDE	UNRESTRICTED		TOTAL
			multi	single	
ARMY	0	31	5	31	67
NAVY	0	35	1	22	58
AIR FORCE	0	86	0	19	105
MARINES	2	5	0	0	7
TOTAL	2	157	6	78	237

Table 2.20 distributes cost comparison dollars awarded to small business across DoD Departments by type of competition. As this table reveals, the Army awarded the bulk of its dollars to small business through unrestricted competitions. In contrast, the Navy and the Air Force awarded the largest amount of their dollars to small business through small business setasides. The Marines awarded a slightly higher percentage through small business setasides than through unrestricted competitions--59.5% vs. 40.5%.

Table 2.20

U.S. DEPARTMENT OF DEFENSE
 COST COMPARISON AWARDS TO SMALL BUSINESS BY TYPE OF COMPETITION
 BY DEPARTMENT
 FISCAL YEARS 1985-1987

TYPE OF COMPETITION	ARMY	NAVY	AIR FORCE	MARINES
SMALL BUSINESS	\$78,736,000	\$125,129,000	\$104,951,000	\$ 6,656,000
8(a)	\$0	\$ 2,530,000	\$0	\$0
UNRESTRICTED				
Single, Known	\$108,122,000	\$ 14,469,000	\$ 28,011,000	\$ 3,854,000
Single, Unknown	(\$ 39,779,000)	\$0	(\$ 7,973,000)	\$0
Multi	\$122,585,000	\$ 2,548,000	\$0	\$0
TOTALS	\$308,963,000	\$144,676,000	\$133,451,000	\$10,510,000

Direct Contracts. The Air Force is known to have awarded 130, or 68%, of its 191 direct contracts to small firms using preferential setasides. The number of contracts awarded to small business by the Air Force may be even higher given that firm size of the recipients of 44 direct contracts originating from this Department through unrestricted competitions could not be identified. The Navy was found to have awarded at least 20, or 91% of its 22 direct contracts to small business through preferential setasides. The Marine Corps was found to have awarded all of its nine direct contracts preferentially to small business (See Table 2.21). It is known that the Army awarded only two contracts to small business using preferential setasides. It not possible to determine with certainty the actual number of Army direct contracts awarded to small business; the size of award recipients could not be determined for nine of the 11 Army direct contracts awarded through unrestricted competition.

Table 2.21

U.S. DEPARTMENT OF DEFENSE
DIRECT CONTRACT AWARDS TO SMALL BUSINESS BY DEPARTMENT
FISCAL YEARS 1985-1987

DEPARTMENT	TOTAL AWARDS	SMALL BUSINESS AWARDS THROUGH SETASIDES	UNABLE TO DETERMINE
ARMY	11	2	9
NAVY	22	20	2
AIR FORCE	191	130	44
MARINES	9	9	0
DLA	2	0	2
TOTALS	235	161	57

NOTE:

Unable to Determine reflects the 57 direct contracts awarded through unrestricted competitions where the size of the firms winning these competitions is unknown.

Individual DoD departments used the small business setaside more often than the 8(a) setaside in A-76 direct contracting (See Table 2.22). Approximately 81% of the Navy, 67% of the Air Force and 44% of the Marine Corps direct contracts were awarded using the small business setaside.

Only an approximate 4% of all A-76 direct contracting within the U.S. Department of Defense was accomplished using the preferential 8(a) setaside. The Marine Corps used this setaside in 55.5% of its direct contracts in contrast to the Army and the Navy, each of which used the setaside in only 9% of their direct contract activities. The Air Force awarded two of its 191 direct contract conversions through the 8(a) setaside.

Table 2.22

U. S. DEPARTMENT OF DEFENSE
 PREFERENTIAL SETASIDES USED IN A-76 DIRECT CONTRACTING
 FISCAL YEARS 1985-1987

AGENCY	TOTAL CONTRACTS	SMALL BUS. SETASIDES	% OF TOTAL	8(a)	% OF TOTAL
DLA	2	0	0.0%	0	0.0%
ARMY	11	1	9.0%	1	9.0%
AIR FORCE	191	128	67.0%	2	1.0%
MARINES	9	4	44.4%	5	55.6%
NAVY	22	18	81.8%	2	9.1%
TOTALS	235	151	64.3%	10	4.3%

Cost Savings by Department. An examination of savings from small business awards that resulted from cost comparisons by individual DoD department reveals that savings resulting from small business awards by the Marine Corps totalled 82.5% of their overall savings. Conversely, Army savings through small business awards accounted for only 15.8% of their total savings. In the Navy, almost 32.9% of their savings resulted from awards to small business, while 59.6% of the Air Force savings came through awards to small business. (See Table 2.23). Savings from Air Force and Navy awards were found to represent 45% and 41% of all cost savings effected through small business A-76 contracting, respectively.

Table 2.23

U.S. DEPARTMENT OF DEFENSE
 COST SAVINGS RESULTING FROM SMALL BUSINESS COST COMPARISON AWARDS
 BY DEPARTMENT
 FISCAL YEARS 1985-1987

DEPARTMENT	SAVINGS	SMALL BUSINESS SAVINGS	PERCENT OF TOTAL
ARMY	\$ 288,791,000	\$ 45,569,000	15.8%
NAVY	\$ 204,540,000	\$ 67,391,000	32.9%
AIR FORCE	\$ 79,651,000	\$ 47,477,000	59.6%
MARINES	\$ 6,928,000	\$ 5,714,000	82.5%
TOTAL	\$ 579,910,000	\$ 166,151,000	28.7%

As indicated earlier, limited information on small business direct contract cost savings is available because of missing data. It is known that a minimum of \$546,000 in cost savings originated from 17 Navy direct contract awards that used preferential setasides. Another \$251,000 in savings resulted from one Army direct contract award that used a small business setaside.

Types of Activities Awarded by Department. There was found to be a slight variation in the types of activities awarded through cost comparisons across departments. Specifically, for more than 70% of the activities identified at least two of the departments made awards to small business (See Table 2.24).

When direct awards are examined, it is determined that departments were basically similar in the types of activities channeled to small business. The types of activities awarded also were similar to those awarded through cost comparison studies.

Table 2.24

U. S. DEPARTMENT OF DEFENSE
 TYPE OF COMMERCIAL ACTIVITIES AWARDED TO SMALL BUSINESS
 BY DEPARTMENT - COST COMPARISON STUDIES
 FISCAL YEARS 1985-1987

SIC CODE	COMMERCIAL ACTIVITY	DLA	ARMY	NAVY	AIR FORCE	MARINES
7399	ADMINISTRATIVE SUPPORT SERVICES		X	X	X	
7399	COMMISSARY SHELF STOCKING		X		X	
0782	GROUNDS		X		X	X
8331	TRAINING ADMIN			X	X	
1799	PROTECTIVE COATING				X	
4582	AIR TRANSPORTATION SERVICES			X	X	
7349	CUSTODIAL SERVICES		X	X	X	
5812	FOOD SERVICES		X			X
7539	MOTOR VEHICLE OPS & MAINTENANCE		X			
7813	AUDIO VISUAL SERVICES		X	X	X	
4226	STORAGE & WAREHOUSE		X	X		
4953	REFUSE	X			X	
8231	LIBRARY SERVICES			X		
7374	DATA AUTOMATION, ENTRY SERVICES		X		X	
7342	PEST MANAGEMENT			X		X

Small Business Subcontracting on DoD Multi-function Contracts: A Case Study. During this part of the analysis, an indepth case study was undertaken of small business subcontracting on all 24 of DOD A-76 multi-function contracts awarded during Fiscal Years 1985-1987. First, small business subcontracting was examined in terms of contracts awarded to large business concerns, then, in terms of contracts awarded to small businesses.

Small Business Subcontracting on Multi-Function Contracts with Large Business Prime Contractors. An examination of the multifunction contracts revealed that 18 of the 24, or 75%, were awarded to large business. Of these, only eight of the 18 involved subcontracting. A total of 36 subcontracts were awarded through these eight contracts. Small business was awarded 30 of

the 36 subcontracts. In addition, it should be noted that nine, or 30%, of the subcontracts were awarded to firms designated small, women owned, and another two, or 6.6%, to small, disadvantaged firms.

Table 2.25 on the following page indicates the type of activities involved in these contracts as well as the types of activities subcontracted to small business. This Table reveals that small business provided a variety of services on large base operating and installation contracts as well as large operation and maintenance and facilities engineering contracts. Specifically, small businesses were found to have won subcontracts to provide services ranging from the operation of food service establishments to the operation of pest control services. Maintenance and custodial services were also provided.

Table 2.25

U. S. DEPARTMENT OF DEFENSE
 SMALL BUSINESS SUBCONTRACTS ON LARGE BUSINESS PRIME A-76
 UNRESTRICTED MULTIFUNCTION CONTRACTS - FISCAL YEARS 1985-1987

SIC CODE	PRIME CONTRACT ACTIVITY	SMALL BUSINESS SUBCONTRACT ACTIVITY
	<u>NAVY</u>	
7369	Base Operating Support	Food Service
7369	Base Operating Support	Pest Control
		Food Service
	<u>ARMY</u>	
7349	Installation Support	Cargo Moving
		School Bus Operating
		Radio Repair
		Office Equip. Repair
		Washer/Dryer Install.
		Grounds Keeping
		Pest Control
1542	Operation & Maintenance	Custodial Service
		Custodial Service
		Custodial Service
		Grass Cutting
		Port-a-john's
8911	Facility Engineering	**Family Housing Refuse Collection
7349	Installation Support	Bldgs & Struct Supply
		Roads & Grounds
8911	Facility Engineering	Construction Projects
8911	Facility Engineering	*Family Housing Refuse Collection
		Fire Support
		*Builder Recycler
		*Mess Hall Refuse Col- lector
		*Refuse Collection
		Electric Motor Repair
		*Chlorine Treatment
		**Dielectric Testing
		**Kitchen Exhaust Clean
		*Elevator Repair
		Major Repair
		*Steam Clean Dumpster
		*Interior Painting
		*Clean Quarters
		Building Maintenance
		Cathodic Inspection

NOTES:

- * denotes small disadvantaged business
- ** denotes small women owned business

The data indicate that 93.4% of the subcontracting dollars were awarded to small business subcontractors for a total of \$7.4 million. The amount of these subcontracts comprised 1.5% of the total prime contract amount of \$495.8 million. By contrast, six subcontracts awarded to large business comprised 6.6% of the subcontract dollars, totalling \$526,569.

Small Business Subcontracting on Multi-Function Contracts with Small Business Prime Contractors. Table 2.26 provides a listing of the six multi-function contracts involving small business prime contractors by contract activity. Only one involved subcontracting. In this instance, there were two subcontractors providing services to the prime contractor. It was not possible to determine the amount of these subcontracts, but they were both awarded to small business.

Table 2.26

U.S. DEPARTMENT OF DEFENSE
 ACTIVITIES INVOLVED IN UNRESTRICTED MULTIFUNCTION CONTRACTS
 WITH SMALL BUSINESS PRIMES
 FISCAL YEARS 1985-1987

SIC CODE	ACTIVITY	SUBCONTRACT ACTIVITY
4226	Storage & Warehousing	
4111	Operation & Maintenance of Motor Pool	
4111	Operation & Maintenance of Motor Pool	Purchase of Gas Vehicle Repair
7699	Industrial Operations	
154	Facility Engineering	
736	Administrative Services	

U.S. Army Corps Of Engineers

Through the U.S. Army Corps of Engineers headquarters in Washington, all 11 Corps divisions, maintaining 34 district offices, were contacted and requested to provide information on their A-76 privatization activities for Fiscal Years 1985-87. Eight district offices located in seven divisions indicated that they had participated in A-76 contracting. All eight of these districts reported contracting with small business. The results of their A-76 small business contracting are reported below.

Number and Dollar Volume of A-76 Contracts to Small Business. Findings reveal that small business privatization activities on the part of the U.S. Army Corps of Engineers for Fiscal Years 1985-87 involved 50 awards that totalled \$4.0 million. Six districts awarded 48 direct contracts; two districts awarded contracts as a result of cost comparison studies. It should be noted that all of these awards were through the small business setaside competition. The two cost comparison awards totalled \$1.29 million; the 48 direct contract awards totalled \$2.7 million (See Table 2.27).

Table 2.27

U.S. ARMY CORPS OF ENGINEERS:
NUMBER AND DOLLAR VOLUME OF A-76 ACTIVITIES
CONTRACTED TO SMALL BUSINESS
FISCAL YEARS 1985-1987

TYPE OF A-76 CONTRACTING	AMOUNT CONTRACTED	NUMBER OF ACTIVITIES CONTRACTED
COST COMPARISONS	\$ 1,298,571	2
DIRECT CONVERSIONS	\$ 2,738,811	48
TOTALS	\$ 4,037,382	50

Cost Savings Resulting from Awards to Small Business. Savings resulting from Corps A-76 contracting with small business totalled \$1.7 million. Savings through cost comparison studies accounted for \$421,100, or 25%, of the total savings. (See Table 2.28 on the following page) Savings resulting from direct contract conversions totalled \$1.27 million, or 75% of the total savings.

Chapter 3

CIVILIAN AGENCY A-76 CONTRACTING

Overview

This chapter details Federal civilian agency A-76 contracting activities and small business participation in those activities during Fiscal Years 1985-1987. First, an overview of A-76 activity across the various civilian agencies is provided; this is then followed by a profile of the activities for each specific civilian agency identified as having reported A-76 cost savings to the Office of Management and Budget for Fiscal Years 1985 and 1986.

The agencies reviewed in order of their appearance in this section are as follows: U.S. Department of Transportation, General Services Administration, U.S. Department of Commerce, U.S. Department of Energy, and the U.S. Department of the Treasury. Other departments and agencies, notably the U.S. Department of the Interior, the U.S. Department of Agriculture, the Agency for International Development, and the U.S. Department of Health and Human Services are contained together in a special section entitled, Other Agencies.

Civilian Agency A-76 Summary: Contracting Out Activity

Dollars and Number of Activities Contracted Out. Civilian agencies contracted a minimum of approximately \$163.2 million in Fiscal Years 1985-1987 through the A-76 process (See Table 3.1 on the following page). Over 70% of this contracted out amount was awarded through direct contracts, generally of activities with less than ten FTEs, but occasionally for even larger activities. These dollars reflect the contracting out of 254 commercial activities. Approximately 89% of these activities were directly contracted; the remaining 11% were contracted after a formal cost comparison.

Type of Commercial Activities Contracted Out. Table 3.5a profiles the type and amount of commercial activities contracted out by method of A-76 contracting. Data from this table indicate that approximately 81.5% of the A-76 contract dollars awarded were for the provision of three types of commercial activities-- various types of maintenance, food service and ADP, including data entry, data transcription; keypunch; and wordprocessing services. Maintenance-related activities accounted for approximately \$70.59 million, or 43%, of all dollars contracted; mechanical maintenance was, by far, the largest commercial activity contracted in terms of dollars. This maintenance function accounted for 11% of all A-76 dollars contracted out and 26% of all maintenance activities contracted out under the A-76 program. Food service operations accounted for another 24% of all dollars contracted; ADP services accounted for another 15%.

Table 3.5b profiles, by type, the number of commercial activities contracted out. This Table reveals that maintenance-related activities comprised 50% of all activities contracted. Another 11% of the contracted out activities were ADP and computer service related activities. Another 7% of the activities contracted were to operate food service concessions. The remainder of the activities, which comprise 32% of the total number of activities contracted, are varied and emphasize the wide ranging nature of the activities contracted.

Table 3.1

**CIVILIAN AGENCIES:
AMOUNT AND NUMBER OF COMMERCIAL ACTIVITIES CONTRACTED OUT
BY AGENCY AND BY TYPE OF A-76 CONTRACTING
FISCAL YEARS 1985-1987**

TYPE OF A-76 CONTRACTING	AMOUNT CONTRACTED	NUMBER OF ACTIVITIES CONTRACTED
DIRECT CONTRACTS	\$115,334,379	228
COST COMPARISONS	\$ 47,841,535	26
TOTAL	\$163,175,914	254

NOTE:

Contracted out amount is a minimum. Value of several direct contracts could not be determined; no contract data for 1985 was provided by the U.S. Department of the Treasury; and annualized cost data was provided by two agencies.

Further detail on the dollars contracted out by specific civilian agency is provided in Table 3.2. Approximately 80% of all of these dollars were contracted out by the U.S. Department of Transportation and the General Services Administration. The U.S. Department of Transportation alone is responsible for approximately 57% of all contracting out dollars. The U.S. Department of Commerce and the U.S. Department of the Interior together contributed another 6% of all A-76 dollars contracted.

Table 3.2

CIVILIAN AGENCIES:
DOLLAR VOLUME OF COMMERCIAL ACTIVITIES CONTRACTED OUT
BY AGENCY AND BY TYPE OF A-76 CONTRACTING
FISCAL YEARS 1985-1987

AGENCY	A-76 CONTRACTING		
	DIRECT CONTRACTS ¹	FORMAL COST COMPARISONS	TOTAL
TRANSPORTATION ² GENERAL SERVICES ADMINISTRATION	\$ 72,846,475 ⁴	\$20,080,811	\$ 92,927,286
COMMERCE	\$ 35,266,393 ⁴	\$ 3,047,773	\$ 38,314,166
INTERIOR	--	\$13,501,260	\$ 13,501,260
ENERGY ^{1/3}	--	\$ 8,373,328 ⁵	\$ 8,373,328
TREASURY ³	\$ 3,453,705	--	\$ 3,453,705
HEALTH AND HUMAN SERVICES	\$ 2,466,274	\$ 139,416	\$ 2,605,690
AGENCY FOR INTERNATIONAL DEVELOPMENT	\$ 449,000 ⁴	\$ 1,890,000	\$ 2,339,000
AGRICULTURE	\$ 852,532	--	\$ 852,532
	--	\$ 808,947	\$ 808,947
TOTALS	\$115,334,379	\$47,841,535	\$163,175,914

NOTES:

- 1 Includes some simplified cost comparisons conducted within the U.S. Coast Guard and U.S. Dept. of Energy
- 2 Estimated Totals; all U.S. Coast Guard contracts for five years are currently in progress
- 3 Annual contract price, probably underestimates total contract costs in cases of multiple year contracts; also, for the U.S. Department of the Treasury, 1985 data were unavailable
- 4 Slight underestimation as values for some contracts could not be determined
- 5 Estimation, reflects actual costs in Bureau of Mines and Bureau of Reclamation and estimated costs from Bureau of Indian Affairs based on memory of contracting official

Further detail on the number of activities contracted out by specific civilian agency is provided in Table 3.3. Data from this table indicate that approximately 75% of all activities were contracted by the U.S. Department of Transportation and the General Services Administration (GSA). GSA contributed 43% of all of the contracted out activities; the U.S. Department of Transportation contributed 32%. Four agencies were responsible

for the majority, approximately 87%, of the activities contracted out as a result of formal cost comparisons: the General Services Administration, the U.S. Department of Commerce, the U.S. Department of Transportation, and the U.S. Department of the Interior. Activities contracted out as a result of formal cost comparisons were fairly equally distributed across these four agencies.

Table 3.3

CIVILIAN AGENCIES:
NUMBER OF ACTIVITIES CONTRACTED OUT
BY AGENCY AND BY TYPE OF A-76 CONTRACTING
FISCAL YEARS 1985-1987

AGENCY	NUMBER OF ACTIVITIES CONTRACTED OUT		
	COST COMPARISONS	DIRECT CONTRACTS	COMBINED TOTAL
TRANSPORTATION	6	74 ¹	80
GENERAL SERVICES ADMINISTRATION	5	104	109
COMMERCE	6	--	6
INTERIOR	5	--	5
ENERGY	--	39 ¹	39
TREASURY	1	5	6
HEALTH AND HUMAN SERVICES	1	5	6
AGENCY FOR INTERNATIONAL DEVELOPMENT	--	1	1
AGRICULTURE	2	--	2
TOTALS	26	228	254

NOTE:

¹ Also includes informal cost comparisons

A-76 Cost Savings. Table 3.4 indicates that approximately \$81.2 million in cost savings could be identified from the A-76 contracting out process. This figure is known to be a minimum for several reasons. First, cost savings data from the Federal Aviation Administration could not be obtained for purposes of this study; also, cost savings from contracted out activities within the U.S. Department of Interior Bureau of Indian Affairs was not identified. Second, cost savings data from the U.S. Departments of Energy and Treasury are annualized data, thus not reflecting the total cost savings amount for those agencies.

The data in Table 3.4 reveal that 69.4%, or the majority, of the known A-76 cost savings resulted from contracted out activities within the U.S. Department of Transportation. An additional 25% of the known savings resulted from General Services Administration contracted out activities.

Table 3.4

CIVILIAN AGENCIES
A-76 COST SAVINGS BY AGENCY
FISCAL YEARS 1985-1987

AGENCY	TOTAL	% OF TOTAL
TRANSPORTATION ¹	\$ 56,319,305	64.9%
GENERAL SERVICES ADMINISTRATION	\$ 20,574,421	25.0%
COMMERCE	\$ 3,375,540	4.2%
INTERIOR ¹	369,204	0.4%
ENERGY ²	\$ 204,481	0.2%
TREASURY ²	\$ 115,901	0.1%
HEALTH AND HUMAN SERVICES	UTD	UTD
AGENCY FOR INTERNATIONAL DEVELOPMENT	UTD	UTD
AGRICULTURE	\$ 230,977	0.3%
TOTALS	\$ 81,189,829	100.0%

NOTE:

¹ Underestimated. The Federal Aviation Administration was unable to provide cost savings data. U.S. Department of the Interior savings from the Bureau of Indian Affairs was not identified.

² Annualized cost savings

Table 3.5a

CIVILIAN AGENCIES
TYPE AND AMOUNT OF COMMERCIAL ACTIVITIES CONTRACTED OUT
BY A-76 CONTRACTING METHOD
FISCAL YEARS 1985-1987

SIC	COMMERCIAL ACTIVITY	TOTAL COST COMPARISON	TOTAL DIRECT CONTRACT	TOTAL COMBINED
8999	WEATHER OBSERVATIONS	\$ 2,458,529	\$ 0	\$ 2,458,529
8999	UTILITY MAINTENANCE	\$ 0	\$ 29,383	\$ 29,383
8999	BUOY MAINTENANCE	\$ 0	\$ 4,239,680	\$ 4,239,680
8929	ELECTRONIC MAINTENANCE	\$ 3,398,085	\$ 7,915,140	\$ 11,313,225
8911	ENGINEER DRAFTING	\$ 0	\$ 1,027,137	\$ 1,027,137
8231	LIBRARY	\$ 1,942,877	\$ 82,428	\$ 2,025,305
7399	MAIL/MESSENGER	\$ 1,364,351	\$ 2,262,742	\$ 3,627,093
7399	FIRE PROTECTION	\$ 2,397,775	\$ 0	\$ 2,397,775
7393	SECURITY GUARD	\$ 0	\$ 7,056,885	\$ 7,056,885
7374	ADP INCLUDES DATA ENTRY AND TRANSCRIPTION, KEY-PUNCH, WORD PROCESSING	\$ 10,559,255	\$ 13,211,394	\$ 23,770,649
7379	COMPUTER OPERATIONS	\$ 0	\$ 595,649	\$ 595,649
7349	FACILITIES MAINTENANCE Includes CUSTODIAL AND HOUSING (7041)	\$ 14,703,039	\$ 17,586,666	\$ 32,289,705
7349	PLANT, VEHICLE, & GROUNDS MAINTENANCE	\$ 0	\$ 1,487,584	\$ 1,487,584
7333	PHOTOGRAPHIC SERVICES	\$ 0	\$ 156,001	\$ 156,001
7331	MAIL/FILE	\$ 0	\$ 146,925	\$ 146,925
7041	BARRACKS MANAGEMENT	\$ 2,782,415	\$ 0	\$ 2,782,415
5812	FOOD SERVICE	\$ 0	\$ 39,507,775	\$ 39,507,775
4899	TELEPHONE SWITCH	\$ 0	\$ 375,219	\$ 375,219
4464	CANAL AND BUILDING MAINTENANCE	\$ 3,020,562	\$ 0	\$ 3,020,562
4225	SUPPLY/WAREHOUSING	\$ 247,110	\$ 1,600,369	\$ 1,847,479
2731	PRINTING	\$ 0	\$ 852,532	\$ 852,532
1721	PAINTING	\$ 0	\$ 96,828	\$ 96,828
1711	MECHANICAL MAINTENANCE LAB SVS./TRAINING SVS. OTHER	\$ 1,967,537	\$ 16,246,344	\$ 18,213,881
	UNABLE TO DETERMINE	\$ 3,000,000	\$ 0	\$ 3,000,000
	TOTAL	\$47,841,535	\$115,334,379	\$163,175,914

NOTES: Other Category includes microfilm, health care, accounting and voucher examination, conveyance examiner, safety and health auditing; document destruction, forms clearance and other clerical services

Table 3.5b

CIVILIAN AGENCIES
NUMBER OF VARIOUS TYPES OF COMMERCIAL ACTIVITIES CONTRACTED OUT
BY A-76 CONTRACTING METHOD
FISCAL YEARS 1985-1987

SIC	COMMERCIAL ACTIVITY	COST COMPARISON	DIRECT CONTRACT	COMBINED
8999	WEATHER OBSERVATIONS	4	0	4
8999	UTILITY MAINTENANCE	0	1	1
8999	BUOY MAINTENANCE	0	5	5
8929	ELECTRONIC MAINTENANCE	1	2	3
8911	ENGINEER DRAFTING	0	6	6
8231	LIBRARY	1	1	2
7399	MAIL/MESSENGER	2	11	13
7399	FIRE PROTECTION	1	0	1
7393	SECURITY GUARD	0	8	8
7379	COMPUTER OPERATIONS	0	5	5
7374	ADP INCLUDES DATA ENTRY AND TRANSCRIPTION, KEY- PUNCH, WORD PROCESSING	2	22	24
7349	FACILITIES MAINTENANCE Includes CUSTODIAL AND HOUSING(7041)	6	37	43
7349	PLANT, VEHICLE, & GROUNDS MAINTENANCE		7	7
7333	PHOTOGRAPHIC SERVICES	0	2	2
7331	MAIL/FILE	0	4	4
7041	BARRACKS MANAGEMENT	1	0	1
5812	FOOD SERVICE	0	20	20
4899	TELEPHONE SWITCH	0	2	2
4464	CANAL AND BUILDING MAINTENANCE	1	0	1
4225	SUPPLY/WAREHOUSING	1	12	13
2731	PRINTING	0	1	1
1721	PAINTING	0	2	2
1711	MECHANICAL MAINTENANCE	3	66	69
	LAB SVS./TRAINING SVS.	UTD	2	2
	OTHER	0	12	12
	UNABLE TO DETERMINE	3	0	3
TOTAL		26	228	254

NOTES: Other Category includes microfilm, health care, account-
and voucher examination, conveyance examiner, safety
and health auditing; document destruction, forms
clearance and other clerical services

Civilian Agency A-76 Summary: Small Business Contracting

Dollar Value and Number of Contracts Awarded to Small Business. Small business captured 63% of the dollars awarded through A-76 contracting, the bulk of these dollars obtained through direct contract activities. Approximately 73% of all small business dollars obtained through the A-76 contracting out process were received through direct contracts, including simplified, informal cost comparisons (See Table 3.6 below).

Table 3.6

CIVILIAN AGENCIES
SMALL BUSINESS CAPTURE OF A-76 DOLLARS CONTRACTED OUT
FISCAL YEARS 1985-1987

TYPE OF A-76 CONTRACTING	AMOUNT CONTRACTED	AMOUNT CONTRACTED TO SMALL BUSINESS	PERCENT OF TOTAL
DIRECT CONTRACTS	\$115,334,379	\$ 75,279,057	65%
COST COMPARISONS	\$ 47,841,535	\$ 27,146,063	57%
TOTAL	\$163,175,914	\$102,425,120	63%

Further, small businesses obtained a larger proportion of the dollars awarded through direct contracts than through cost comparisons. Small businesses obtained 65% of the dollars awarded through direct contract activities, including simplified informal cost comparisons. In contrast, they received 57% of the dollars awarded through formal cost comparisons (See Tables 3.7 and 3.8 on the following pages).

Table 3.7

**CIVILIAN AGENCIES:
SMALL BUSINESS PERFORMANCE
A-76 FORMAL COST COMPARISONS
RESULTING IN A CONTRACTING OUT DECISION
FISCAL YEARS 1985-1987**

AGENCY	TOTAL CONTRACTED	SMALL BUSINESS CAPTURE TOTAL	% OF TOTAL
TRANSPORTATION	\$20,080,811	\$20,080,811	100%
GENERAL SERVICES ADMINISTRATION	\$ 3,047,773	\$ 2,330,197	76%
COMMERCE	\$13,501,260	\$ 2,458,529	18%
INTERIOR	\$ 8,373,328	0	0%
ENERGY	--	--	--
TREASURY	\$ 139,416	\$ 139,416	100%
HEALTH AND HUMAN SERVICES	\$ 1,890,000	\$ 1,890,000	100%
AGRICULTURE	808,947	\$ 247,110	31%
TOTALS	\$47,841,535	\$27,146,063	57%

When each agency is examined independently, small business is found to have ranged in success from the capture of all dollars contracted out through cost comparisons by the U.S. Department of Transportation to none of the dollars contracted out by the U.S. Department of Interior (See Table 3.7). The success within the various Federal civilian agencies in terms of direct contracting ranged from 100% in the Agency for International Development and the U.S. Department of Health and Human Services to 34% in the General Services Administration¹ (See Table 3.8).

¹It should be highlighted that the Edgar Amendment to the 1982 GSA appropriations bill prohibits GSA from contracting inhouse custodial, messenger, elevator operator or guard functions to the private sector. The only exception is that these activities may be contracted to the National Institute for the Severely Handicapped (NISH). Many such direct contracts were awarded to NISH by GSA during the years included in this study, thus helping to explain the lower percentage of dollars captured by small businesses in this agency.

Table 3.8

**CIVILIAN AGENCIES:
SMALL BUSINESS PERFORMANCE IN A-76 DIRECT CONTRACTING
FISCAL YEARS 1985-1987**

AGENCY	TOTAL CONTRACTED	SMALL BUSINESS CAPTURE TOTAL	% OF TOTAL
TRANSPORTATION ^{1/2}	\$ 72,846,475	\$57,287,579	79%
GENERAL SERVICES ADMINISTRATION	\$ 35,266,393	\$11,873,223	34%
COMMERCE	--	--	--
INTERIOR	--	--	--
ENERGY ¹	\$ 3,453,705	\$ 2,477,156	72%
TREASURY	\$ 2,466,274	\$ 2,339,567	95%
HEALTH AND HUMAN SERVICES ²	\$ 449,000	\$ 449,000	100%
AGENCY FOR INTERNATIONAL DEVELOPMENT	\$ 852,532	\$ 852,532	100%
AGRICULTURE	--	--	--
TOTALS	\$115,334,379	\$75,279,057	65%

NOTES:

¹Includes activities that were contracted through informal simplified cost comparisons

²Underestimate. Value of several contracts could not be determined

In terms of the numbers of contracts awarded to small business, Table 3.9 indicates that small business was awarded 154, or 61% of all activities contracted out. Small firms captured 138, or 61% of all contracts resulting from direct contracting and 16, or 62% of all contracts resulting from formal cost comparisons.

Table 3.9

**CIVILIAN AGENCIES:
SMALL BUSINESS CAPTURE OF A-76 ACTIVITIES CONTRACTED OUT
FISCAL YEARS 1985-1987**

TYPE OF A-76 CONTRACTING	NUMBER CONTRACTED	NUMBER CONTRACTED TO SMALL BUSINESS	PERCENT OF TOTAL
DIRECT CONTRACTS	228	138	61%
COST COMPARISONS	26	16	62%
TOTAL	254	154	61%

Table 3.10 profiles both the total number of commercial activities contracted and the number and percentage of these commercial activities contracted to small business by A-76 contracting method. Small business is found to have received all of the contracts resulting from cost comparison reviews in the U.S. Department of Transportation. Also, small business is found to have received the one contract identified as having resulted from a cost comparison review in the U.S. Department of Treasury and the U.S. Department of Health and Human Services. In contrast, small business is found to have received 60% of the contracts resulting from cost comparison studies within GSA and 67% of those resulting from cost comparison studies at the U.S. Department of Commerce.

When direct contracts are examined, small business is identified as having received all of the direct contracts for which information was available in the U.S. Department of Health and Human Services and 80% of direct contracts awarded by the U.S. Department of the Treasury; and 72% of all direct contracts awarded by both the U.S. Departments of Transportation and Energy. Small business received only 44% of all contracts awarded by the General Services Administration.

Table 3.10

**CIVILIAN AGENCIES:
SMALL BUSINESS CAPTURE OF AGENCY COMMERCIAL ACTIVITIES
CONTRACTED OUT
FISCAL YEARS 1985-1987**

TYPE OF A-76 CONTRACTING/ AGENCY	NUMBER CONTRACTED	CONTRACTED TO SMALL BUSINESS TOTAL	% OF TOTAL
<u>COST COMPARISONS</u>			
TRANSPORTATION	6	6	100%
GENERAL SERVICES			
ADMINISTRATION	5	3	60%
COMMERCE	6	4	67%
INTERIOR	5	0	0%
ENERGY	--	--	--
TREASURY	1	1	100%
HEALTH AND HUMAN SERVICES	1	1	100%
AGENCY FOR INTERNATIONAL DEVELOPMENT	--	--	--
AGRICULTURE	2	1	50%
SUBTOTAL	26	16	62%
<u>DIRECT CONTRACTS</u>			
TRANSPORTATION ¹	74	54	72%
GENERAL SERVICES			
ADMINISTRATION	104	46	44%
COMMERCE	--	--	--
INTERIOR	--	--	--
ENERGY	39	28	72%
TREASURY	5	4	80%
HEALTH AND HUMAN SERVICES ¹	5	5	100%
AGENCY FOR INTERNATIONAL DEVELOPMENT	1	1	100%
AGRICULTURE	--	--	--
SUBTOTAL	228	138	61%
	254	154	61%

Contracting with Small Business by Type of Competition.
 Table 3.11a outlines the number of formal cost comparison studies won by small business by the type of the contract competition. It is determined that 75% of the competitions were won when a small business setaside was utilized. Only two unrestricted competitions where small businesses were winners could be identified.

Table 3.11a

CIVILIAN AGENCIES:
 SMALL BUSINESS CONTRACTS RESULTING FROM A-76 COST COMPARISONS
 BY TYPE OF COMPETITION
 FISCAL YEARS 1985-1987

AGENCY	TOTAL NUMBER	NUMBER		UTD
		SETASIDES	UNRESTRICTED	
TRANSPORTATION	6	5	0	1
GENERAL SERVICES				
ADMINISTRATION	3	2	1	0
COMMERCE	4	4	0	0
INTERIOR	0	0	0	0
TREASURY	1			1
HEALTH AND HUMAN				
SERVICES	1	1	0	0
ENERGY	0	0	0	0
AGENCY FOR				
INTERNATIONAL				
DEVELOPMENT	0	0	0	0
AGRICULTURE	1	0	1	0
TOTAL	16	12	2	2

LEGEND:

Setasides= small business setasides
 UTD= unable to determine

Small businesses were found to have won 108, or 78%, of their 138 A-76 contracts through preferential setasides. Fifty two percent of all contracts were won through 8(a) competitions; another 26% through small business setaside competitions (See Table 3.11b on the following page).

Table 3.11b

CIVILIAN AGENCIES:
A-76 DIRECT CONTRACTS AWARDED TO SMALL BUSINESS
BY TYPE OF COMPETITION
FISCAL YEARS 1985-1987

	TOTAL	SETASIDES 8(a)	SBSA	UNRESTRICTED	UTD
TRANSPORTATION	54	34	14	6	
GENERAL SERVICES					
ADMINISTRATION	46	4	21	21	
TREASURY	4	2			2
HEALTH AND HUMAN					
SERVICES	5	5			
ENERGY	28	26	1	1	0
AGENCY FOR					
INTERNATIONAL					
DEVELOPMENT	1	1	0	0	0
TOTAL	138	72	36	28	2

LEGEND:

SBSA= small business setasides
8(a)= small disadvantaged
UTD= unable to determine

Cost Savings Resulting from Contracting Out with Small Business. A minimum of \$22.15 million, or approximately 27% of all cost savings resulting from A-76 contracting, can be attributable to contracting with small business (See Table 3.12). This amount is considered a minimum for several reasons. First, cost savings resulting from the small business food service awards in the U.S. Coast Guard could not be determined. Second, the Federal Aviation Administration (FAA) was unable to provide cost savings data. Third, several agencies reported cost savings in annualized dollars.

Table 3.12

**COST SAVINGS
RESULTING FROM A-76 CONTRACTING OUT DECISIONS:
TOTAL AND AMOUNT ATTRIBUTABLE TO SMALL BUSINESS
FISCAL YEARS 1985-1987**

AGENCY	TOTAL, ALL COST SAVINGS	SMALL BUSINESS COST SAVINGS	
		TOTAL	% OF TOTAL
TRANSPORTATION	\$ 56,319,305	\$17,499,430 ¹	31%
GENERAL SERVICES ADMINISTRATION	\$ 20,574,421	\$ 3,837,528	19%
COMMERCE	\$ 3,375,540	\$ 645,625	19%
INTERIOR	369,204 ¹	\$ 0	0%
ENERGY ²	\$ 204,481	\$ 27,393	13%
TREASURY ²	\$ 115,901	\$ 65,412	56%
HEALTH AND HUMAN SERVICES	UTD	UTD	UTD
AGENCY FOR INTERNATIONAL DEVELOPMENT	UTD	UTD	UTD
AGRICULTURE	\$ 230,977	\$ 76,395	33%
TOTALS	\$ 81,189,829	\$22,151,783¹	27%

NOTES:

- ¹ Underestimated. Small business cost savings as part of direct food service contract awards in U.S. Coast Guard could not be determined. Also, the Federal Aviation Administration was unable to provide cost savings data. U.S. Department of the Interior savings from the Bureau of Indian Affairs was not identified.
- ² Annualized cost savings

Type of Commercial Activities Awarded to Small Business. The type of commercial activities awarded to small business across the various Federal civilian agencies are profiled in Table 3.13. Only maintenance and ADP operations were contracted by at least four agencies; mail/message and supply/warehouse operations by three agencies. The remainder of the functions, for the most part, were contracted exclusively by certain agencies. For example, food service, security guard, barracks management, and fire protection by the U.S. Coast Guard; weather observations by the U.S. Department of Commerce. The U.S. Department of Energy contracted the widest variety of activities ranging from ADP operations to microfilm and photographic services.

Table 3.13

CIVILIAN AGENCIES
 TYPE OF COMMERCIAL ACTIVITIES AWARDED TO SMALL BUSINESS BY AGENCY
 FISCAL YEARS 1985-1987

COMMERCIAL ACTIVITY	FEDERAL CIVILIAN AGENCY					
	TRANS	GSA	ENERGY	COMMERCE	TREAS	HHS AID AGRIC
AUTOMATED DATA PROCESSING (ADP)	X		X		X	X
COMPUTER OPERATIONS MAINTENANCE	X	X	X			X
FOOD SERVICE	X					
SECURITY GUARD	X					
FIRE PROTECTION	X					
BARRACKS MANAGEMENT	X					
LIBRARY			X			
SUPPLY/WAREHOUSE	X		X			X
WEATHER OBSERVATIONS				X		
MAIL/MESSENGER AND MAIL/FILE	X	X	X			
TELEPHONE SWITCH	X					
ENGINEERING SERVICES		X	X			
ACCOUNTING CLERKS			X			
PAINTING			X			
PRINTING						X
MICROFILM			X			
PHOTOGRAPHIC SERVICES			X			
CONVEYANCE EXAMINER			X			
SAFETY AND HEALTH AUDIT			X			
FORMS DISTRIBUTION			X			
DOCUMENT DESTRUCTION			X			
OTHER, INCLUDING COPY OPERATOR, CORRESPOND- ENCE MGT, BADGES, CLEARANCES, BRIEFINGS						X

Table 3.14a arrays the five largest commercial activities contracted out in terms of dollar volume and shows small business success in capturing dollars for the operation of these commercial activities. The data reveal that small business was most successful in obtaining dollars for electronic and mechanical maintenance; in contrast, small business was least successful in obtaining dollars for facilities maintenance. Small business captured 62% of all dollars awarded for food service operations and 61.1% of the dollars awarded for ADP operations.

Table 3.14a

LARGEST DOLLAR VALUE OF COMMERCIAL ACTIVITIES CONTRACTED OUT
AND SMALL BUSINESS CAPTURE OF THESE DOLLARS
FISCAL YEARS 1985-1987

COMMERCIAL ACTIVITY	TOTAL DOLLARS	SMALL BUSINESS	
		DOLLARS	% OF TOTAL
FOOD SERVICE	\$39,507,775	\$24,512,050	62.0%
FACILITIES MAINTENANCE	\$32,289,705	\$12,563,107	38.9%
ADP OPERATIONS	\$23,770,649	\$14,524,702	61.1%
MECHANICAL MAINTENANCE	\$18,213,881	\$12,866,992	70.6%
ELECTRONIC MAINTENANCE	\$11,313,225	\$11,313,225	100.0%

Further detail on the types of commercial activities contracted to small business is provided in Table 3.14b. This table emphasizes that small businesses received A-76 dollars to provide services that tended to group into certain Standard Industrial Classification categories. Specifically, large dollars awarded to small businesses were found in the following SIC categories:

- 73 Business Services, Approximately 40.6 million. Approximately \$31.3 million, includes ADP services, computer operations, facilities maintenance, and a variety of other services such as mail and file and mail/messenger. Another \$9.3 million for security guard and fire protection services.
- 58 Eating and Drinking Places, food service concessions for approximately \$24.5 million

89 Miscellaneous Services, in particular, miscellaneous repair services to include buoy utility, and electronic maintenance, for approximately \$15.5 million

17 Construction--Special Trade Contractors, includes mechanical maintenance and painting, approximately \$12.9 million

Small business was found to have received only a small amount of dollars in a number of SIC categories. Among these are such categories as 82, Educational Services, which includes library operations; 80, Health Services, which includes the safety and health audit; and 48, communication, which includes telephone switch operations.

Table 3.14b

**COMMERCIAL ACTIVITIES CONTRACTED OUT:
TOTAL AMOUNT AND AMOUNT AWARDED TO SMALL BUSINESS
FISCAL YEARS 1985-1987**

SIC	COMMERCIAL ACTIVITY	TOTAL		SMALL BUSINESS	
		DOLLARS	DOLLARS	DOLLARS	% OF TOTAL
8999	CONVEYANCES EXAMINER	\$ 39,147	\$ 39,147	\$ 39,147	100.0%
8999	WEATHER OBSERVATIONS	\$ 2,458,529	\$ 2,458,529	\$ 2,458,529	100.0%
8931	ACCOUNT CLERKS/VOUCHER	\$ 156,000	\$ 156,000	\$ 119,137	76.4%
8911	ENGINEER DRAFTING ¹	\$ 1,027,137	\$ 1,027,137	\$ 385,137	37.4%
8331	TRAINING	UTD	UTD	UTD	UTD
8231	LIBRARY OPERATIONS	\$ 2,025,305	\$ 2,025,305	\$ 82,428	4.0%
8091	SAFETY & HEALTH AUDIT	\$ 35,527	\$ 35,527	\$ 35,527	100.0%
8091	HEALTH CARE SERVICES	\$ 147,000	\$ 147,000	UTD	UTD
7819	MICROFILM	\$ 89,040	\$ 89,040	\$ 89,040	100.0%
7699	BUOY MAINTENANCE	\$ 4,239,680	\$ 4,239,680	\$ 4,239,680	100.0%
7629	ELECTRONIC MAINTENANCE	\$ 11,313,225	\$ 11,313,225	\$ 11,313,225	100.0%
7399	DOCUMENT DESTRUCTION	\$ 126,707	\$ 126,707	\$ 0	0.0%
7399	FIRE PROTECTION	\$ 2,397,775	\$ 2,397,775	\$ 2,397,775	100.0%
7393	SECURITY GUARD	\$ 7,056,885	\$ 7,056,885	\$ 7,056,885	100.0%
7339	OTHER, INCLUDES COPIER OPERATOR(8999), FORMS DIST., CORRESPONDENCE MGT, BADGES, CLEARANCES	\$ 264,277	\$ 264,277	\$ 213,330	80.7%
7379	COMPUTER OPERATIONS	\$ 595,649	\$ 595,649	\$ 136,543	22.9%
7374	ADP INCLUDES DATA ENTRY WORD PROCESS, DATA TRANS	\$ 23,770,649	\$ 23,770,649	\$ 14,524,702	61.1%
7349	FACILITIES, INCLUDING CUSTODIAL MAINTENANCE	\$ 32,289,705	\$ 32,289,705	\$ 12,563,107	38.9%
7349	PLANT, VEHICLE, & GROUNDS MAINTENANCE ¹	\$ 1,487,584	\$ 1,487,584	\$ 585,805	39.4%
7339	MAIL/MESSAGE	\$ 3,627,093	\$ 3,627,093	\$ 2,911,515	80.2%
7333	PHOTOGRAPHIC SERVICES	\$ 156,001	\$ 156,001	\$ 52,122	33.4%
7331	MAIL/FILE	\$ 146,925	\$ 146,925	\$ 146,925	100.0%
7041	BARRACKS MANAGEMENT	\$ 2,782,415	\$ 2,782,415	\$ 2,782,415	100.0%
5812	FOOD SERVICE	\$ 39,507,775	\$ 39,507,775	\$ 24,512,050	62.0%
4939	UTILITY MAINTENANCE	\$ 29,383	\$ 29,383	\$ 29,383	100.0%
4899	TELEPHONE SWITCH	\$ 375,219	\$ 375,219	\$ 375,219	100.0%
4464	CANAL-BLDG MAINTENANCE	\$ 3,020,562	\$ 3,020,562	\$ 0	0.0%
4225	SUPPLY/WAREHOUSING	\$ 1,847,479	\$ 1,847,479	\$ 1,559,142	84.4%
2731	PRINTING	\$ 852,532	\$ 852,532	\$ 852,532	100.0%
1721	PAINT SERVICES	\$ 96,828	\$ 96,828	\$ 96,828	100.0%
1711	MECHANICAL & ELEVATOR MAINTENANCE	\$ 18,213,881	\$ 18,213,881	\$ 12,866,992	70.6%
	UNABLE TO DETERMINE	\$ 3,000,000	\$ 3,000,000	\$ 0	0.0%
TOTAL		\$163,175,914	\$163,175,914	\$102,425,120	63.0%

NOTE:

¹ / Small business total and % of total may be higher; recipient of several contracts could not be determined.

Table 3.15 profiles, by type of commercial activity, the number of activities contracted. In this profile, the largest number of activities contracted tended to concentrate in the following SIC categories, as follows:

- 73, Business Services, includes such services as mail/message; mail and file; ADP, computer operations; facilities maintenance; security guard and fire protection for a total of 62 contracts,
- 17, Construction--Special Trade Contractors, includes mechanical and elevator maintenance contracts and painting for a total of 46 contracts,
- 58, Food Service, includes contracts to operate food service concessions for a total of 14 contracts,
- 42, Motor Freight, Transportation and Warehousing, includes contracts to operate supply/warehouse facilities for a total of nine contracts, and
- 89, Miscellaneous Services, includes miscellaneous repair services, i.e., buoy, electronic, and utility maintenance.

A few activities with only one contract awarded, i.e., microfilm, accounting clerks, safety and health auditing, and so forth were grouped and placed within an "other" category. A total of 13 such activities were identified. Several of these activities were counted among the contracts falling into the categories listed above.

It should be noted that except for facilities maintenance, small business received over 60% of all of the commercial activities where 10 or more contracts were awarded. Small business was awarded only 27.9% of all facilities maintenance contracts.

Table 3.15

CIVILIAN AGENCIES
 NUMBER OF COMMERCIAL ACTIVITIES CONTRACTED OUT TO SMALL BUSINESS
 BY TYPE OF ACTIVITY
 FISCAL YEARS 1985-1987

SIC	COMMERCIAL ACTIVITY	TOTAL	AWARDED TO SMALL BUSINESS	
			NUMBER	% OF TOTAL
8999	WEATHER OBSERVATIONS	4	4	100.0%
8911	ENGINEER DRAFTING	6	2	33.3%
7699	BUOY MAINTENANCE	5	5	100.0%
7629	ELECTRONIC MAINTENANCE	3	3	100.0%
7399	MAIL/MESSENGER	13	11	84.6%
7393	SECURITY GUARD	8	8	100.0%
7379	COMPUTER OPERATIONS	5	3	60.0%
7374	ADP INCLUDES DATA ENTRY AND TRANSCRIPTION, KEY- PUNCH, WORD PROCESSING	24	18	75.0%
7349	FACILITIES MAINTENANCE Includes CUSTODIAL (7439) & HOUSING(7041)	43	12	27.9%
7331	MAIL/FILE	4	4	100.0%
5812	FOOD SERVICE	20	14	70.0%
4899	TELEPHONE SWITCH	2	2	100.0%
4225	SUPPLY/WAREHOUSING	13	9	69.0%
1721	PAINT SERVICES	2	2	100.0%
1711	MECHANICAL MAINTENANCE	69	44	63.7%
	OTHER	31	13	41.9%
	LAB SVS./TRAINING SVS.	2	UTD	UTD
TOTAL		254	154	62.0%

NOTES:

Other Category includes services where either none or only one contract was awarded. Includes the following services where one contract was awarded: microfilm, accounting clerks, safety and health auditing; document destruction, forms clearance; badges, clearances, and briefings; copy operation; fire protection; barracks management; library services; plant grounds and vehicle maintenance; utility, maintenance and printing services.

U.S. Department of Transportation: Contracting Out Summary

Dollar Value and Numbers of Commercial Activities Contracted Out. The U.S. Department of Transportation (DOT) contracted out an estimated \$92.9 million in commercial activities through the A-76 program during Fiscal Years 1985-1987 (See Table 3.16). Approximately 78% of this estimated total was contracted out through direct contracts, including simplified cost comparisons. The number of commercial activities contracted using the direct contract method was 74, or 92% of all commercial activities contracted out through the A-76 program during Fiscal Years 1985-1987.

Table 3.16

U.S. DEPARTMENT OF TRANSPORTATION
NUMBER AND DOLLAR VOLUME OF COMMERCIAL ACTIVITIES CONTRACTED OUT
BY TYPE OF A-76 CONTRACTING
FISCAL YEARS 1985-1987

TYPE OF A-76 CONTRACTING	AMOUNT CONTRACTED	NUMBER OF ACTIVITIES CONTRACTED
DIRECT CONTRACTS	\$ 72,846,475	74
COST COMPARISONS	\$ 20,080,811	6
TOTAL	\$ 92,927,286	80

NOTES:

Estimated totals; all U.S. Coast Guard contracts are for five years and are in progress

Direct contract amount is underestimated; value of 11 contracts from the Federal Aviation Administration could not be identified.

It should be emphasized that the amount contracted out is considered an approximation for several reasons. First, substantial missing data on contractor size and contract amount was evidenced from the Federal Aviation Administration (FAA) whose A-76 records were not centralized during the time period at issue.

Second, a significant amount of the dollars recorded were estimated based on U.S. Coast Guard awards, all of which were for one year contracts with four option years. As such, the average annual bid cost for each contract supplied by the U.S. Coast Guard was multiplied by five to obtain the final U.S. Coast Guard contracted out amount. Obviously, this does not reflect actual totals given that these contracts are still in process and are

subject to annual review negotiations that could increase the total contract amount. In addition, contracts sometimes are higher in the first year and are bid lower in subsequent years to reflect efficiencies resulting from experience and the absence of one-time startup costs. Further, it should be emphasized that the Coast Guard has a policy of using the five year figure although the contract, in actuality, may only be a portion of five years i.e., 4¹/₂ years.

Table 3.17 indicates that the overwhelming majority of A-76 contracting out within the U.S. Department of Transportation occurred within the U.S. Coast Guard. Almost 90% of all DOT A-76 dollars contracted out to the private sector for the operation of commercial activities occurred within this agency.

Within the U.S. Coast Guard, the bulk of the contracting out occurred using direct contracts, including simplified cost comparisons. Approximately 78% of the dollars were awarded through direct contracts.

The Federal Aviation Administration (FAA) contracted out \$7.9 million in commercial activities through direct contracts. This amount represented 8.5% of the total DOT dollars contracted out for the operation of commercial activities.

The Office of the Secretary contracted out the remaining dollars for commercial activities within the U.S. Department of Transportation. As Table 3.17 indicates, the Office of the Secretary was responsible for contracting out 1.8% of all commercial activity dollars during the time period under consideration.

It should be noted that both the Federal Highway Administration and the Maritime Administration did engage in several A-76 cost comparisons during the time period of this study, but none of these studies resulted in a decision to contract the activity. Specifically, four cost comparisons in the Federal Highway Administration and one in the Maritime Administration, all resulted in the activities being retained inhouse.

Table 3.17

U.S. DEPARTMENT OF TRANSPORTATION
 AMOUNT OF COMMERCIAL ACTIVITIES CONTRACTED OUT
 BY AGENCY AND BY TYPE OF A-76 CONTRACTING
 FISCAL YEARS 1985-1987

AGENCY	DIRECT CONTRACTS	COST COMPARISONS	AGENCY	
			AMOUNT	% of TOTAL
U.S. COAST GUARD	\$64,744,105	\$18,621,410	\$83,365,515	89.7%
FEDERAL AVIATION ADMINISTRATION	\$ 7,905,172	\$ 0	\$ 7,905,172	8.5%
OFFICE OF THE SECRETARY	\$ 197,198	\$ 1,459,401	\$ 1,656,599	1.8%
TOTAL	\$72,846,475	\$20,080,811	\$92,927,286	100.0%

NOTES:

All U.S. Coast Guard contracts are based on a five year contract estimated using base year price multiplied by five. The U.S. Coast Guard conducted some informal, simplified cost comparisons which are included in the direct contract totals.

FAA total is a minimum. Total dollar amounts for 11 contracts were missing.

The distribution of the numbers of commercial activities contracted out across the various agencies within the DOT is outlined in Table 3.18 on the following page. As this Table indicates, the U.S. Coast Guard was responsible for approximately 58% all of the commercial activities contracted out within the DOT. The FAA was responsible for 40% of all activities contracted. The Office of the Secretary contracted out only 2, or 2.5%, of all of the commercial activities awarded to the private sector.

Table 3.18

U.S. DEPARTMENT OF TRANSPORTATION
 NUMBER OF COMMERCIAL ACTIVITIES CONTRACTED OUT
 BY AGENCY AND BY TYPE OF A-76 CONTRACTING
 FISCAL YEARS 1985-1987

AGENCY	DIRECT CONTRACTS	COST COMPARISONS	TOTAL	% OF TOTAL
U.S. COAST GUARD	41	5	46	57.5%
FEDERAL AVIATION ADMINISTRATION	32	0	32	40.0%
OFFICE OF THE SECRETARY	1	1	2	2.5%
TOTALS	74	6	80	100.0%

Cost Savings. Cost savings data from DOT A-76 contracting were available from both the U.S. Coast Guard and the Office of the Secretary, but were unavailable from the FAA. Table 3.19 on the following page outlines that an estimated cost savings of approximately \$56.3 million occurred within the first two agencies as a result of contracting out under both A-76 direct contracting as well as cost comparison reviews. As this Table references, the bulk of the cost savings results from U.S. Coast Guard A-76 contracting, notably from U.S. Coast Guard direct contracts. Approximately 86% of all cost savings reported were obtained through this type of contracting.

Table 3.19

U.S. DEPARTMENT OF TRANSPORTATION
 A-76 COST SAVINGS BY AGENCY AND BY TYPE OF CONTRACTING
 FISCAL YEARS 1985-1987

AGENCY	DIRECT CONTRACTS	COST COMPARISONS	TOTAL AMOUNT
U.S. COAST GUARD	\$48,483,020	\$ 7,792,285	\$56,275,305
FEDERAL AVIATION ADMINISTRATION	UTD	UTD	UTD
OFFICE OF THE SECRETARY	\$ 0	\$ 44,000	\$ 44,000
TOTAL	\$48,483,020	\$ 7,836,285	\$56,319,305

NOTES:

UTD=Unable to determine. Cost savings data for the Federal Aviation Administration was not available.

Cost savings data from the U.S. Coast Guard is estimated by multiplying average annual savings by five years, the length of U.S. Coast Guard contracts.

Type of Commercial Activities Contracted Out. Table 3.20 on the following page arrays from the highest to the lowest amount contracted out, the types of commercial activities contracted. As this table emphasizes, the largest amount of dollars contracted were for food service operations. The dollars for the contracted food service operations represent approximately 43% of all dollars contracted out under the A-76 program in the U.S. Department of Transportation in Fiscal Years 1985-1987.

Other large dollar activities contracted out by the U.S. Department of Transportation were for ADP operations as well as for maintenance, notably electronic, facilities, family housing and buoy maintenance. Together, these activities account for approximately 40% of the total dollars contracted out under the DOT A-76 program.

The remaining commercial activities comprise approximately 17% of the total dollars contracted and range from the operation of security guard services to the operation of mail/messenger and telephone switch services (See Table 3.20).

Table 3.20

U.S. DEPARTMENT OF TRANSPORTATION
 TYPE AND AMOUNT OF COMMERCIAL ACTIVITIES CONTRACTED OUT
 BY TYPE OF A-76 CONTRACTING
 FISCAL YEARS 1985-1987

SIC	ACTIVITY	COST COMPARISONS	DIRECT CONTRACTS	TOTAL AMOUNT ¹
5812	FOOD SERVICE	\$ 0	\$ 39,507,775	\$ 39,507,775
7374	ADP INCLUDING WORDPROCESSING ²	4 1,459,401	\$ 10,441,521	\$ 11,900,922
7629	ELECTRONIC MAINTENANCE	\$ 3,398,085	\$ 7,915,140	\$ 11,313,225
1542	FACILITIES MAINTENANCE	\$ 8,345,755	\$ 0	\$ 8,345,755
9221	SECURITY GUARDS	\$ 0	\$ 7,056,885	\$ 7,056,885
7699	BUOY MAINTENANCE	\$ 0	\$ 4,239,680	\$ 4,239,680
7041	BARRACKS MANAGEMENT	\$ 2,782,415	\$ 0	\$ 2,782,415
9224	FIRE PROTECTION	\$ 2,397,775	\$ 0	\$ 2,397,775
7331	MAIL/MESSAGE ²	\$ 0	\$ 1,783,055	\$ 1,783,055
7041	FAMILY HOUSING MAINTENANCE	\$ 1,697,380	\$ 0	\$ 1,697,380
4225	WAREHOUSE ²	\$ 0	\$ 1,213,563	\$ 1,213,563
4899	TELEPHONE SWITCH	\$ 0	\$ 375,219	\$ 375,219
8911	ENGINEER DRAFTING ¹	\$ 0	\$ 313,637	\$ 313,637
	TRAINING	\$ 0	\$ UTD ³	\$ UTD ³
	TOTAL	\$ 20,080,811	\$ 72,846,475	\$ 92,927,286

NOTES:

- ¹ All Coast Guard contracts are for five years. Contract amounts are estimated; they are calculated using base year price multiplied by five years.
- ² Value of eleven direct contracts from the FAA could not be determined; these commercial activities were affected by this missing data, therefore underestimating total amount contracted out through direct contracts.
- ³ UTD=Unable To Determine

Tables 3.21 and 3.22 that follow permit observations about the average size of the commercial activities contracted. Specifically, Table 3.21 permits observations about the size of directly contracted commercial activities; Table 3.22 about commercial activities contracted out through cost comparison reviews.

Using Table 3.21, it becomes readily apparent that direct contracts for electronic maintenance were the largest in terms of average size--\$5,656,613. Contracts for food service operations were next, averaging approximately \$1.98 million. Contracts averaging slightly less than \$1 million were for security guard operations and buoy maintenance. The average size of contracts for ADP, including word processing, operations was found to be \$549,554. This amount is known to be understated, however, given that the contract amounts for five contracts could not be determined. Activities contracted out with a small average value, i.e., less than \$250,000, were determined to be telephone switch and mail/messenger services. The average size for engineering drafting contracts also is understated. The value of four of these contracts could not be determined.

Table 3.21

U.S. DEPARTMENT OF TRANSPORTATION
NUMBER AND AMOUNT OF COMMERCIAL ACTIVITIES CONTRACTED OUT
THROUGH A-76 DIRECT CONTRACTING
FISCAL YEARS 1985-1987

SIC	ACTIVITY	TOTAL NUMBER DIRECT CONTRACTS	TOTAL AMOUNT CONTRACTED
5812	FOOD SERVICE	20	\$ 39,507,775
7374	ADP INCLUDING WORDPROCESSING ¹	19	\$ 10,441,521
7629	ELECTRONIC MAINTENANCE	2	\$ 7,915,140
1542	FACILITIES MAINTENANCE	0	\$ 0
9221	SECURITY GUARDS	8	\$ 7,056,885
7699	BUOY MAINTENANCE	5	\$ 4,239,680
7041	BARRACKS MANAGEMENT	0	\$ 0
9224	FIRE PROTECTION	0	\$ 0
7331	MAIL/MESSAGE	8	\$ 1,783,055
7041	FAMILY HOUSING MAINTENANCE	0	\$ 0
4225	WAREHOUSE ¹	4	\$ 1,213,563
4899	TELEPHONE SWITCH	2	\$ 375,219
8911	ENGINEER DRAFTING ¹	5	\$ 313,637
	TRAINING	1	UTD
TOTALS		74	\$ 72,846,475

NOTE:

¹ Value of one or several contracts could not be determined; average contract amount, therefore, is lower than would otherwise be the case.

As expected, Table 3.22 indicates that the size of commercial activities contracted out through cost comparison reviews generally is larger than that found in direct contracting. The largest activity contracted was for approximately \$8.3 million for facilities maintenance. Contracts for electronics maintenance totalled approximately \$3.4 million; contracts for barracks management and fire protection for almost \$2.8 million and \$2.4 million respectively.

Table 3.22

U.S. DEPARTMENT OF TRANSPORTATION
 NUMBER AND AMOUNT OF COMMERCIAL ACTIVITIES CONTRACTED OUT
 THROUGH A-76 COST COMPARISONS
 FISCAL YEARS 1985-1987

SIC	ACTIVITY	TOTAL NUMBER COST COMPARISONS	TOTAL AMOUNT CONTRACTED
5812	FOOD SERVICE	0	\$ 0
7374	ADP INCLUDING WORDPROCESSING	1	\$ 1,459,401
7629	ELECTRONIC MAINTENANCE	1	\$ 3,398,085
1542	FACILITIES MAINTENANCE	1	\$ 8,345,755
9221	SECURITY GUARDS	0	\$ 0
7699	BUOY MAINTENANCE	0	\$ 0
7041	BARRACKS MANAGEMENT	1	\$ 2,782,415
9224	FIRE PROTECTION	1	\$ 2,397,775
7331	MAIL/MESSAGE	0	\$ 0
7041	FAMILY HOUSING MAINTENANCE	1	\$ 1,697,380
4225	WAREHOUSE	0	\$ 0
4899	TELEPHONE SWITCH	0	\$ 0
8911	ENGINEER DRAFTING TRAINING	0	\$ 0
TOTALS		6	\$ 20,080,811

Contracting Out by DOT Agency. Table 3.23 provides a distribution of the dollar value of commercial activities contracted out by A-76 contracting method and by DOT agency. This table shows that within the U.S. Department of Transportation, under the A-76 program, contracting for food service operations was conducted exclusively by the Coast Guard. Other activities contracted exclusively by the Coast Guard were maintenance-related operations, including buoy, facilities, family housing, and electronic as well as barracks management, fire protection, and security guard operations (See Table 3.23).

Table 3.23

U.S. DEPARTMENT OF TRANSPORTATION
TYPE AND AMOUNT OF COMMERCIAL ACTIVITIES CONTRACTED OUT
BY AGENCY AND BY TYPE OF A-76 CONTRACTING
FISCAL YEARS 1985-1987

SIC	COMMERCIAL ACTIVITY	COAST GUARD		FEDERAL AVIATION ADMIN	
		COST COMPARISONS	DIRECT CONTRACTS	COST COMPARISONS	DIRECT CONTRACTS
5812	FOOD SERVICE	\$ 0	\$ 39,507,775	\$ 0	\$ 0
7374	ADP INCLUDING WORDPROCESSING	\$ 0	\$ 6,024,625	\$ 0	\$ 4,416,896
6629	ELECTRONIC MAINTENANCE	\$ 3,398,085	\$ 7,915,140	\$ 0	\$ 0
1542	FACILITIES MAINTENANCE	\$ 8,345,755	\$ 0	\$ 0	\$ 0
9221	SECURITY GUARDS	\$ 0	\$ 7,056,885	\$ 0	\$ 0
7699	BUOY MAINTENANCE	\$ 0	\$ 4,239,680	\$ 0	\$ 0
7041	BARRACKS MGT	\$ 2,782,415	\$ 0	\$ 0	\$ 0
9224	FIRE PROTECTION	\$ 2,397,775	\$ 0	\$ 0	\$ 1,783,055
7331	MAIL/MESSAGE	\$ 0	\$ 0	\$ 0	\$ 0
7041	FAMILY HOUSING MAINTENANCE	\$ 1,697,380	\$ 0	\$ 0	\$ 1,016,365
4225	WAREHOUSE	\$ 0	\$ 0	\$ 0	\$ 375,219
4899	TELEPHONE SWITCH	\$ 0	\$ 0	\$ 0	\$ 313,637
8911	ENGINEER DRAFTING TRAINING	\$ 0	\$ 0	\$ 0	UTD
TOTAL		\$18,621,410	\$ 64,744,105	\$ 0	\$ 7,905,172

NOTES:

The Office of the Secretary contracted out one ADP services activity through a cost comparison review and one warehouse operation through a direct contract; the amount of the ADP services activity was \$1,459,401; the amount of the warehouse activity was \$197,198. Both should be added to the respective totals in this table to obtain the total dollars contracted using cost comparison reviews and direct contracts in the U.S. Department of Transportation.

All Coast Guard contracts are for five years; contract amounts are estimated using base year price multiplied by five years.

The Federal Aviation Administration, through A-76 direct contracts, contracted to the private sector mail/messenger; telephone switch; supply/warehousing; and engineering drafting functions.

All three agencies within the U.S. Department of Transportation that contracted out under the A-76 program during the time period of this study contracted ADP operations.

The distribution of the number and type of commercial activities contracted out by each agency within the U.S. Department of Transportation is outlined in Table 3.24.

Table 3.24

U.S. DEPARTMENT OF TRANSPORTATION
TYPE AND NUMBER OF COMMERCIAL ACTIVITIES CONTRACTED OUT
BY AGENCY AND BY TYPE OF A-76 CONTRACTING
FISCAL YEARS 1985-1987

COMMERCIAL ACTIVITY	COAST GUARD COST COMPARISONS	COAST GUARD DIRECT CONTRACTS	FEDERAL AVIATION ADMIN COST COMPARISONS	FEDERAL AVIATION ADMIN DIRECT CONTRACTS
5812 FOOD SERVICE	0	20	0	0
7374 ADP INCLUDING WORDPROCESSING	0	6	0	13
6629 ELECTRONIC MAINTENANCE	1	2	0	0
1542 FACILITIES MAINTENANCE	1	0	0	0
9221 SECURITY GUARDS	0	8	0	0
7699 BUOY MAINTENANCE	0	5	0	0
7041 BARRACKS MGT	1	0	0	0
9224 FIRE PROTECTION	1	0	0	8
7331 MAIL/MESSAGE	0	0	0	0
7041 FAMILY HOUSING MAINTENANCE	1	0	0	0
4225 WAREHOUSE	0	0	0	3
4899 TELEPHONE SWITCH	0	0	0	2
8911 ENGINEER DRAFTING	0	0	0	5
TRAINING	0	0	0	1
TOTAL	5	41	0	32

NOTE:

The Office of the Secretary contracted out one ADP services activity through a cost comparison review and one warehouse operation through a direct contract

Small Business Performance in DOT A-76 Contracting Out.
 Small business was very successful in obtaining contracts awarded by agencies within the U.S. Department of Transportation. Table 3.25 highlights that small businesses received all contract dollars awarded through A-76 cost comparison reviews and over 78% of all dollars awarded through A-76 direct contracts. When awards resulting from cost comparisons and direct contracts are combined, it can be determined that small business obtained 83.3% of all known dollars contracted through the A-76 program during the time period of this study (See Table 3.25).

Table 3.25

U.S. DEPARTMENT OF TRANSPORTATION
 SMALL BUSINESS CAPTURE OF A-76 DOLLARS CONTRACTED OUT
 FISCAL YEARS 1985-1987

TYPE OF A-76 CONTRACTING	AMOUNT CONTRACTED	AMOUNT CONTRACTED TO SMALL BUSINESS	PERCENT TO SMALL BUS
DIRECT CONTRACTS	\$ 72,846,475	\$ 57,287,579	78.6%
COST COMPARISONS	\$ 20,080,811	\$ 20,080,811	100.0%
TOTAL	\$ 92,927,286	\$ 77,368,390	83.3%

NOTE:

Direct contract percentage awarded to small business is for contracts with known contract amounts only. Contract amounts for 11 FAA contracts could not be determined; also size of contractor could not be determined for these 11 contracts.

The percentage of A-76 contracted out dollars received by small business for each DOT agency is outlined in Table 3.26 on the following page. As this table emphasizes, small business obtained 82% of all dollars contracted out by the U.S. Coast Guard; 92% by the Federal Aviation Administration; and 100% by the Office of the Secretary. Caution must be exerted in interpreting the FAA percentage, however. Contract amount and recipient size data were not available for 11 FAA direct contracts.

Table 3.26

U.S. DEPARTMENT OF TRANSPORTATION
 SMALL BUSINESS PERFORMANCE IN CONTRACTING OUT DECISIONS:
 AMOUNT OF A-76 CONTRACT DOLLARS RECEIVED
 FISCAL YEARS 1985-1987

AGENCY	TOTAL CONTRACTED	SMALL BUSINESS CAPTURE TOTAL	% OF CAPTURE
COAST GUARD			
COST COMPARISON	\$18,621,410	\$18,621,410	100.0%
DIRECT CONTRACT	\$64,744,105	\$49,748,380	76.8%
SUB TOTAL	\$83,365,515	\$68,369,790	82.0%
FEDERAL AVIATION ADMINISTRATION			
COST COMPARISON	\$ 0	\$ 0	0
DIRECT CONTRACT	\$ 7,905,172	\$ 7,342,008	92.9%
SUB TOTAL	\$ 7,905,172	\$ 7,342,008	92.9%
OFFICE OF THE SECRETARY			
COST COMPARISON	\$ 1,459,401	\$ 1,459,401	100.0%
DIRECT CONTRACT	\$ 197,198	\$ 197,198	100.0%
SUB TOTAL	\$ 1,656,599	\$ 1,656,599	100.0%
GRAND TOTAL	\$92,927,286	\$77,368,397	83.3%

NOTES:

U.S. Coast Guard amounts are estimated based on average annual bid cost multiplied by five years

Contract amounts for 11 FAA contracts could not be determined; also, size of contractor could not be determined.

In terms of numbers of contracts, small business also received the majority of the commercial activity contracts awarded through the A-76 program. Table 3.27 outlines that small business obtained 87% of all contracts awarded by the U.S. Coast Guard and almost 82% of all contracts for which amount and firm size recipient data were available that were awarded by the FAA. Small business obtained the two A-76 contracts awarded by the Office of the Secretary.

Table 3.27

U.S. DEPARTMENT OF TRANSPORTATION
 SMALL BUSINESS PERFORMANCE IN CONTRACTING OUT DECISIONS:
 NUMBER OF A-76 CONTRACTS AWARDED
 FISCAL YEARS 1985-1987

AGENCY	NUMBER ACTIVITIES CONTRACTED	CONTRACTED TO SMALL BUSINESS	
		TOTAL	% OF TOTAL
COAST GUARD			
COST COMPARISONS	5	5	100.0%
DIRECT CONTRACT	41	35	85.4%
SUB TOTAL	46	40	87.0%
FEDERAL AVIATION ADMINISTRATION			
COST COMPARISONS	0	0	0
DIRECT CONTRACT			
KNOWN ¹	21	18	81.8%
UNKNOWN ¹	[11]	UTD ²	UTD ²
SUB TOTAL KNOWN ¹	21	18	81.8%
OFFICE OF THE SECRETARY			
COST COMPARISONS	1	1	100.0%
DIRECT CONTRACT	1	1	100.0%
SUB TOTAL	2	2	100.0%
GRAND TOTAL, KNOWN ¹	69	60	87.0%

NOTES:

¹ Known/Unknown. Federal Aviation Administration provided data for 32 direct contracts, but in only 21 of these contracts were type of contractor and amount of the contract available.

² UTD = Unable To Determine

Cost Savings, Including Savings Effected by Contracting with Small Business. Cost savings resulting from A-76 contracting out decisions, and specifically, the cost savings resulting from A-76 contracting out to small business, is outlined in Table 3.28. All savings resulting from contracting out through cost comparison reviews could be attributed to small business.

Table 3.28

U.S. DEPARTMENT OF TRANSPORTATION
 COST SAVINGS RESULTING FROM CONTRACTING OUT DECISIONS:
 TOTAL AND AMOUNT ATTRIBUTABLE TO CONTRACTING WITH SMALL BUSINESS
 BY TYPE OF A-76 CONTRACTING
 FISCAL YEARS 1985-1987

TYPE OF A-76 CONTRACTING	TOTAL SAVINGS ¹	SMALL BUSINESS	
		TOTAL	% OF TOTAL
DIRECT CONTRACTS	\$ 48,483,020 ²	\$ 9,663,145 ³	19.9% ³
COST COMPARISONS	\$ 7,836,285	\$ 7,836,285	100.0%
TOTALS	\$ 56,319,305	\$ 17,499,430	31.7%

NOTES:

- ¹ U.S. Coast Guard savings are estimated based on average annual savings multiplied by five years.
- ² Underestimated. The Federal Aviation Administration was unable to provide cost savings data.
- ³ Cost savings resulting from small business direct food service contract awards in U.S. Coast Guard could not be determined, thus making this percentage lower than the actual.

Complicating the calculation of cost savings resulting from direct contracting was the unavailability of cost savings data from the Federal Aviation Administration (See Table 3.29). As such, the total cost savings figure is underestimated. In addition, the cost savings that can be attributed to contracting with small business, 19.2% of the total savings, is underestimated since savings resulting from U.S. Coast Guard small business food service contracts could not be determined.

Table 3.29

U.S. DEPARTMENT OF TRANSPORTATION
 COST SAVINGS RESULTING FROM CONTRACTING OUT DECISIONS:
 TOTAL AND AMOUNT ATTRIBUTABLE TO CONTRACTING WITH SMALL BUSINESS
 BY AGENCY AND BY TYPE OF A-76 CONTRACTING
 FISCAL YEARS 1985-1987

AGENCY	TOTAL SAVINGS	SMALL BUSINESS	
		TOTAL	% OF TOTAL
COAST GUARD	COST COMPARISON	\$ 7,792,285	\$ 7,792,285 100.0%
	DIRECT CONTRACT	\$ 48,483,020	\$ 9,663,145 ¹ 19.9% ¹
	TOTAL	\$ 56,275,305	\$ 17,455,430 ¹ 31.0% ¹
FEDERAL AVIATION ADMINISTRATION	COST COMPARISON	UTD ²	UTD ² ---
	DIRECT CONTRACT	UTD ²	UTD ² ---
	TOTAL	---	---
OFFICE OF THE SECRETARY	COST COMPARISON	\$ 44,000	\$ 44,000 100.0%
	DIRECT CONTRACT	\$ 0	\$ 0 0
	TOTAL	\$ 44,000	\$ 44,000 100.0%
GRAND TOTAL	\$ 56,319,305	\$ 17,499,430 ¹	31.7% ¹

NOTES:

¹ Underestimated. Small business cost savings as part of direct food service contract awards in U.S. Coast Guard could not be determined.

² UTD. Unable to determine; the Federal Aviation Administration was unable to provide cost savings data.

Small Business Performance in Cost Comparison Reviews. As indicated earlier, all five of the cost comparison reviews in the U.S. Coast Guard that resulted in a contracting out decision were won by small business. Small business also won the contract resulting from the cost comparison review in the Office of the Secretary. Table 3.30 profiles this small business performance in terms of the number of dollars awarded by specific type of commercial activity.

Table 3.30

DEPARTMENT OF TRANSPORTATION
 SMALL BUSINESS PERFORMANCE IN CONTRACTING OUT DECISIONS:
 NUMBER OF DOLLARS AWARDED BY TYPE OF ACTIVITY
 FOR COST COMPARISON CONTRACTS
 FISCAL YEARS 1985-1987

SIC	ACTIVITY	TOTAL \$	SMALL BUS \$	% SMALL BUS
<u>MAINTENANCE</u>				
1542	FACILITIES	\$ 8,345,755	\$ 8,345,755	100.0%
7629	ELECTRONIC	\$ 3,398,085	\$ 3,398,085	100.0%
7041	FAMILY HOUSING	\$ 1,697,380	\$ 1,697,380	100.0%
<u>OTHER MAJOR ACTIVITIES</u>				
7041	BARRACKS MANAGEMENT	\$ 2,782,415	\$ 2,782,415	100.0%
9224	FIRE PROTECTION	\$ 2,397,775	\$ 2,397,775	100.0%
7374	SMALL MODE ADP	\$ 1,459,401	\$ 1,459,401	100.0%
TOTAL		\$ 20,080,811	\$ 20,080,811	100.0%

NOTE:

All cost comparison contracts, except for the small mode ADP contract, were awarded by the U.S. Coast Guard. The small mode ADP contract was awarded by the Office of the Secretary.

Small Business Performance in Direct Contracting. Small business performance in DOT direct contracting is profiled in Table 3.31. As the data indicate, small businesses were identified as having received all of the contract dollars awarded to provide electronic and buoy maintenance services and security guard operations as well as engineering drafting and telephone switch. Small business won approximately 91% of the dollars contracted out for mail/message services; approximately 76% of the dollars contracted out for warehouse/supply operations; and only 62% of the dollars contracted out for food service operations.

Table 3.31

DEPARTMENT OF TRANSPORTATION
 SMALL BUSINESS PERFORMANCE IN CONTRACTING OUT DECISIONS:
 NUMBER OF DOLLARS AWARDED BY TYPE OF ACTIVITY FOR DIRECT CONTRACTS
 FISCAL YEARS 1985-1987

SIC	ACTIVITY	TOTAL \$	SMALL BUS \$	% SMALL BUS
5812	FOOD SERVICE	\$ 39,507,775	\$ 24,512,050	62.0%
7374	ADP INCLUDING WORD PROCESSING	\$ 10,441,521	\$ 10,320,428	98.8%
7629	ELECTRONIC MAINTENANCE	\$ 7,915,140	\$ 7,915,140	100.0%
9221	SECURITY GUARDS	\$ 7,056,885	\$ 7,056,885	100.0%
7699	BUOY MAINTENANCE	\$ 4,239,680	\$ 4,239,680	100.0%
7331	MAIL/MESSAGE	\$ 1,783,055	\$ 1,629,314	91.4%
4225	WAREHOUSE	\$ 1,213,563	\$ 925,226	76.2%
4899	TELEPHONE SWITCH	\$ 375,219	\$ 375,219	100.0%
8911	ENGINEER DRAFTING TRAINING	\$ 313,637	\$ 313,637	100.0%
		\$ UTD	UTD	UTD
	TOTAL	\$ 72,846,475	\$ 57,287,579	78.6%

Further review of the data reveal that small business won all of the U.S. Coast Guard mid food service contracts, but only 49.9% of the national food service contracts awarded by the U.S. Coast Guard (See Table 3.32 on the following page).

Table 3.32

U.S. COAST GUARD
 SMALL BUSINESS PERFORMANCE IN DIRECT CONTRACTING
 BY TYPE OF ACTIVITY CONTRACTED OUT
 FISCAL YEARS 1985-1987

SIC	ACTIVITY	TOTAL CONTRACTED	SMALL BUSINESS AMOUNT	% OF TOTAL
5812	NATIONAL FOOD SERVICES	\$ 29,930,155	\$ 14,934,430	49.9%
5812	MID FOOD SERVICES	\$ 9,577,620	\$ 9,577,620	100.0%
7629	ELECTRONIC MAINTENANCE	\$ 7,915,140	\$ 7,915,140	100.0%
9221	SECURITY GUARDS	\$ 7,056,885	\$ 7,056,885	100.0%
7374	ADP DATA ENTRY	\$ 6,024,625	\$ 6,024,625	100.0%
7699	BUOY MAINTENANCE	\$ 4,239,680	\$ 4,239,680	100.0%
TOTALS		\$ 64,744,105	\$ 49,748,380	76.8%

NOTE:

Dollar amounts are estimated based on average annual bid cost multiplied by five years.

Table 3.33 provides a profile of the U.S. Coast Guard national food service awards by type of firm recipient. As this table indicates, the majority of the national food service dollars contracted to small business were received by small, disadvantaged 8(a) contractors. Specifically, these contractors received almost 46% of the national food service direct contract dollars awarded. It should be emphasized that all food service contracts were awarded in unrestricted competitions, however.

Table 3.33

U.S. COAST GUARD
NATIONAL FOOD SERVICE DIRECT CONTRACTS:
TYPE OF FIRM RECIPIENT AND TOTAL AMOUNT OF DOLLARS CONTRACTED

CONTRACTOR TYPE	TOTAL DOLLARS CONTRACTED	PERCENT OF TOTAL
SMALL BUSINESS 8(a)	\$13,634,615	45.6%
SMALL BUSINESS, OTHER	\$ 1,299,815	4.3%
	-----	-----
SUBTOTAL, SMALL BUSINESS	\$14,934,430	49.9%
SUBTOTAL, LARGE BUSINESS	\$14,995,725	50.1%
TOTAL, ALL BUSINESS	\$29,930,155	100.0%

Table 3.34 outlines the success of small businesses in capturing A-76 direct contracts awarded by the Federal Aviation Administration. All contracts for which contract and size of firm recipient are known are profiled in this table. Again, small business was very successful in obtaining contract dollars across all of the activities contracted. Proportionately, they were less successful in capturing contract dollars for warehouse/supply operations than they were for the other activities contracted.

Table 3.34

FEDERAL AVIATION ADMINISTRATION
A-76 COMMERCIAL ACTIVITIES CONTRACTED OUT:
SMALL BUSINESS PERFORMANCE IN DIRECT CONTRACTING
FISCAL YEARS 1985-1987

SIC	ACTIVITY	TOTAL CONTRACTED	SMALL BUSINESS	
			AMOUNT	% OF TOTAL
7374	ADP OPERATIONS	\$ 3,837,669	\$ 3,716,576.	96.8%
7331	MAIL/MESSAGE	\$ 1,783,055	\$ 1,629,314	91.4%
4225	WAREHOUSE/SUPPLY	\$ 1,016,365	\$ 728,028	71.6%
7374	WORDPROCESSING	\$ 579,227	\$ 579,227	100.0%
4899	TELEPHONE SWITCH	\$ 375,219	\$ 375,219	100.0%
8911	ENGINEER DRAFTING	\$ 313,637	\$ 313,637	100.0%
	TOTALS	\$ 7,905,172	\$ 7,342,001	92.9%

NOTES:

The Federal Aviation Administration did not conduct any cost comparisons that resulted in contracting out.

Data for two ADP Operations and one Training activity were not available.

Finally, it should be noted that the direct contract for \$197,198 that was awarded by the DOT Office of the Secretary to provide warehousing services was awarded to a small business.

Small Business Performance in A-76 Contracting by Type of Competition. In general, the A-76 contracts awarded as a result of cost comparison reviews were awarded to small businesses via the preferential small business setaside. The distribution of these setasides is outlined in Table 3.35.

Table 3.35

DEPARTMENT OF TRANSPORTATION
A-76 FORMAL COST COMPARISON STUDIES WON BY SMALL BUSINESSES:
TYPE OF COMPETITION
FISCAL YEARS 1985-1987

AGENCY	TOTAL NUMBER	NUMBER OF		
		SETASIDES	UNRESTRICTED	UTD
COAST GUARD	5	5	0	0
FAA	0	0	0	0
OFFICE OF SECRETARY	1			1
TOTAL	6	5	0	1

LEGEND:

Setasides= Small Business Setasides

UTD= Unable to Determine

Most DOT A-76 direct contracts awarded to small businesses were awarded via preferential setasides, either small business setasides or setasides reserved for small, disadvantaged businesses as authorized by Section 8(a) of the Small Business Act (See Table 3.36). Notable exceptions were the U.S. Coast Guard food service direct contract awards. All of these contracts were awarded through unrestricted competitions. In these competitions, both small and small disadvantaged businesses demonstrated their ability to compete successfully for these awards through open competitions.

Table 3.36

DEPARTMENT OF TRANSPORTATION
A-76 DIRECT CONTRACTS AWARDED TO SMALL BUSINESSES:
TYPE OF COMPETITION
FISCAL YEARS 1985-1987

AGENCY	TOTAL NUMBER	NUMBER OF		
		SETASIDES 8(a) ¹	SB ²	UNRESTRICTED ³
COAST GUARD	35	21	8	6
FAA	18	12	6	0
OFFICE OF SECRETARY	1	1	0	0
TOTAL	54	34	14	6

NOTES:

- 1 8(a)=Setaside for small disadvantaged firms
- 2 SB =Setaside for small business
- 3 All food service direct contracts were awarded through unrestricted competitions

Location of A-76 Contracts Awarded to Small Business.
Table 3.37 profiles the location of the commercial activities awarded to small businesses from cost comparison reviews within the U.S. Coast Guard. This Table also provides the year of the contracting decision for each specific commercial activity along with the average commercial bid price of the contract per year.

Table 3.37

**U.S. COAST GUARD
COMMERCIAL ACTIVITIES CONTRACTED OUT THROUGH COST COMPARISONS
YEAR OF DECISION, LOCATION AND DOLLAR AMOUNT OF CONTRACTS
FISCAL YEARS 1985-1987**

SIC	ACTIVITY	YEAR OF DECISION	LOCATION OF ACTIVITY	AVERAGE COMMERCIAL BID COST/YEAR
	MAINTENANCE			
7349	--FAMILY HOUSING	1985	HONOLULU, HA	\$ 339,476
7349	--FACILITIES	1987	YORKTOWN, VA	\$ 1,669,151
7629	--ELECTRONIC	1987	SEATTLE, WA	\$ 679,617
7399	FIRE PROTECTION	1987	ELIZ. CITY, NC	\$ 479,555
7041	BARRACKS MGT.	1987	YORKTOWN, VA	\$ 556,483
	TOTAL			\$ 3,724,282

NOTE:

Average commercial bid cost/year is multiplied by five years to obtain U.S. Coast Guard totals.

Table 3.38 profiles U.S. Coast Guard direct contracts awarded to small business by their location and the year of the contracting out decision. Also provided is the average commercial bid cost of each contract awarded as well as the total estimated cost.

Table 3.38

U.S. COAST GUARD
 ACTIVITIES CONTRACTED OUT THROUGH DIRECT CONTRACTS TO SMALL BUSINESS:
 YEAR OF DECISION, LOCATION AND DOLLAR AMOUNT
 FISCAL YEARS 1985-1987

SIC	ACTIVITY	YEAR OF OF DECISION	LOCATION OF OF ACTIVITY	AVERAGE COMMERCIAL BID COST/YR	ESTIMATED TOTAL COST
7629	MAINTENANCE ELECTRONIC	1985	SAN PEDRO, CA	\$ 411,124	\$ 2,055,620
		1985	SAN FRAN. CA	\$ 1,171,904	\$ 5,859,520
7699	BUOY	1985	ASTORIA, OR	\$ 431,477	\$ 2,157,385
		1985	MARIE, MI	\$ 44,374	\$ 221,870
		1985	GALVESTON, TX	\$ 211,530	\$ 1,057,650
		1985	HOUSTON, TX	\$ 18,100	\$ 90,500
		1985	DETROIT, MI	\$ 142,455	\$ 712,275
7374	ADP & DATA ENTRY	1985	BOSTON, MA	\$ 178,391	\$ 891,955
		1985	MIAMI, FL	\$ 50,154	\$ 250,770
		1985	CLEVELAND, OH	\$ 99,096	\$ 495,480
		1986	NEW ORLEANS, LA	\$ 112,107	\$ 560,535
		1985	SEATTLE, WA	\$ 71,172	\$ 355,860
7374	DOCUMENTATION, ADP	1986	CGHQ G-M	\$ 694,005	\$ 3,470,025
5812	MID FOOD SERVICE	1985	BROOKLYN, NY	\$ 297,770	\$ 1,488,850
		1985	ALEXANDRIA, VA	\$ 389,945	\$ 1,949,725
		1985	SAN DIEGO, CA	\$ 318,305	\$ 1,591,525
		1985	WOODS HOLE, MA	\$ 218,065	\$ 1,090,325
		1985	KETCH, AK	\$ 307,344	\$ 1,536,720
		1985	MARIE, MA	\$ 96,795	\$ 483,975
		1985	HOUSTON, TX	\$ 172,074	\$ 860,370
		1985	MACON, NC	\$ 115,226	\$ 576,130
7393	SECURITY GUARDS	1985	GALVESTON, TX	\$ 33,818	\$ 169,090
		1985	SEATTLE, WA	\$ 208,858	\$ 1,044,290
		1986	NEW ORLEANS, LA	\$ 89,518	\$ 447,590
		1986	YORKTOWN, VA	\$ 320,983	\$ 1,604,915
		1986	BOSTON, MA	\$ 348,781	\$ 1,743,905
		1985	ELIZ. CITY, NC	\$ 236,322	\$ 1,181,610
		1986	HONOLULU, HI	\$ 87,555	\$ 437,775
		1986	CAPE MAY, NJ	\$ 85,542	\$ 427,710
TOTAL				\$ 6,962,790	\$34,813,950

NOTES:

Average commercial bid cost/year is multiplied by five years to obtain estimated totals.

This table excludes U.S. Coast Guard National Food Contracts awarded to small business; small business won 100% of all direct contracts awarded except for National Food Service awards; these are detailed further in Table 3.39.

Table 3.39 provides a profile of the location of the U.S. Coast Guard National Food Service Awards that were contracted out through A-76 direct contracts both to small and large businesses. The size of contract at each location is also provided.

Table 3.39

U.S. COAST GUARD
NATIONAL FOOD SERVICE DIRECT CONTRACT AWARDS
CONTRACTOR TYPE, LOCATION, AND COST
FISCAL YEAR 1986

CONTRACTOR TYPE	LOCATION OF ACTIVITY	1ST YEAR COST	ESTIMATED TOTAL COST
Small, 8(a)	Coast Guard Academy, New London, CT	\$1,194,554	\$ 5,972,770
	Aviation Training Center Mobile, AL	\$ 139,202	\$ 696,010
	Support Training Center Kodiak, AK	\$ 576,759	\$ 2,883,795
	Support Training Center Boston, MA	\$ 210,989	\$ 1,054,945
	Reserve Training Center Yorktown, VA	\$ 605,419	\$ 3,027,095
Small, Other	Support Training Center Eliz. City, NC	\$ 259,963	\$ 1,299,815
Large	Support Training Center Alameda, CA	\$ 359,225	\$ 1,796,125
	Support Training Center Portsmouth, VA	\$ 174,328	\$ 871,640
	Training Center Petaluma, CA	\$ 338,928	\$ 1,694,640
	Coast Guard Yard Baltimore, MD	\$ 338,291	\$ 1,691,455
	Support Training Center Governors I, NY	\$ 654,711	\$ 3,273,555
	Training Center Cape May, NJ	\$1,133,662	\$ 5,668,310
TOTAL, ALL		\$5,986,031	\$29,930,155

NOTE:

All national food service awards were contracted through unrestricted competitions.

The distribution of FAA direct contracts awarded to small business by regional offices and centers is provided in Table 3.40. As this table demonstrates, the regional offices of FAA, for the most part, all contracted mail/messenger functions to small businesses. Also, word processing and ADP activities were contracted in several regions and in the headquarters of the FAA.

Table 3.40

FEDERAL AVIATION ADMINISTRATION
 LOCATION AND AMOUNT OF A-76 DIRECT CONTRACTS
 AWARDED TO SMALL BUSINESS BY TYPE OF ACTIVITY
 FISCAL YEARS 1985-1987

LOCATION	WORD PROCESS	MAIL MESSENGER	ADP OPERATIONS	ENGINEER DRAFT	TELEPHONE SWITCH	WHSEING/ SUPPLY
REGIONS						
SOUTHERN	utd			utd		
SOUTH WESTERN		\$ 180,000		\$313,637	\$ 51,000	
NORTH WESTERN				utd		
EASTERN	utd	\$ 632,076	utd			
CENTRAL	\$174,371	\$ 50,875	\$ 196,500	utd		utd
NEW ENGLAND		\$ 24,157				
GREAT LAKES	\$223,000	\$ 144,702				
ALASKA		\$ 678,737	\$ 207,598	utd		\$728,028
HEADQUARTERS	\$ 95,000					
	\$ 86,856					
CENTERS						
TECHNICAL CENTER		\$ 118,774			\$324,218	
AERONAUTICAL CENTER			\$3,312,478			
AIR TRAFFIC CONTROL CNTRS						
TOTAL	\$579,227	\$1,629,321	\$3,716,576	\$313,637	\$375,218	\$728,028
NUMBER OF ACTIVITIES	4	7	3	1	2	1

LEGEND:

utd: Unable to Determine

NOTES:

In the Eastern Region, a Data Entry activity was contracted but the type of firm recipient and the dollar amount were unable to be determined. This was also the case for a Data Entry activity at the Headquarters location and a Training activity at the Air Traffic Control Center.

General Services Administration: A-76 Contracting Out Summary

Dollar Value and Number of Commercial Activities Contracted Out. During the Fiscal Year 1985-1987 time period, the General Services Administration through the A-76 process privatized 109 commercial activities totalling over \$38 million. The bulk of these commercial activities were privatized through direct contracts. Approximately 92% of all dollars and 95% of all activities were privatized by using direct contracts (See Table 3.41 below).

Table 3.41

GENERAL SERVICES ADMINISTRATION
NUMBER AND DOLLAR VOLUME OF A-76 ACTIVITIES CONTRACTED OUT
FISCAL YEARS 1985-1987

TYPE OF A-76 CONTRACTING	AMOUNT CONTRACTED ¹	NUMBER OF ACTIVITIES CONTRACTED
DIRECT CONTRACTS	\$ 35,266,393	104
COST COMPARISONS	\$ 3,047,773	5
TOTAL	\$ 38,314,166	109

NOTE:

¹ Value of several direct contracts could not be determined, thus total is understated.

As Table 3.41 also indicates, only \$3.0 million was contracted as a result of cost comparison studies. In contrast, commercial activities totalling approximately \$58.2 million remained in house after cost comparison reviews. These activities, their numbers, and the total dollars reflected are outlined in Table 3.42. As this table emphasizes, maintenance-related functions comprised the bulk of the activities that remained inhouse. Using the data from this table, it is possible to ascertain that approximately 99% of the activities that remained inhouse were maintenance-related functions, mainly mechanical maintenance.

Table 3.42

GENERAL SERVICES ADMINISTRATION
 NUMBER AND DOLLAR VOLUME OF A-76 ACTIVITIES REMAINING IN HOUSE
 AFTER COST COMPARISON REVIEWS
 FISCAL YEARS 1985-1987

COMMERCIAL ACTIVITY	TOTAL NUMBER	TOTAL DOLLARS
MAILROOM OPERATION	1	52,377
CUSTODIAL	1	177,195
FULL SERVICE	2	360,274
MAINTENANCE, MECHANICAL	33	49,981,370
MAINTENANCE, FMC	2	7,677,786
TOTALS	39	\$ 58,249,002

Cost Savings Resulting from Contracting Out. Approximately \$20.5 million in cost savings was realized through GSA A-76 contracting out (See Table 3.43). The bulk, or approximately 94%, of this cost savings was effected through direct contracting; another 6% through contracts resulting from cost comparison reviews.

Table 3.43

GENERAL SERVICES ADMINISTRATION
 COST SAVINGS RESULTING FROM A-76 CONTRACTING OUT
 FISCAL YEARS 1985-1987

TYPE OF CONTRACT	AMOUNT OF SAVINGS
DIRECT CONTRACTS	\$19,377,802
COST COMPARISONS	\$ 1,196,619
TOTAL	\$20,574,421

Type of Commercial Activities Contracted Out. The data reveal that GSA contracted out two basic types of commercial activities through the A-76 program during the time period under consideration. These activities, custodial services and mechanical maintenance, reflect the role of the Public Building Service in maintaining Federal buildings and grounds. Other activities contracted out by the agency included vehicle maintenance, mail messenger services, and engineering services (See Table 3.44).

Table 3.44

GENERAL SERVICES ADMINISTRATION
 TYPE AND AMOUNT OF COMMERCIAL ACTIVITIES CONTRACTED OUT
 BY TYPE OF A-76 CONTRACTING
 FISCAL YEARS 1985-1987

SIC	COMMERCIAL ACTIVITY	AMOUNT CONTRACTED OUT		
		COST COMPARISONS	DIRECT CONTRACTS	TOTAL
7349	CUSTODIAL SERVICES		\$ 17,061,899	\$ 17,061,899
7349	FULL SERVICE: MAINTENANCE, CUSTODIAL, & GROUNDS	\$ 277,722	\$ 472,767	\$ 750,489
1711	MECHANICAL MAINTENANCE	\$ 1,967,537	\$ 16,190,724	\$ 18,158,261
7399	MAIL/MESSENGER SERVICES	\$ 802,514	\$ 95,358	\$ 897,872
7538	MAINTENANCE, VEHICLE		\$ 748,025	\$ 748,025
1799	MAINTENANCE, ELEVATOR		\$ 55,620	\$ 55,620
8911	ENGINEERING SERVICES		\$ 642,000	642,000
TOTALS		\$ 3,047,773	\$ 35,266,393	\$ 38,314,166

Location of A-76 Contracting Out. The bulk of the A-76 contracting out activity within the General Services Administration occurred within the Public Building Service. Approximately 80% of all GSA dollars privatized through the A-76 program were contracted out by this Service. The data contained in Table 3.45 can be used to determine that several regions within the Public Building Service, notably Regions 1, 2, 4 and 9 were responsible for approximately 62% of all of the dollars privatized.

It should also be emphasized that three GSA regions contracted out activities as a result of cost comparison reviews--Region 4 of the Public Building Service; Region 9 of the Public Building Service; and the National Capitol Region, Office of the Comptroller (See Table 3.45 on the following page).

Table 3.45

**GENERAL SERVICES ADMINISTRATION
A-76 CONTRACTING OUT ACTIVITY BY GSA SERVICE AND REGION
FISCAL YEARS 1985-1987**

GSA SERVICE/ REGION	DIRECT CONTRACTS	COST COMPARISONS	TOTAL
FEDERAL SUPPLY SERVICE REGION 10	\$ 748,025	\$ 0	\$ 748,025
PUBLIC BUILDING SERVICE			
REGION 1	\$ 6,514,191	\$ 0	\$ 6,514,191
REGION 2	\$ 4,811,688	\$ 0	\$ 4,811,688
REGION 3	\$ 1,904,598	\$ 0	\$ 1,904,598
REGION 4	\$ 6,508,819	\$ 1,527,683	\$ 8,036,502
REGION 5	\$ 2,970,246	\$ 0	\$ 2,970,246
REGION 6	\$ 419,040	\$ 0	\$ 419,040
REGION 7	\$ 3,437,193	\$ 0	\$ 3,437,193
REGION 8	\$ 661,305	\$ 0	\$ 661,305
REGION 9	\$ 3,704,952	\$ 717,576	\$ 4,422,528
REGION 10	\$ 2,395,665	\$ 0	\$ 2,395,665
REGION, NATIONAL CAPITOL	\$ 437,563	\$ 0	\$ 437,563
FEDERAL PROPERTY RESOURCES SERVICE REGION 5	\$ 15,750	\$ 0	\$ 15,750
INFORMATION RESOURCES MANAGEMENT SERVICE REGION, NATIONAL CAPITOL	\$ 642,000	\$ 0	\$ 642,000
OFFICE OF THE COMPTROLLER REGION 4	\$ 95,358	\$ 0	\$ 95,358
REGION, NATIONAL CAPITOL		\$ 802,514	\$ 802,514
TOTALS	\$35,266,393	\$ 3,047,773	\$38,314,166

Table 3.46 on the following page provides the distribution of the various commercial activities contracted out by their location within the General Services Administration. Data from this table highlight that the regional offices of GSA's Public Building Service were responsible for 103, or 94.5% of all commercial activities contracted.

Table 3.46

GENERAL SERVICES ADMINISTRATION
 NUMBER OF COMMERCIAL ACTIVITIES CONTRACTED OUT
 GSA SERVICE AND REGION
 FISCAL YEARS 1985-1987

GSA SERVICE/ REGION	DIRECT CONTRACTS	COST COMPARISONS	TOTAL
FEDERAL SUPPLY SERVICE REGION 10	2	0	2
PUBLIC BUILDING SERVICE			
REGION 1	16	0	16
REGION 2	10	0	10
REGION 3	3	0	3
REGION 4	23	2	25
REGION 5	10	0	10
REGION 6	1	0	1
REGION 7	16	0	16
REGION 8	2	0	2
REGION 9	12	2	14
REGION 10	5	0	5
REGION, NATIONAL CAPITOL	1	0	1
FEDERAL PROPERTY RESOURCES SERVICE REGION 5	1	0	1
INFORMATION RESOURCES MANAGEMENT SERVICE REGION, NATIONAL CAPITOL	1	0	1
OFFICE OF THE COMPTROLLER REGION 4	1	0	1
REGION, NATIONAL CAPITOL	0	1	1
TOTALS	104	5	109

Dollar Value and Number of Commercial Activities Awarded to Small Business. Small business was found to have obtained approximately \$14.2 million and 46 activities through GSA direct contracting. While small businesses captured only 34%, of all direct contract dollars, they captured 44% of all commercial activities contracted out through direct contracting (See Table 3.47a below). In contrast, they were more successful in cost comparison reviews by capturing 76% of the dollars contracted out and 60% of all activities contracted (See Table 3.47b below).

Table 3.47a

GENERAL SERVICES ADMINISTRATION
 SMALL BUSINESS PERFORMANCE IN CONTRACTING OUT DECISIONS:
 TOTAL DOLLARS CAPTURED
 FISCAL YEARS 1985-1987

TYPE OF A-76 CONTRACTING	TOTAL CONTRACTED	SMALL BUSINESS CAPTURE	
		TOTAL	% OF CAPTURE
DIRECT CONTRACTS	\$ 35,266,393	\$ 11,873,223	34%
COST COMPARISONS	\$ 3,047,773	\$ 2,330,197	76%
TOTAL	\$ 38,314,166	\$ 14,203,420	37%

NOTE:

Contracts awarded to the National Institute for the Severely Handicapped (NISH) totalled \$17.2 million, or 48.9% of all dollars directly contracted; Contracts to large business totalled \$5.5 million, or 15.6% of the direct contract total; the recipient of contracts valued at \$642,000, or 1.8% of the total directly contracted, could not be determined

Table 3.47b

GENERAL SERVICES ADMINISTRATION
 SMALL BUSINESS PERFORMANCE IN CONTRACTING OUT DECISIONS:
 TOTAL NUMBER OF COMMERCIAL ACTIVITIES CAPTURED
 FISCAL YEARS 1985-1987

TYPE OF A-76 CONTRACTING	NUMBER ACTIVITIES CONTRACTED	SMALL BUSINESS CAPTURE	
		TOTAL	% OF CAPTURE
DIRECT CONTRACTS	104	46	44%
COST COMPARISONS	5	3	60%
TOTAL	109	49	45%

Cost Savings Resulting from Direct Contracting with Small Business. Table 3.48 reveals that contracts to small businesses contributed slightly less than 19% of the total cost savings resulting from GSA A-76 contracting out activity. While certain of the cost savings resulting from GSA contracting out could not be determined, the majority of the remainder could be attributed to GSA contracting with the National Institute for the Severely Handicapped (NISH), a result which is not surprising given the Edgar Amendment to the 1982 GSA appropriations bill.²

Table 3.48

GENERAL SERVICES ADMINISTRATION
 COST SAVINGS RESULTING FROM DIRECT A-76 CONTRACTING OUT DECISIONS:
 TOTAL AND AMOUNT ATTRIBUTABLE TO VARIOUS SOURCES,
 INCLUDING SMALL BUSINESS
 FISCAL YEARS 1985-1987

COST SAVINGS ATTRIBUTABLE TO CONTRACTING WITH	AMOUNT OF COST SAVINGS	PERCENT OF TOTAL
SMALL BUSINESS	\$ 3,837,528	18.7%
NISH	\$14,487,809	70.4%
LARGE BUSINESS	\$ 1,229,584	6 %
UNABLE TO DETERMINE	\$ 1,019,500	5 %
TOTAL COST SAVINGS	\$20,574,421	100.0%

² Contracting with NISH results from the Edgar Amendment to the 1982 GSA appropriations bill which prohibits GSA from contracting inhouse custodial, messenger, elevator operator or guard functions to the private sector. The only exception is that these activities may be contracted to the National Institute for the Severely Handicapped.

Type of Activities Contracted to Small Business. The five cost comparison studies resulting in a decision to contract out the activity are profiled in Table 3.49. This Table shows that small business won two mechanical maintenance contracts and one mail/messenger contract.

The majority, or 67.6%, of the dollars awarded to small business as a result of cost comparison studies were awarded through preferential setaside competitions. Small business was successful in obtaining only one contract as a result of an unrestricted competition; only 27% of all dollars awarded through cost comparisons having unrestricted competitive bids were awarded to small firms.

Savings resulting from the five contracts totalled \$1.2 million. As the Table indicates, savings resulting from the three awards to small business totalled \$1.1 million, for 94% of the total savings.

Table 3.49

GENERAL SERVICES ADMINISTRATION
COST COMPARISON STUDIES RESULTING IN DECISION TO CONTRACT
FISCAL YEARS 1985-1987

SIC	ACTIVITY	LOCATION	AMOUNT	SAVINGS	CONTRACTOR
7399	MAIL/ MESSENGER	OOTC	\$ 802,514	\$ 324,273	SBSA
7349	FULL SERVICE	PBS REGION 9	\$ 277,722	\$ 64,740	LB
1711	MECHANICAL MAINTENANCE	PBS REGION 9	\$ 439,854	\$ 12,603	LB
		PBS REGION 4	\$ 271,368	\$ 95,808	SB
		PBS REGION 4	\$1,256,315	\$ 699,195	SBSA
TOTALS			\$3,047,773	\$1,196,619	

LEGEND:

- PBS=Public Building Service
- OOTC=Office of the Comptroller
- SBSA=Small Business Setaside
- SB=Unrestricted Competition,
Small Business Winner
- LB=Unrestricted Competition,
Large Business Winner
- SIC=Standard Industrial Classification

The types of activities contracted to small firms through direct contracts are outlined in Table 3.50. As this table reveals, the bulk of these contracts were for mechanical maintenance services. Several facilities maintenance contracts, both for the provision of full service as well as custodial operations, were identified as well as one mail/messenger contract.

TABLE 3.50

GENERAL SERVICES ADMINISTRATION
A-76 DIRECT CONTRACTS AWARDED TO SMALL BUSINESS
FISCAL YEARS 1985-1987

TYPE OF ACTIVITY		TOTAL # OF AWARDS	SBSA	8(a)	UNRESTRICTED	UTD
7399	MECHANICAL MAINTENANCE	41	8	2	21	10
1542	FACILITIES MAINTENANCE, INCLUDES FULL SERVICE	4	4	0	0	0
7399	MAIL/MESSENGER	1	1	0	0	0
TOTAL		46	13	2	21	10

NOTES:

Mechanical Maintenance includes one elevator maintenance contract

The remaining GSA contracts were awarded as follows: 37, NISH and 19, Large Business. For two awards, it was impossible to determine the type of contractor recipient.

Of the 46 direct contracts awarded to small businesses, 50% were awarded through unrestricted contracts and 50% through preferential setasides. The small business setaside was utilized more frequently than the 8(a) setaside. Only four of the preferential setasides were reserved for the small disadvantaged contractor.

Table 3.51 arrays the types of activities contracted out by GSA and shows the total dollar amount contracted as well as the amount awarded to small business. This Table reveals that small business obtained almost 70% of the A-76 dollars directly contracted out for mechanical maintenance, but only received 2.5% of the dollars contracted out for custodial services. The bulk, or 29.3% of the

remaining dollars contracted out for mechanical maintenance were contracted to large business with less than 1% of the total being contracted to NISH. The bulk, or 97.5%, of the dollars contracted out for custodial services were contracted to NISH.

In reference to NISH direct contracts, it should be mentioned that while this study did not investigate small business subcontracting on A-76 prime contracts systematically, some of the agencies did provide information on small business contracting. For example, the General Services Administration, Public Building Service, Region 5 indicated that on two of their contracts to Handicapped industries, all of the subcontracting was to small business for such services as trash removal (\$4,000); pest control (\$660); snow removal (\$3,400); and parking lot sweeping (\$1500)

Table 3.51

GENERAL SERVICES ADMINISTRATION
A-76 COMMERCIAL ACTIVITIES CONTRACTED OUT:
TOTAL, SMALL BUSINESS TOTAL, AND THE SMALL BUSINESS PERCENTAGE
FOR DIRECT CONTRACTS
FISCAL YEARS 1985-1987

SIC	ACTIVITY	TOTAL \$	SMALL BUS \$	% SMALL BUS
<u>MAINTENANCE</u>				
1542	FACILITIES INCLUDING CUSTODIAL(7349)	\$ 17,534,666	\$ 438,556	2.5%
1711	MECHANICAL INCLUDING ELEVATOR(5084)	\$ 16,246,344	\$ 11,339,309	69.8%
7349	VEHICLE ENGINEERING SERVICES	\$ 748,025 \$ 642,000	\$ 0 UTD	0 UTD
<u>OTHER MAJOR ACTIVITIES</u>				
7399	MAIL/MESSAGE	\$ 95,358	\$ 95,358	100.0%
TOTAL		\$ 35,266,393	\$ 11,873,223	33.7%

NOTES:

UTD=Unable to Determine

Location of GSA A-76 Direct Contracts Awarded to Small Firms.
A further breakdown of GSA direct contract activity through the A-76 process by Region; by specific GSA service; and by type of contract recipient is outlined in Table 3.52. Data contained in this Table point out that approximately 53% of the A-76 direct contract dollars awarded to small firms were contracted by Region 1

of the Public Building Service. This region was found to have awarded 97% of all of its direct contract dollars to small firms. In contrast, Region 10 of the Public Building Service was found to have awarded no direct contract dollars to small firms; Regions 3 and 9 were found to have awarded only 3.0% and 4.6% respectively.

TABLE 3.52

GENERAL SERVICES ADMINISTRATION
A-76 DIRECT CONTRACTS BY GSA SERVICE/REGION BY TYPE OF FIRM RECIPIENT
FISCAL YEARS 1985-1987

GSA SERVICE/ REGION	RECIPIENT OF DIRECT CONTRACTS			
	SMALL BUS	LARGE BUS	NISH	UTD
FEDERAL SUPPLY SERVICE				
--REGION 10		\$ 748,025		
PUBLIC BUILDING SERVICE				
--REGION 1	\$ 6,336,753		\$ 177,438	
--REGION 2	\$ 1,128,113 ¹	\$1,636,428	\$ 2,047,147	
--REGION 3	\$ 57,492	--	\$ 1,847,106	
--REGION 4	\$ 2,059,720 ¹	\$ 250,470	\$ 4,198,629	
--REGION 5	\$ 102,045	\$1,502,244	\$ 1,365,957	
--REGION 6	--	--	\$ 419,040	
--REGION 7	\$ 1,552,266	\$1,374,793	\$ 510,134	
--REGION 8	\$ 354,465 ¹	--	\$ 306,840	
--REGION 9	\$ 171,261	--	\$ 3,533,691	
--REGION 10	--	--	\$ 2,395,665	
--REGION, NATIONAL CAPITOL			\$ 437,563	
FEDERAL PROPERTY RESOURCES SERVICE				
--REGION 5	\$ 15,750 ¹			
INFORMATION RESOURCES MANAGEMENT SERVICE				
--REGION, NATIONAL CAPITOL				\$642,000
OFFICE OF THE COMPTROLLER				
--REGION 4	\$ 95,358	--	--	
OFFICE OF ADMINISTRATION				
TOTALS	\$11,873,223	\$5,511,960	\$17,239,210	\$642,000

NOTES:

¹Includes four 8(a) contracts (\$134,479, Region 2; \$22,500, Region 4; \$15,750, Region 5; and \$892,514, Region 3). Also, an 8(a) contract, the amount of which could not be determined was awarded in Region 8, thus making the total amount of small business awards slightly understated.

U. S. Department of Commerce: A-76 Contracting Out Summary

Dollar Value and Number of Commercial Activities Contracted Out. Only the National Oceanic and Atmospheric Administration (NOAA) within the U.S. Department of Commerce engaged in any A-76 activity during the Fiscal Years 1985-1987 time period. All of this activity was undertaken through cost comparison studies; no direct contract conversions were undertaken.

In this context, a total of 17 cost comparison studies were undertaken during Fiscal Years 1985-1987. Of these, six or 35% resulted in a decision to contract out; the remainder resulted in a decision to maintain the activity inhouse. Table 3.53 shows that through the six cost comparison studies resulting in a decision to contract out, the Department of Commerce contracted out approximately \$13.5 million to the private sector.

Table 3.53

DEPARTMENT OF COMMERCE
NUMBER AND DOLLAR VOLUME OF A-76 ACTIVITIES CONTRACTED OUT
FISCAL YEARS 1985-1987

TYPE OF A-76 CONTRACTING	AMOUNT CONTRACTED	NUMBER OF ACTIVITIES CONTRACTED
DIRECT CONTRACTS	\$ 0	0
COST COMPARISONS	\$ 13,501,260	6
TOTAL	\$ 13,501,260	6

Of the 11 cost comparison studies resulting in a decision to remain inhouse, five resulted from small business setaside competitions; six resulted from unrestricted competitions. Table 3.54 outlines the type of commercial activities where private businesses, including small businesses were the unsuccessful bidder in an A-76 competition.

Table 3.54

U.S. DEPARTMENT OF COMMERCE
 COST COMPARISON STUDIES RESULTING IN DECISION TO
 MAINTAIN COMMERCIAL ACTIVITY INHOUSE
 FISCAL YEARS 1985-1987

TYPE OF CONTRACT	TYPE OF COMMERCIAL ACTIVITY
Small Business Setaside	Photographic Reproduction Services
Small Business Setaside	Engineering Services
Small Business Setaside	Library Services
Small Business Setaside	Logistical Support/Supply Services
Small Business Setaside	ADP Services
Unrestricted	Communication Services
Unrestricted	Test & Evaluation Facilities
Unrestricted	Administrative Support Services
Unrestricted	ADP Services
Unrestricted	Satellite Data Acquisition & Processing
Unrestricted	Engineering Services & Weather Observations

NOTE:

All Unrestricted Contract Low Bids were from Large Firms

Type of Commercial Activities Contracted Out. NOAA contracted out three types of commercial activities through the six contracts resulting from cost comparison studies (See Table 3.55). Four of the contracts were to provide airport weather observations at various NOAA facilities throughout the United States--New York (two separate contracts); Washington, D.C., and Long Beach, California. Each of these four contracts was awarded for five years.

The remaining two decisions resulted in larger contract awards through the unrestricted contract route. Here, the awards were to provide Automated Data Processing Services and Library Services. Each of these two contracts were for a five year time period, also. Table 3.55 permits observations about the size of the awards resulting from the cost comparison studies. The largest award, approximately \$9.1 million, was for the provision of ADP services. In contrast, the average size of the weather observation contracts was \$614,632.

Table 3.55

DEPARTMENT OF COMMERCE
TYPE OF COMMERCIAL ACTIVITIES AWARDED THROUGH THE A-76 PROGRAM
FISCAL YEARS 1985-1987

SIC	TYPE OF COMMERCIAL ACTIVITY	NUMBER OF CONTRACTS	TOTAL AMOUNT CONTRACTED
8999	Weather Observations	4	\$ 2,458,529
7374	ADP Services	1	\$ 9,099,854
8231	Library Services	1	\$ 1,942,877
TOTALS		6	\$ 13,501,260

Cost Savings Resulting from the Contracting Out Decisions.
Through the contracts resulting from the cost comparison studies, NOAA effected cost savings of \$3,375,540. Table 3.56 provides an examination of the annualized cost savings effected by each of the various types of commercial activities contracted.

Table 3.56

U.S. DEPARTMENT OF COMMERCE
COST SAVINGS RESULTING FROM THE DECISION TO CONTRACT OUT
FISCAL YEARS 1985-1987

TYPE OF CONTRACT, ACTIVITY CONTRACTED AND LOCATION	ANNUALIZED COST SAVINGS	TOTAL COST SAVINGS
Small Business Setaside Contracts		
Weather Observation, Washington, D.C.	\$ 66,748	\$ 333,740
Weather Observation, New York, N.Y.	\$ 19,349	\$ 96,745
Weather Observation, New York, N.Y.	\$ 27,217	\$ 136,085
Weather Observation, Long Beach, Ca.	\$ 15,811	\$ 79,055
Sub Total	\$129,125	\$ 645,625
Unrestricted Contracts		
ADP Services, National Climatic Data Center, Asheville, N.C.	\$301,540	\$ 1,507,700
Library Services, Rockville, Md.	\$244,443	\$ 1,222,215
Sub Total	\$545,983	\$ 2,729,915
GRAND TOTAL	\$675,108	\$ 3,375,540

NOTES:

Annualized cost savings on five year contracts
Total cost savings are calculated by multiplying
annual cost savings by each of the five years.

Small Business Performance in A-76 Contracting Out. Table 3.57 indicates that although small business captured 67% of the commercial activity contracts at the U.S. Department of Commerce, they captured only 18% of all dollars contracted. Affecting this latter statistic is the very large, \$9.09 million unrestricted contract awarded to a large business to provide ADP services.

Table 3.57

DEPARTMENT OF COMMERCE
SMALL BUSINESS PERFORMANCE IN CONTRACTING OUT DECISIONS
FISCAL YEARS 1985-1987

TYPE OF A-76 CONTRACTING	TOTAL AMOUNT CONTRACTED	SMALL BUSINESS CAPTURE	
		TOTAL	% OF TOTAL
COST COMPARISONS	\$ 13,501,260	\$ 2,458,529	18%
TYPE OF A-76 CONTRACTING	NUMBER ACTIVITIES CONTRACTED	SMALL BUSINESS CAPTURE	
		TOTAL	% OF TOTAL
COST COMPARISONS	6	4	67%

The weather observation contracts awarded to small businesses resulted in total annualized cost savings of \$129,125 or a total cost savings of \$645,625. This amount represented 19% of the total \$3.37 million cost savings realized through A-76 contracting out decisions at NOAA.

Finally, it should be emphasized that while small businesses, through small business setaside competitions, won all of the contracts to provide weather observation services, they won neither of the unrestricted contracts referenced earlier. Both the ADP services and the Library services contracts were won by large businesses.

U.S. Department of Energy

Dollar Volume and Number of Activities Contracted Out. The U.S. Department of Energy (DOE) conducted all of its A-76 activity through direct contracts and simplified, informal cost comparisons generally performed on activities with 10 or less FTEs. Table 3.58 emphasizes that in Fiscal Years 1985-1987, the Department contracted out 39 activities with an annual contract price of approximately \$3.45 million.³

Table 3.58

DEPARTMENT OF ENERGY
DOLLAR VOLUME AND NUMBER OF A-76 ACTIVITIES CONTRACTED OUT
FISCAL YEARS 1985-1987

TYPE OF A-76 CONTRACTING	AMOUNT CONTRACTED	NUMBER OF ACTIVITIES CONTRACTED
DIRECT CONTRACTS	\$ 1,447,153	19
COST COMPARISONS		
INFORMAL	\$ 2,006,552	20
FORMAL	\$ 0	0
TOTAL	\$ 3,453,705	39

NOTES:

Annual contract price, probably underestimates total contract costs in cases of multiple year contracts.

Type, Location, and Cost Savings Resulting from Commercial Activities Contracted Out. Table 3.59 outlines the type of commercial activities contracted out by the U.S. Department of Energy through informal cost comparisons. Specifically, this table outlines, by location within the U.S. Department of Energy, the total number of each type of commercial activity contracted; the total amount of annualized dollars represented by each activity contracted; and the annualized cost savings effected by the contracting out.

As Table 3.59 emphasizes, a variety of DOE offices/agencies conducted simplified, informal cost comparisons that resulted in contracting out. The Albuquerque Operations Office was identified as having contracted out the largest number of dollars through these informal comparisons; the Western Power Administration contracted out the largest number of activities. Activities awarded through these informal cost comparisons

³ Actual amount contracted out was slightly higher; value of one direct contract for the provision of lab services could not be determined.

varied, but maintenance and mail/messenger activities were the largest in terms of dollar volume.

Table 3.59

U.S. DEPARTMENT OF ENERGY
 COMMERCIAL ACTIVITIES CONTRACTED OUT
 A-76 INFORMAL COST COMPARISONS
 FISCAL YEARS 1985-1987

SIC	ACTIVITY	LOCATION	NUMBER	CONTRACT COST	SAVINGS
8231	LAW LIBRARY OPERATIONS	GC	1	\$ 82,428	\$45,119
8999	BADGES, CLEARANCES, BRIEFINGS	DP	1	\$ 150,000	\$20,000
8911	ENG. DRAFTING	SWPA	1	\$ 71,500	\$36,933
7333	PHOTOGRAPHIC SERVICES	OROO	1	\$ 52,122	\$ 2,960
7333	PHOTOGRAPHIC SERVICES	METC	1	\$ 103,879	\$11,166
7399	MAIL/MESSENGER	OROO	1	\$ 99,872	\$37,146
7399	MAIL/MESSENGER	ALOO	1	\$ 284,457	\$ 7,775
7349	MAINTENANCE, PLANT, GROUNDS AND VEHICLES	ALOO	1	\$ 539,305	\$15,882
	MAINTENANCE, VEHICLE	WAPA	2	\$ 153,754	\$31,954
1721	PAINTING	WAPA	2	\$ 96,828	\$36,188
4225	SUPPLY/WAREHOUSE	WAPA	1	\$ 36,491	\$10,432
	HEALTH CARE SVCS	BPA	1	\$ 147,000	\$45,009
	COMPUTER OPERATORS	WAPA	2	\$ 76,106	\$ 3,016
	CORRESPONDENCE MANAGEMENT	CE	1	\$ 50,947	\$ 8,699
	VOUCHER EXAM	METC	1	\$ 36,863	\$17,872
	DATA TRANSCRIPT	NVOO	1	\$ 25,000	\$ 5,000
	LAB SUPPORT	PETC	1	UTD	\$54,372
TOTALS			20	\$2,006,552	\$389,523

NOTE: Contract cost and savings are in annualized dollars
 LEGEND:

- GC= General Counsel's Office, Headquarters
- SWPA= Southwestern Power Administration
- OROO= Oak Ridge Operations Office
- ALOO= Albuquerque Operations Office
- WAPA= Western Area Power Administration
- METC= Morgantown Energy Technical Center
- NVOO= Nevada Operations Office
- BPA= Bonneville Power Administration
- DP/CE=

Table 3.60 outlines the type of commercial activities contracted out by the U.S. Department of Energy through direct contract conversions. As with the informal cost comparisons, this table outlines, by location within the U.S. Department of Energy, the total number of each type of commercial activity contracted; the total amount of annualized dollars represented by each activity contracted; and the annualized cost savings effected by the contracting out.

The Western Power Administration was identified as having contracted out the largest number of dollars and activities through A-76 direct contracting. Activities awarded through direct contracting also were varied, but computer operations was the largest in terms of dollar volume followed by supply and warehousing operations, mail and file, word processing, and accounting clerical functions (See Table 3.60).

Finally, it should be noted that annualized cost savings resulting from simplified, informal cost comparisons totalled \$389,523. In contrast, negative cost savings resulted from the direct contracting. The combined effect of the positive cost savings realized from informal cost comparisons and the negative cost savings realized from direct contracting resulted in a total cost savings of \$204,481, calculated as follows:

Cost Savings, Informal Cost Comparisons	\$389,523
Cost Savings, Direct Contracting	-\$185,042
	<u> </u>
Cost Savings, Total	<u>\$204,481</u>
	<u> </u>
	<u> </u>

Table 3.60

U.S. DEPARTMENT OF ENERGY
 TYPE OF ACTIVITIES CONTRACTED OUT
 A-76 DIRECT CONTRACTS
 FISCAL YEARS 1985-1987

SIC	ACTIVITY	LOCATION	NUMBER	CONTRACT COST	SAVINGS
4225	SUPPLY/WAREHOUSE OPERATIONS	WAPA	6	\$ 350,315	[\$ 91,949]
7699	MAINTENANCE UTILITY	WAPA	1	\$ 29,383	[\$ 34,522]
7538	MAINTENANCE, VEHICLE	WAPA	1	\$ 46,500	[\$ 5,200]
7349	MAINTENANCE, GENERAL	WAPA	1	\$ 52,000	[\$ 14,227]
7399	MAIL AND FILE	WAPA	3	\$ 146,925	[\$ 2,246]
7332	COPIER OPERATOR	WAPA	1	\$ 21,330	[\$ 9,508]
8931	ACCOUNTING CLERKS	WAPA	1	\$ 119,137	[\$ 4,335]
8999	CONVEYANCE EXAMINERS	WAPA	1	\$ 39,147	[\$ 18,555]
7374	WORD PROCESSING	WAPA	1	\$ 122,873	[\$ 2,875]
7374	COMPUTER OPERATIONS	WAPA	1	\$ 30,543	[\$ 1,625]
7374	COMPUTER OPERATIONS	OSTI	1	\$ 106,000	[\$ 0]
7374	COMPUTER OPERATIONS	ALOO	1	\$ 383,000	[\$ 0]
TOTALS			19	\$ 1,447,153	[\$185,042]

NOTES:

Contract Price and Cost Savings
are in Annualized Dollars

Actual Cost Savings were negative

LEGEND:

WAPA= Westesrn Area Power Administration
 PETC= Pittsburgh Energy Technical Center
 ALOO= Albuquerque Operations Office
 OSTI=

Dollar Volume and Number of Commercial Activities Contracted Out to Small Business. Small business was found to have captured slightly less than 72% of all dollars contracted out through direct contracts and informal cost comparisons (See Table 3.61). Small business would appear to have captured approximately 95% of all direct contracts awarded by the Department of Energy in contrast to 50% of all informal cost comparisons (See Table 3.61). The amount and number of contracts received by small business through both methods of contracting may be slightly higher than that reported, however. The type of recipient of one direct contract and five contracts resulting from the informal cost comparisons could not be identified.

Table 3.61

DEPARTMENT OF ENERGY
DOLLARS AND NUMBER OF CONTRACTS AWARDED TO SMALL BUSINESS
THROUGH DIRECT CONTRACTS AND INFORMAL COST COMPARISONS
FISCAL YEARS 1985-1987

TYPE OF A-76 CONTRACTING	TOTAL CONTRACTED	SMALL BUSINESS CAPTURE	
		TOTAL	% OF TOTAL
DIRECT CONTRACTS	\$ 1,447,153	\$ 1,064,153	73.5%
COST COMPARISONS ¹	\$ 2,006,552	\$ 1,413,003 ²	70.0% ²
TOTAL	\$ 3,453,705	\$ 2,477,156	71.7%
TYPE OF A-76 CONTRACTING	NUMBER ACTIVITIES CONTRACTED	SMALL BUSINESS CAPTURE	
		TOTAL	% OF TOTAL
DIRECT CONTRACTS	19	18 ²	94.7% ²
COST COMPARISONS ¹	20	10 ²	50.0% ²
TOTAL	39	28 ²	71.7% ²

NOTE:

- ¹ Simplified, informal cost comparison
- ² Small business totals and percentages of totals may be low; type of recipient of one contract resulting from direct contracting and five contracts resulting from informal cost comparisons could not be identified

Cost Savings Realized Through Contracting With Small Business.
 As referenced earlier, the combined effect of the positive cost savings realized through informal cost comparisons versus the negative cost savings realized through direct contracting resulted in a positive annualized cost savings to the DOE of \$204,481. The small business contribution to this positive cost savings was found to be \$27,393, or 13.4% of the total.

Again, this positive small business annualized cost savings was effected through informal cost comparisons as opposed to direct contracts, as outlined in Table 3.62.

Table 3.62

DEPARTMENT OF ENERGY
 COST SAVINGS RESULTING FROM A-76 CONTRACTING OUT DECISIONS
 TOTAL AND AMOUNT ATTRIBUTABLE TO SMALL BUSINESS
 FISCAL YEARS 1985-1987

TOTAL COST SAVINGS	\$	204,481
SMALL BUSINESS COST SAVINGS		
INFORMAL COST COMPARISONS	\$	212,435
DIRECT CONTRACTS	[\$	185,042]
TOTAL		27,393
SMALL BUSINESS PERCENT OF TOTAL		13.4%

NOTE:

In annualized dollars

Type of Competition. The majority, or 80%, of the known informal cost comparisons that resulted in small business awards were contracted using the 8(a) preferential setaside. Of the remaining two small business awards known to have resulted from an informal cost comparison, one was awarded via an unrestricted contract, the other through a small business setaside.

All of the direct contracting to small firms was accomplished via preferential 8(a) setaside contracts. In total, small minority firms received 62.8% of all of the dollars and 61.5% of all contracts awarded through the U.S. Department of Energy A-76 program. Table 3.63 outlines A-76 contract recipients by type, and for each type, details the number and dollars of the contracts received as well as the cost savings effected through this contracting.

Table 3.63

U.S. DEPARTMENT OF ENERGY
 A-76 INFORMAL COST COMPARISONS AND DIRECT CONTRACTS:
 CONTRACT RECIPIENTS BY TYPE, NUMBER AND DOLLAR AMOUNT
 OF CONTRACTS RECEIVED, AND RESULTING COST SAVINGS
 FISCAL YEARS 1985-1987

INFORMAL COST COMPARISONS			
TYPE OF BUSINESS	NUMBER ACTIVITIES	ANNUAL CONTRACT PRICE	ANNUAL COST SAVINGS
Large Business	5	\$ 241,848	\$ 37,054
Small Business	2	\$ 305,922	\$ 122,158
Small Business, 8(a)	8	\$ 1,107,081	\$ 90,277
Unable to Determine	5	\$ 351,701	\$ 140,034
TOTAL	20	\$ 2,006,552 ¹	\$ 389,523
DIRECT CONTRACTS			
TYPE OF BUSINESS	NUMBER ACTIVITIES	ANNUAL CONTRACT PRICE	ANNUAL COST SAVINGS
Large Business	1	\$ 383,000	[\$ 0]
Small Business 8(a)	18	\$1,064,153	[\$ 185,042] ¹
TOTAL	19	\$1,447,153	[\$ 185,042]
GRAND TOTAL	39	\$3,453,705 ¹	\$ 204,481

NOTE:

¹ Slight underreporting: amount of one contract for Lab Services from the Pittsburgh Energy Technical Center could not be determined

Type of Commercial Activities Contracted Out to Small Business. Small business won all of the informal cost comparisons listed previously in Table 3.59 except for five awards to large business, as follows:

Voucher Examination, Morgantown Energy Technical Center
 Data Transcription, Las Vegas Operations Office
 Computer Operations (2), Western Area Power Administration
 Photography, Morgantown Energy Technical Center

For five contracts listed in Table 3.59, type of recipient was unavailable. These contracts, which may have been won by small business, were as follows: Vehicle Maintenance (2, Western Area Power Administration); Correspondence Management; Health Care Services, and Lab Support Services.

Finally, it should be noted that small business was awarded all of the direct contracts listed previously in Table 3.60 except for one computer operations contract.

Location of Contracting Out to Small Business. Table 3.64 outlines the location within the Department of Energy (DOE) of activities acquired by contractors of various size. Data in this table demonstrate that the bulk of A-76 dollars were awarded to 8(a) firms through the Western Area Power Administration and the Albuquerque Operations Office. Additional small business A-76 dollars were acquired through the Oak Ridge Operations Office, the Southwestern Power Administration, the Pittsburgh Energy Technical Center--part of the Fossil Energy Conversion Program, and offices within the headquarters in Washington, i.e., General Counsel's Office.

Table 3.64
U.S. DEPARTMENT OF ENERGY
SMALL BUSINESS A-76 CONTRACTING BY LOCATION
FISCAL YEARS 1985-1987

LOCATION	SMALL BUSINESS		LARGE BUSINESS	UNABLE TO DETERMINE
	8(A)	OTHER		
ALBUQUERQUE OPERATIONS OFFICE	\$ 823,762		\$383,000	
OAK RIDGE OPERATIONS OFFICE		\$151,994		
NEVADA OPERATIONS OFFICE			\$ 25,000	
SOUTHWESTERN POWER ADMINISTRATION		71,500		
WESTERN AREA POWER ADMINISTRATION	\$1,091,472		\$ 76,106	\$153,754
BONNEVILLE POWER ADMINISTRATION				\$147,000
PITTSBURGH ENERGY TECHNICAL CENTER	\$ 106,000			UTD
MORGANTOWN ENERGY TECHNICAL CENTER			\$140,742	
HEADQUARTERS, CONSERVATION ENERGY GENERAL COUNSEL DP	150,000	\$ 82,428		\$ 50,947
TOTALS	\$2,171,234	\$305,922	\$624,848	\$351,701

NOTE: Dollars reflect annual contract price

U.S. Department of the Treasury

Dollar Value and Number of Commercial Activities Contracted Out. The U.S. Treasury Department was able to provide data only for A-76 activity during the 1986-1987 time period. All of the A-76 activity reported, however, occurred during Fiscal Year 1986.

During this time period, the U.S. Department of the Treasury reported reviewing a total of nine activities. Five of these activities were directly contracted to the private sector without a cost comparison. The remaining four underwent cost comparison reviews. Only one of the four resulted in a decision to contract out, however.

Table 3.65 provides the results of the Department of the Treasury's A-76 activity. The data indicate that the Department contracted out an approximate \$2.6 million in 1986. This figure reflects a total annual contract price provided by the Department and probably underestimates the total amount contracted out, particularly in cases of multiple year contracts.

Table 3.65

DEPARTMENT OF THE TREASURY
NUMBER AND DOLLAR VOLUME OF A-76 ACTIVITIES CONTRACTED OUT
FISCAL YEAR 1986

TYPE OF A-76 CONTRACTING	AMOUNT CONTRACTED	NUMBER OF ACTIVITIES CONTRACTED
DIRECT CONTRACTS	\$ 2,466,274	5
COST COMPARISONS	\$ 139,416	1
TOTAL	\$ 2,605,690	6

Types of Commercial Activities Contracted Out. For the four activities undergoing cost comparison reviews, the three remaining in house as a result of the review decision were: a health unit at the IRS-Philadelphia Service Center; a motor vehicle activity at the IRS-Baltimore District Office, and a space layout and design service activity at the IRS-Pittsburgh District Office. All of these activities would appear to have been evaluated through a cost comparison small business setaside competition.

The activity contracted out as a result of a cost comparison was custodial services. The amount contracted was \$139,416 by the U.S. Mint, U.S. Assay Office.

Table 3.66 below provides a summary of the commercial activities contracted out by the U.S. Treasury by their location within the Department and the amount contracted for direct contracts. As this table reveals, 88% of the amount contracted out by Treasury was found in a cash transaction reporting: data transcriptions and systems support contract awarded by the Internal Revenue Service's Detroit Data Center.

Table 3.66

U.S. DEPARTMENT OF THE TREASURY
COMMERCIAL ACTIVITIES CONTRACTED OUT BY AMOUNT AND LOCATION
DIRECT CONTRACTS
FISCAL YEAR 1986

SIC	ACTIVITY	LOCATION	TOTAL \$
6059	CASH TRANSACTION REPORTING: DATA TRANSCRIPTIONS AND SYSTEM SUPPORT	INTERNAL REVENUE SERVICE DETROIT DATA CENTER	\$ 2,173,000
7399	DOCUMENT DESTRUCTION AND LABOR SERVICES		\$ 126,707
7819	MICROFILM	INTERNAL REVENUE SERVICE WASHINGTON, D.C.	\$ 89,040
7399	OVER COUNTER FORMS DISTRIBUTION	INTERNAL REVENUE SERVICE LOS ANGELES DIST OFFICE	\$ 42,000
8091	SAFETY & HEALTH AUDIT	BUREAU OF ENGRAVING AND PRINTING	\$ 35,527
TOTAL			\$ 2,466,274

Cost Savings Resulting from the Contracting Out Activity.
 The U.S. Department of the Treasury realized annual cost savings of \$115,901 from contracting with the private sector. This cost savings was distributed across the contracts resulting from direct contracting and the one contract resulting from a cost comparison review in the following manner:

Cost Comparisons	\$266,351
Direct Contracts	[\$150,450]

Total	\$115,901

As the above distribution demonstrates, negative cost savings were effected through the U.S. Department of the Treasury's direct contracting; positive savings through the contract resulting from the cost comparison review.

Small Business Performance in A-76 Contracting. Table 3.67 below emphasizes that small business captured the one contract resulting from the cost comparison review, thus obtaining 100% of all dollars contracted through this A-76 contracting method. Small business also captured nearly 95% of all dollars contracted through direct contracts.

Table 3.67

DEPARTMENT OF THE TREASURY
 SMALL BUSINESS PERFORMANCE
 IN CONTRACTING OUT DECISIONS
 FISCAL YEARS 1986-1987

TYPE OF A-76 CONTRACTING	TOTAL CONTRACTED	SMALL BUSINESS CAPTURE	
		TOTAL	% OF CAPTURE
DIRECT CONTRACTS	\$ 2,466,274	\$ 2,339,567	94.7%
COST COMPARISONS	\$ 139,416	\$ 139,416	100.0%
TOTAL	\$ 2,605,690	\$ 2,478,983	95.1%

Table 3.68 demonstrates that small business was successful in winning all but one of the direct contracts. The only contract not awarded to a small business was for document destruction and labor services. This contract was awarded to the National Institute for the Severely Handicapped.

Table 3.68

DEPARTMENT OF THE TREASURY
 A-76 COMMERCIAL ACTIVITIES CONTRACTED OUT:
 TOTAL DOLLARS, SMALL BUSINESS DOLLARS, AND THE SMALL BUSINESS PERCENTAGE
 FOR DIRECT CONTRACTS
 FISCAL YEAR 1986

SIC	ACTIVITY	TOTAL \$	SMALL BUS \$	% SMALL BUS
6059	DATA TRANSCRIPTION	\$ 2,173,000	\$ 2,173,000	100.0%
7399	DOCUMENT DESTRUCTION AND LABOR SERVICES	\$ 126,707	\$ 0	0%
7819	MICROFILM	\$ 89,040	\$ 89,040	100.0%
7399	OVER COUNTER FORMS DISTRIBUTION	\$ 42,000	\$ 42,000	100.0%
8091	SAFETY & HEALTH AUDIT	\$ 35,527	\$ 35,527	100.0%
	TOTAL	\$ 2,466,274	\$ 2,339,567	94.7%

Table 3.69 on the following page provides a profile of the location of both the direct and cost comparison contracts awarded to small business and the status of whether the contract was awarded to a small business or a small disadvantaged contractor through the preferential 8(a) setaside program. As the data indicate, several contracts were awarded both to small and to small disadvantaged, 8(a) contractors. The type of competitions used for the two small business direct contracts and the one contract awarded through a cost comparison competition was unknown.

Table 3.69

U.S. DEPARTMENT OF THE TREASURY
A-76 CONTRACTING ACTIVITY TO SMALL BUSINESSES
BY AGENCY

AGENCY ACTIVITY	SIC	AMOUNT CONTRACTED SMALL BUSINESS	
		B(A)	UNKNOWN
BUREAU OF ENGRAVING AND PRINTING --SAFETY AND HEALTH AUDIT INSPECTION	8091		\$ 35,527
U.S. MINT--U.S. ASSAY OFFICE --CUSTODIAL SERVICES ¹	7349		\$139,416
INTERNAL REVENUE SERVICE LOS ANGELES DIS'T OFFICE --FORMS DISTRIBUTION	7399		\$ 42,000
WASH, D.C. NAT'L OFFICE --MICROFILM SERVICES	7395	\$ 89,040	
DETROIT DATA CENTER --CASH TRANSACTION REPORTING: DATA TRANSCRIPTIONS AND SYSTEM SUPPORT	7374	\$2,173,000	
TOTALS		\$2,262,040	\$ 216,943

NOTE:

¹Only small business award resulting from a cost comparison study

Table 3.70 on the following page references that 56% of the total cost savings effected through U.S. Department of Treasury A-76 contracting out activity resulted from contracting out to small businesses. The only negative cost savings experienced resulted from the contracting out with 8(a) firms. Here, negative annual cost savings of \$296,110 resulted

Table 3.70

DEPARTMENT OF THE TREASURY
COST SAVINGS
RESULTING FROM A-76 CONTRACTING OUT DECISIONS:
TOTAL AND AMOUNT ATTRIBUTABLE TO SMALL BUSINESS
FISCAL YEARS 1986-1987

TOTAL COST SAVINGS	\$	115,901
SMALL BUSINESS TOTAL SAVINGS	\$	65,412
SMALL BUSINESS PERCENT OF TOTAL		56%

NOTE:

Cost savings are in annualized dollars.

Other Federal Agencies

This section contains the results of research regarding A-76 activity in other Federal agencies during the time period of this study. In keeping with the reporting format, each agency will be reviewed separately.

Agency for International Development. The Agency for International Development's inability to add to their existing workforce either through expansion of the present workforce or replacements led to contracting out of a Printing activity in 1986. This was accomplished by adding to an existing contract with a Government Owned Contractor Operated (GOCO) facility operated by an 8(a) contractor. The total dollar value of this activity for the 1985-1987 time period was \$852,532.

U.S. Department of Agriculture. During Fiscal Years 1986-1987, the U.S. Department of Agriculture reported conducting four formal cost comparison studies. Two of these comparisons resulted in a decision to retain the activity; two to contract out the activity. The four activities, their locations and resulting decisions are outlined in Table 3.71 below.

Table 3.71

U.S. DEPARTMENT OF AGRICULTURE
RESULTS OF COST COMPARISON STUDIES
FISCAL YEARS 1985-1987

ACTIVITY	SIC	LOCATION	DECISION/WINNER
AERIAL PHOTO LAB	7333	AGRICULTURE STABILIZATION CONSERVATION SERVICE (KANSAS CITY, MO.)	INHOUSE
GROUND MAINTENANCE	0782	AGRICULTURAL RESEARCH CENTER (BELTSVILLE, MD.)	INHOUSE
MAILROOM OPERATION	7399	AGRICULTURE STABILIZATION CONSERVATION SERVICE (KANSAS CITY, MO.)	CONTRACT/ LARGE BUSINESS
CENTRAL SUPPLY WAREHOUSE	4225	NORTHERN REGIONAL RESEARCH CENTER, FOREST SERVICE (PEORIA, ILLINOIS)	CONTRACT/ SMALL BUSINESS

The two activities remaining in house had large FTEs of 102 and 165 for the aerial photo lab and the grounds maintenance activity respectively. The two activities contracted out were for smaller FTE's: 19 and 17 for the mailroom and the central supply warehouse respectively.

The total amount of the two activities contracted along with their cost savings are as follows:

<u>Activity Type</u>	<u>Contract Amount</u>	<u>Cost Savings</u>	<u>Contractor Size</u>
Mailroom	\$561,837	\$154,582	Large
Warehouse	\$247,110	\$ 76,395	Small

U.S. Department of Health and Human Services. Information about A-76 contracting activities within the U.S. Department of Health and Human Services during the time period under consideration reflects as accurately as possible the activity that did transpire although some of the contract amounts are missing and contracting officer recall was required in order to provide certain of the information.

It was possible to determine that HHS engaged in five cost comparison reviews and six direct contract reviews during the time period of this study. Only one of the cost comparison decisions resulted in a decision to contract out the activity. This cost comparison, using a small business setaside competition, was conducted within the U.S. Public Health Service, Food and Drug Administration, in Fiscal Year 1986. The activity contracted was for Facilities Maintenance at the National Center for Toxicological Research (Jefferson, Arkansas). The total contract cost was valued to be \$1,890,000; the cost savings could not be identified.

The following information provides insights into the remaining four activities that underwent cost comparison reviews. Three of these activities were determined to have remained in house after an A-76 review. The first involved the mail and file handling positions in the Division of Medicare Operations Support (DMOS). The second and third activities were reviewed by the Social Security Administration in 1987. One of these activities was an Audiovisual activity which resulted in no bidders (9 FTEs), thus remaining in house. The other was for the Middle River Warehouse Facility (11 FTEs). A fourth cost comparison for a microfilm duplication activity (86 FTEs) within the Social Security Administration was still ongoing as of the end of Fiscal Year 1987. No cost data were obtained for these activities.

Five of the six direct contracts were determined to have been awarded to small business. The remaining direct contract referenced in formal HHS reports to OMB could not be located in

terms of amount or size of contractor recipient. The total direct contract amount of \$449,000 identified through this study is smaller than the actual amount because the value of several contracts could not be determined.

Two direct contracts awarded to small 8(a) contractors were identified within the U.S. Public Health Service, both to provide ADP services for the National Center for Health Statistics. These contracts totalled \$204,000 and \$237,000 respectively.

Other direct contracting occurred within the Health Care Finance Administration and Region III. The activities directly contracted by the Health Care Finance Administration were a Warehousing and Printed Materials contract and a Mail and File contract, both of which were awarded to small 8(a) contractors. The value of these contracts could not be ascertained, but FTE's were identified as being five and 26 respectively. The activity contracted by the Region III office was Key punch Services; the contract cost was identified as \$8,000 and probably awarded to a small 8(a) firm, according to the procurement officer.

U.S. Department of Interior. Three agencies within the U.S. Department of Interior reported A-76 activity during the time period of this study, all of which was conducted through formal cost comparisons as opposed to direct contracts. Through these A-76 cost comparisons, the U.S. Department of Interior was determined to have contracted out \$8,373,328 to the private sector, but none to small business.

The Bureau of Reclamation reported a formal cost comparison study that resulted in a decision to contract out a Canal and Building Maintenance function. This contract was awarded through a cooperative agreement to a water users authority in California for a total dollar amount of \$3,020,562 with a resulting cost savings of \$175,438. The Bureau of Mines also reported a cost comparison study that resulted in a five year contract of a Facility Service activity to a large business for a total of \$2,352,766 with a cost savings of \$193,766. Additional A-76 activity was reported in the Bureau of Indian Affairs. Here, conversations with A-76 personnel revealed that during the time period of this study, A-76 cost comparisons were conducted for six activities in three locations--two activities per location. These activities resulting in contracts of approximately \$1 million per location were awarded to Indian tribes.

Chapter 4

OBSERVATIONS AND CONCLUSIONS

Overview. This chapter details the observations and conclusions that have resulted from this research, first with the U.S. Department of Defense (DoD), and then, with the civilian agencies.

U. S. Department of Defense

Small Firm Performance in Winning A-76 Contracts. Small firms were identified as having won 398, or 75%, of all awards and a minimum of \$601.2 million resulting from the DoD A-76 process. The substantial missing contract cost data encountered in direct contracting dictates that small business performance in DoD A-76 contracting be examined separately, however, first in terms of cost comparison studies, and then, in terms of what is known about direct contracting based on the limited cost data available.

Cost Comparison Studies. Small firm performance in cost comparison studies is examined from two perspectives. The first emphasizes their performance vis a vis other types of contractors in terms of obtaining contracted out activities. The second emphasizes their performance vis a vis the government through the wins and losses associated with cost comparison competitions.

In this context, small business was found to have performed well vis a vis other contractors. Specifically, small business captured 237, or 78%, of the 304 contracts resulting from cost comparison competitions. Dollars captured by small business as a result of awards through cost comparison studies totalled \$597.6 million, or 40.5% of all dollars awarded as a result of these competitions.

Another observation, critical in determining small business success in winning cost comparison competitions, is the frequency with which small business lost cost comparison competitions to the government. Given the lack of available data, it is not possible to comment on small firm success in winning unrestricted competitions. It is possible to comment on their success in winning preferential small business and 8(a) competitions, however. In this context, it is determined that while small businesses proved successful in capturing a large percentage of contracted activities, they lost more competitions than they won. Through this research, it is determined that small business lost 184, or 54% of the 341 small business setaside designated competitions. As a result, dollars lost to small business totalled \$ 538.1 million. In addition, small business lost 10 of the 12 8(a) competitions. Dollars lost to small business through failure to win these competitions totalled \$12.9 million.

Direct Contracting. Small business also was successful in obtaining the majority of awards resulting from direct contract conversions. In the fiscal years examined, 161 contracts were known to have been directly converted to small business. The 161 awards to small business comprised 68.5% of the total number of direct contract conversions. It is to be noted that the number of awards to small business may have been higher, but due to the missing firm size designation on 57 unrestricted awards, it was not possible to determine additional awards to small business.

Due to the element of missing data it is difficult to determine actual dollars awarded to small business as a result of direct contract activity. Yet, as reported earlier, it is possible to utilize available data to establish a minimum amount awarded and to speculate about the total dollars that might have been awarded.

In this context, it is known that small business received \$3.6 million through direct contracts. Further, it is speculated that small business may have been awarded another \$32.4 million through preferential setasides. It is not possible to speculate upon small firm performance in unrestricted direct contracting given the lack of available firm size data on all of these contracts.

Small Business Performance A-76 Contracting by DoD Department. Several conclusions can be drawn from the analysis of small firm success in A-76 privatization contracting by department. First, in terms of actual numbers of awards to small business as a result of cost comparison studies and direct conversion contracts, the Air Force was responsible for 235, or 59%, of the 398 awards. Undoubtedly, the Air Force is the major source of A-76 contracts for small business. It should be observed, however, that while the Air Force awarded the largest number of contracts to small business, awards to small business from both the Army and the Navy accounted for a larger percentage of their total dollar awards, approximately 75%.

Second, in terms of dollars awarded to small business through A-76 contracts resulting from cost comparison studies, the Army was the largest contributor. Specifically, the Army contributed 52% of all small business dollars resulting from cost comparison studies. In contrast, both the Navy and the Air Force were found to have each contributed 24% and 22% respectively. It should be observed however, that small business dollars as a percentage of the total dollars awarded through cost comparison studies were the highest for the Air Force, 72% and second highest for the Army, 40%. The Navy was found to have awarded only 28.5% of its cost comparison contract dollars to small business.

Small Firm Performance in A-76 Subcontracting Based on the Multi-Function Contract Case Study. Limited subcontracting was identified on the 24 multi-function contracts examined during the course of this research. Specifically, only nine, or 37.5%, of the 24 contracts were found to have had any subcontracting. This subcontracting occurred on only eight of the 18 multi-function contracts with large business primes and on only one of the six multi-function contracts with small business primes. The contracts with subcontracting were found to be base operating and installation support contracts as well as facility engineering and operation and maintenance contracts.

Small business was awarded 30, or 83.3%, of the 36 subcontracts identified on the multi-function contracts with large business primes. They also were awarded 93.4% of the subcontracted dollars on these contracts. The amount subcontracted, \$7.4 million, was found to have comprised only 1.5% of the total dollar value of these contracts, \$495.8 million.

On the multi-function contract with a small business prime, only two subcontracts were identified; the value of these subcontracts could not be determined.

Small Firm Competitiveness in A-76 Contracting: Cost Comparison Studies. While small business was found to have relied heavily upon the small business setaside in terms of contracts won through the A-76 process, they also participated in and won a substantial number of unrestricted competitions, particularly unrestricted single-function competitions. Specifically, small business captured 157 or 66.2% of its awards through the small business setaside. They also captured at least 78, or 32.9%, of their awards through unrestricted multi- and single-function competitions. In contrast, small business captured only two, or .8% of their awards through the 8(a) setaside.

Small businesses were found to have won over half of their Army A-76 cost comparison study contracts competitively. In contrast, they were found to have won most of their contracts from the Air Force through preferential setasides. Specifically, of the 67 small business contracts resulting from cost comparison studies in the Army, 36 were won through unrestricted competitions; 31 through small business setasides. Of the 105 contracts resulting from cost comparison competitions in the Air Force, 86, or 81%, were obtained through small business setaside competitions.

Small Firm Competitiveness in A-76 Contracting: Direct Contracts. Further examination of direct contracting activity reveals that small firm performance in direct contracting is heavily dependent upon the use of the small business setaside. A total of 151 direct contracts were converted using the small business setaside. Another ten, or 6.2%, of the contracts directly converted to small business were 8(a) designated. Even if it were assumed that all of the 57 unrestricted competitions,

whose awardee firm size is unknown, were awarded to small firms, it would still be possible to conclude that small business won the highest percentage of their awards in direct contracting through setaside competitions.

Cost Savings Resulting from Small Business Contracting.

The availability of cost savings data for only 23 direct contracts again dictates that the small firm contribution to A-76 cost savings be discussed first in terms of cost comparison studies, and then, in terms of direct contracting using what limited data are available.

In this context, it should be emphasized that the U.S. Department of Defense cost savings resulting from cost comparison studies totalled \$579.9 million. Approximately 28.6% of the total savings brought about by cost comparison awards can be attributed to awards made to small business. The large number of small business setaside competition awards contributed significantly to the cost savings. Specifically, of the \$166.2 million saved by awards to small business, \$90.4 million was saved through designated small business setaside awards. As with dollars awarded to small business, dollars saved as a result of unrestricted competitions comprised a considerable sum. The \$59.1 million saved through unrestricted competitions awarded to small business comprised 35.6% of savings attributed to small business contract awardees. Savings to the government stemming from designated 8(a) contracts totalled \$241,000.

Information on cost savings resulting from contracts directly converted to small business reveals that \$797,000 was saved. This amount represents savings from 18 awards to small business resulting from small business setaside and 8(a) competitions.

Type of Commercial Activities Contracted to Small Business by Total Number Awarded: Cost Comparison Studies. Based on the results of this study, it is determined that small business has been successful in obtaining approximately 100 different types of commercial activities through cost comparison studies conducted by the U.S. Department of Defense. The most prevalent type is for the provision of administrative support services. A total of 36 such contracts were identified as having been awarded to small business; this represents 87% of all of these types of contracts awarded.

Commissary shelf stocking operations are the second largest of the commercial activities contracted to small business. A total of 24 such activities were contracted; this represented 30% of the total 79 such activities contracted.

In terms of numbers, the other large commercial activities found to have been contracted to small business are for protective coating and grounds maintenance, 23 contracts each. This

represented 88% of all protective coating contracts awarded and 85% of all grounds maintenance contracts awarded.

Type of Commercial Activities Contracted to Small Business by Total Dollars Contracted: Cost Comparison Studies. An examination of commercial activities awarded through cost comparison studies in terms of dollars awarded reveals that food service operations were largest; dollars awarded for this purpose totalled \$209 million. Small business was found to have won \$172.6 million, or 82% of this total. The average size of the food service contracts were found to be slightly more than \$20 million.

Contract dollar totals awarded through air transportation services and library services were also large - \$64.3 million and \$95.2 million respectively. Small business was found to have obtained all of the dollars for air transportation services, but only 43% of the dollars awarded for library services. Dollar awards totalled by other commercial activities were significantly smaller than those listed above.

In contrast, the commercial activities found to be the largest in terms of the numbers of contracts awarded were much smaller in terms of average size. For example, the average size of the administrative support service contracts was found to be approximately \$550,000; the commissary shelf stocking, protective coating, and grounds maintenance contracts, approximately \$1 to \$1.3 million.

Type of Commercial Activities Contracted to Small Business by Number of Contracts Awarded: Direct Contracting. The same type of activities awarded to small business as a result of cost comparison studies, were also awarded as a result of direct contracting. Administrative support services prove again to be the activity area where the largest number of contracts were awarded. Approximately 42% of the known awards to small business were for the provision of this activity. Commissary shelf stocking also ranked second in direct conversion contract awarded to small business. This activity commanded 21.1% of the known awards to small business.

Civilian Agencies

Small Business Performance in A-76 Contracting. Small firms have benefitted considerably from A-76 contracting as conducted in Federal civilian agencies during the time period of this research. This conclusion is based on several observations drawn from study findings. First, they were identified as having captured 63% of the dollars awarded through A-76 contracts. Second, they were identified as having captured 60.5% of the contracts awarded.

Contributing substantially to small firm success in civilian agency A-76 contracting has been the extensive use of direct contracting, and more specifically, direct contracting coupled with the preferential setaside. Seventy percent of all A-76 dollars and almost 90% of all A-76 awards were contracted using direct contracts. At least 75% of the cost comparison awards were won through small business setaside competitions. The majority, or 78%, of the direct contracts were awarded using either the preferential 8(a) or small business setaside.

While small firms were found to have been successful in obtaining dollars through direct contracting as well as cost comparison studies, they were slightly more successful in direct contracting in terms of the dollars received. Specifically, they obtained 65% of all dollars awarded through direct contracts as opposed to 57% of all dollars awarded through cost comparison studies.

While small firm A-76 success has been tied heavily to the use of the direct contract coupled with the preferential setaside, it should be emphasized that these firms did experience success in large unrestricted direct food service awards in the U.S. Coast Guard. Small business was successful, through unrestricted competitions, in winning six of 12 National food service concessions.

Small Business Performance Across the Various Civilian Agencies. It is difficult to compare civilian agencies among themselves in terms of their A-76 contracting to small business because of the differences in data reporting systems, some of which reported dollars in terms of totals; others in terms of an annualized figure. It is possible, however, to make certain observations with confidence. First, the U.S. Department of Transportation and the General Services Administration together were responsible for the bulk of A-76 contracting during the time period of this investigation. Together, they contracted out the majority both of the dollars and of the contracts awarded through the A-76 process. DoT was found to have contracted the largest amount of dollars; GSA, the largest number of contracts.

Within the U.S. Department of Transportation, the U.S. Coast Guard was the largest A-76 contractor in terms of dollar volume and number of activities contracted to the private sector. The Coast Guard was responsible for almost 90% of DOT dollars contracted out and 57.5% of the activities contracted.

Small businesses were found to have obtained the bulk of their A-76 dollars through the U.S. Department of Transportation, notably the Coast Guard. Of the civilian agency A-76 dollars awarded to small business, 74% of these dollars was awarded by the U.S. Department of Transportation, and 88% of the DOT dollars was awarded by the Coast Guard.

Another 13% of all civilian agency dollars received by small businesses was awarded by the General Services Administration. This agency was found to have awarded a lesser percentage of both its dollars and its contracts to small business, however, because of prohibitions on contracting certain functions to the private sector.

Other agencies contributing A-76 dollars to small business were the U.S. Departments of Treasury, Energy, Commerce, Health and Human Services, Agriculture, and the Agency for International Development. Only the U.S. Department of the Interior reported no formal cost comparisons won by small business as well as no A-76 direct contracting to small business.

In reference to the U.S. Department of Interior, it should be emphasized that the lack of A-76 dollars contracted to small business has been the result of several factors: 1) first, the National Park Service, the Fish and Wildlife Service, and the Bureau of Land Management were prohibited during the time period of this study from comparing costs between the private sector and the Federal government; 2) second, the Bureau of Indian Affairs, in its A-76 contracting, deals with Indian tribes; and 3) the Bureau of Reclamation is concentrating its A-76 contracting to Canal Operation and Maintenance cooperative agreements with local water user authorities. In reference to the latter, small business participation, through subcontracting, is likely based on conversations with Bureau of Reclamation procurement officials.

Cost Savings. Using known data, it is estimated that a minimum of \$81.2 million dollars were saved with at least 27% of this amount attributable to contracting with small business. The 27% is considered a minimum because small business cost savings resulting from direct food service contract awards in the U.S. Coast Guard could not be determined. Also, the Federal Aviation Administration was unable to provide cost savings data. Further, some of the cost savings reported were in annualized dollars.

Found to negatively impact small business cost savings were the lack of savings occasionally reported in direct contract activities, and even at times, an identification of negative savings identified in direct contract activities using the noncompetitive 8(a) setaside.

Type of Commercial Activities Contracted. Civilian agencies contracted out a wide range of commercial activities during the time period of this study. In terms of both dollar volume and numbers of contracts awarded, four of the largest types of commercial activities contracted were: food service; facilities maintenance; ADP operations; and mechanical maintenance. Electronic maintenance was found to have been a large dollar

volume commercial activity, but only a few contracts were awarded. In contrast, mail/message services were found to have been one of the largest types of commercial activities contracted in terms of numbers.

The commercial activities contracted out to small businesses across the civilian agencies were varied, but the largest dollar volume of activities awarded to small business were found in the following two digit classification categories, three of which include maintenance-related functions:

- 73 Business Services, Approximately \$40.6 million.
Approximately \$31.3 million, includes ADP services, computer operations, facilities maintenance, and a variety of other services such as mail and file and mail/messenger. Another \$9.3 million for security guard and fire protection services
- 58 Eating and Drinking Places, approximately \$24.5 million
- 89 Miscellaneous Services, in particular, miscellaneous repair services, including utility, buoy and electronic maintenance for approximately \$15.5 million
- 17 Construction--Special Trade Contractors, includes mechanical maintenance, elevator maintenance, and painting for approximately \$12.9 million

Small business was found to have received only a small amount of dollars in a number of SIC categories. Among these are such categories as 82, Educational Services, which includes library operations; 80, Health Services, which includes the safety and health audit; and 48, Communication, which includes telephone switch operations.

It should be noted that all of the commercial activities listed above were contracted, for the most part, either by one or only a few agencies. In general, the U.S. Departments of Transportation, Energy, Health and Human Services, and the General Services Administration contracted these activities to small businesses.

With regard to the above activities, it is important to note that the presence of U.S. Coast Guard A-76 contracting dominates in terms of dollar volume the activities contracted within the civilian agency sector. All food service and protective services, i.e., security guard and fire protection contracts to small firms were awarded by the Coast Guard.

Also, it should be emphasized that the largest number of activities contracted tended to concentrate in five SIC categories: 73, Business Services, 62 contracts to perform such services as mail/message, mail and file, ADP and computer

operations; facilities maintenance; security guard and fire protection; 17 Construction--Special Trade Contractors, 46 contracts, the bulk of which involved mechanical maintenance; 58, Food Service, 14 contracts to operate food service concessions; 42, Motor Freight, Transportation and Warehousing, nine contracts to operate supply/warehouse facilities; and 89, Miscellaneous Repair Services, includes nine contracts for such services as buoy maintenance; electronic maintenance, and utility maintenance.

Finally, it should be noted that health; library; and management related functions were also identified as having been contracted to small businesses, but these were generally single cases.

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APPENDIX A.
DETAILED STUDY METHODOLOGY

Study Methodology

Selection of the Sample: The data collection effort began with a meeting between the Principal Investigator, the Project Consultant and the Deputy Associate Administrator for Policy Development for the Office of Federal Procurement Policy of the Office of Management and Budget. The latter provided the listing of dollar savings from A-76 studies between Fiscal Years 1981-1986, inclusive.

As a result of this material, the agencies that experienced cost savings in Fiscal Years 1985 and 1986, due to the A-76 process, were identified. These agencies were then ranked in descending order according to the dollar amount saved during the above time period. This list of ordered agencies appears in Table I-1 of Section I of this report. Names, addresses and telephone numbers of the appropriate agency A-76 contacts were obtained.

Commencement of Data Collection Activities: Stage 2 of the proposed Methodology, meeting with the selected agency contacts, was conducted by the Principal Investigator and the Project Consultant. Below is Table A-1, which indicates the professionals who met with each agency.

Table A-1

AGENCY PERSONAL CONTACTS BY RDI PERSONNEL

AGENCY	PRINCIPAL INVESTIGATOR	PROJECT CONSULTANT
DEPT. OF DEFENSE	*	
GENERAL SERVICES ADMIN.	*	*
DEPT. OF TRANSPORTATION	*	
DEPT. OF THE INTERIOR		*
DEPT. OF ENERGY		*
HEALTH & HUMAN SERVICES	*	*
DEPT. OF COMMERCE	*	*
DEPT. OF THE TREASURY	*	PHONE
AGENCY FOR INTERNAT'L DEV.	*	*
DEPT. OF AGRICULTURE	PHONE	*
CORPS OF ENGINEERS	PHONE	

The purpose of these meetings was to establish a communication base between the agency and RDI. Through this interaction, RDI was able to determine the A-76 reporting data base structure and content existing for each agency and obtain any relevant published inventories and reports.

RDI's need for computer runs from each of the data bases examined, and deemed viable, marked the beginning of Stage 3 of the Methodology plan. Specifically, with SBA's approval, a computer printout of all direct conversions and all cost comparison studies which resulted in a decision to "contract out" over Fiscal Years 1985-1987, for each targeted agency, was requested. The complete listing of desired data elements for this investigation appears in Appendix B. Agency responses to this request will be discussed in the following section of this appendix concerning the extraction and categorization of the data elements of interest.

The collection and organization of agency data proved to require variable amounts of effort on the part of RDI. A discussion of the data collection with respect to each agency is provided below. The grouping of the agencies and their subsequent order of appearance reflects the rankings of the organizations on the "Dollar Savings from A-76 Studies" sheet, provided by the OFPP of the Office of Management and Budget. All agencies were requested to verify, in tabular form, the data presented to RDI. If despite verification RDI sensed some discrepancies, further contacts were made with agency representatives to clarify and correct the data.

U.S. Department of Defense

The Principal Investigator and the Assistant Director for Installation Services met and the latter agreed to provide RDI with the appropriate direct conversion and cost comparison printouts from the Commercial Activities Management Information System (CAMIS), the U.S. Department of Defense's data base. This information directly satisfied the requirements for the desired data elements, except in one case. For the most part, the size of the contractor receiving the award could be determined by the solicitation (kind) code. When this method failed to aid in the determination of the size of the prime contractor, the infrequently available prime contractor size code was consulted. Finally, the sizes of 38 of the unrestricted prime contractors were identified when installations were contacted regarding the multi-function case study contracts. Through these measures, it was possible to identify the size of the prime contractor of an unrestricted contract in 62% of the cases. To reduce the missing data component even further, additional contacts with military installations were undertaken. Upon completion of this study, firm size had been obtained for 97.7% of the unrestricted contracts, outlined in Table A-2.

All of the relevant data derived from the CAMIS data base was entered into the RDI data base, verified, corrected and verified again. Finally, findings related to small business subcontracting are located in the case study portion of this report.

Table A-2

U.S. DEPARTMENT OF DEFENSE
 AVAILABILITY OF PRIME CONTRACTOR SIZE ON UNRESTRICTED CONTRACTS
 RESULTING FROM COST COMPARISON STUDIES

	SIZE AVAILABLE	SIZE UNAVAILABLE	TOTAL CONTRACTS
TOTAL	131	7	138
%	97.7%	2.3%	100%

Four Civilian Agencies with Highest Dollar Savings from A-76 Studies (Fiscal Years 1985 & 1986)

The four agencies included in this group are the General Services Administration, the Department of Transportation, the Department of Health and Human Services and the Department of Commerce. The data elements requested from these organizations were the same as those desired from the U.S. Department of Defense. A discussion of the efforts required to secure the appropriate data from these agencies appears below, by agency.

The General Services Administration

A data run, covering the majority of the elements desired was compiled and provided by the A-76/ER Program Manager for the GSA Office of Administration, located in Washington, D.C. Though the name of the prime contractor was given in most cases, it was often difficult to discern the size of the firm from this information. In order to accomplish this task, it was necessary to request this information from each region concerning the respective contracts. The list of regional office locations, names of individuals serving as A-76/ER points of contact and phone numbers was supplied by the A-76/ER Program Manager. The RDI research associate telephoned and then wrote to these regional contact persons, requesting the size of the prime contractor and any information on the occurrence of subcontracting on the A-76 studies. Each region responded to this request by providing the desired data. A verification packet, consisting of a letter, checklist and a listing of the appropriate data, then was mailed

to the regions by RDI staff, completed by the regional contact persons and returned to RDI. Finally, the appropriate corrections were made in the RDI data base. This verification process was applied to all civilian data obtained. The only variance in the process occurred when the agency failed to return the verification packet by the posted due date. As stated in the letter, it was then assumed that the data contained within RDI's data base was both complete and accurate.

The Department of Transportation

The Management Analyst of the Department of Transportation was able to provide a centralized data run of the A-76 activities in the department for Fiscal Years 1985-1987. In several cases, it was necessary to fill in the "inhouse" costs, determine the size of the prime contractor and identify the extent to which subcontracting had occurred. For this matter, RDI approached the individual agencies within the Department of Transportation. The Coast Guard, Federal Aviation Administration, Office of the Secretary of Transportation, Federal Highway Administration and the Maritime Administration were all contacted for the above purpose. Below is a brief discussion of the manner in which the relevant data was obtained.

Coast Guard: A computer run of the A-76 activities conducted by the Coast Guard within Fiscal Years 1985-1987 was provided to RDI by the A-76 Coordinator for this agency. Both the size and the type of prime contractor for each contract were contained in this printout. Verification of this information was obtained by RDI in the manner utilized for all civilian agencies involved in this study.

The A-76 Coordinator indicated that there may have been subcontracting activity on two of the larger contracts present on the computer run. The first of these contracts was a Facility Maintenance contract, conducted at the Yorktown, VA Reserve Training Center in Fiscal Year 1987. The prime contractor, J & J Maintenance was contacted, noted that subcontracting to small business did occur on this contract, but did not provide any specific information concerning this activity. The second contract was a National Food Service award, involving various locations in Fiscal Year 1986. The Vice President of Operations of Diversified Contract Services, Inc., one of the firms awarded funds from this contract, stated that it was important to note that this solicitation was of the open competition variety. Table A-3 lists these contractors, their size, the number of food service contracts administered and information concerning subcontracting activity for each contract.

TABLE A-3

NATIONAL FOOD SERVICE PRIME CONTRACTORS
 SIZE OF FIRM, NUMBER OF CONTRACTS, SUBCONTRACTING

FIRM NAME	FIRM SIZE	NUMBER OF CONTRACTS	SUBCONTRACTING INFORMATION
DYNATERIA, INC.	LARGE	4	NO SUBCON.
DIVERSIFIED CONTRACT SVCS.	SMALL	1	NO SUBCON.
ALEMAN FOOD SVC., INC.	SMALL	2	*
MELDICK SVCS., INC.	SMALL	2	NO SUBCON.
I.T.S. FLORIDA	SMALL	1	NO SUBCON.
SAGA FOOD SVCS., INC.	LARGE	2	NO SUBCON.

NOTE:

* Aleman Food Service, Inc. did not provide the requested information.

Federal Aviation Administration: Upon examining the data run provided by the Department of Transportation, it was discovered that cost figures and specific information concerning the prime contractors was missing. The Principal Investigator and the A-76 agency representatives met twice and the result of these contacts was provision of the remainder of the information requested. Verification of the information provided was completed and was conducted in the same manner as mentioned above for civilian agencies.

OST, MARAD and FHWA: The DoT A-76 activity printout provided most of the information requested on the data element listing. The firm size and several entries across three types of cost needed to be located. This was handled via the telephone, as there were very few privatization efforts within these agencies. The OST was the only agency of the three with activities contracted both in and out of house, two of each. A-76 representatives from this division indicated that no subcontracting related to these contracts had occurred. There had obviously been no subcontracting activities in the FHWA or the MARAD, because all of the contracts listed for these agencies, four and one respectively, were kept in house.

The Department of Health and Human Services

The A-76 inventory for this department was made available to RDI by the Health and Human Services Procurement Analyst. This HHS representative also provided a list of subagency contacts in the event of a need for additional data. In the process of collecting data, it was necessary to contact the Acting Chief of the Contracts Policy Branch. The data derived from these two sources was assembled and the verification packet was sent to the department. Agencies identified as having engaged in A-76 activities, contacted and able to provide relevant data were the Public Health Service the National Center for Toxicological Research, the National Center for Health Statistics, the Social Security Administration, Health Care Finance and the Regional Administrative Support Center - Region III. There was no response to the departmental verification letter, therefore the data was assumed to be both complete and accurate.

The Department of Commerce

The A-76 Contact for the Department of Commerce directed the Principal Investigator and the Project Consultant to the National Oceanographic and Atmospheric Agency (NOAA), as that was the agency that had engaged in A-76 contracting within the department. The representative for the Office of Private Sector Initiative was contacted and was able to provide the desired information to the Principal Investigator over the telephone. This information was entered into the RDI data base and then verified by the agency.

Remainder of Civilian Agencies Participating in the A-76 Program (Fiscal Years 1985 & 1986)

There are six agencies, other than those previously mentioned, that participated in privatization of Federal contracts. These agencies are: the Corps of Engineers, the Department of Agriculture, the Department of the Interior, the Department of the Treasury, the Department of Energy and the Agency for International Development. The data collection efforts for each of these agencies will be discussed below.

The Corps of Engineers

The Chief of Commercial Activities Branch of Management and Program Analysis was contacted and informed of the study's purpose and desired data elements. He then transferred the matter to a Management Analyst, who attempted to access the data through the Engineering Automation Support Agency (EASA), the organization's data base. He was unable to access this information, as the code distinguishing A-76 contracts from other types of contracts was unavailable. Requests were sent out to the eleven divisions of the Corps for the desired data elements; the divisions then returned this information to RDI.

The Department of Agriculture

The Project Consultant, contacted the Chief of the Financial Management Division, who provided the inventory for the USDA. He then referred the Project Consultant to the A-76 Coordinator for his agency, and this individual was able to deliver the necessary information over the telephone. This data was verified and compared with that contained within the RDI data base.

Department of the Interior

After meeting with RDI's Project Consultant, the Management Analyst for the Department of the Interior sent letters requesting the data element information for bureaus within the organization suspected of having participated in the A-76 process. Correspondence with the individual bureaus was necessary due to the lack of a centralized, departmental data base containing the requested information. Responses were received by RDI and follow up calls were made by the RDI research associate, resulting in the return of more data. Table A-4 illustrates the responses of the bureaus within the Department of the Interior. It is important to note that there were no A-76 contracts in the Bureau of Land Management, the Fish and Wildlife Service and the National Park Service due to the restrictions imposed on these agencies by Amendments to P.L.98-540, the Volunteers in the Parks Act.

Table A - 4

DEPARTMENT OF THE INTERIOR - INDIVIDUAL BUREAU RESPONSE

BUREAU	RESPONSE
BUREAU OF LAND MGMT.	NO A-76 CONTRACTS
MINERALS MGMT. SVC.	NO A-76 CONTRACTS
OFFICE OF SURFACE MINING	NO A-76 CONTRACTS
NATIONAL PARK SERVICE	NO A-76 CONTRACTS
FISH & WILDLIFE SVC.	NO A-76 CONTRACTS
BUREAU OF MINES	A-76 CONTRACTS
BUREAU OF RECLAMATION	A-76 CONTRACTS
GEOLOGICAL SURVEY	NO A-76 CONTRACTS
BUREAU OF INDIAN AFFAIRS	A-76 CONTRACTS
OFFICE OF AIRCRAFT SVCS.	NO A-76 CONTRACTS

Department of the Treasury

The inventory of A-76 activities for Fiscal Years 1986 was provided by the Office of Planning and Management Analysis. The Fiscal Year 1986 Annual Report/Completed Study Form accompanied this document and proved to be of greater use concerning the extraction of the data elements. This data from 1986 was synthesized and transferred into verification packet format. (Information from Fiscal Years 1985 and 1987 was not provided by the department.) Subsequently, the aforementioned packet was sent to the appropriate individual within this organization. No response was received by the due date, therefore the data was deemed accurate and complete.

Department of Energy

The Management Analyst of the Department of Energy supplied the Project Consultant with the computer run of agencies' A-76 data for the desired Fiscal Years. The verification packet was sent to the department's Management Analyst and returned. The appropriate corrections and additions were made to the existing RDI data, thereby completing the verification process.

Agency for International Development

The Principal Investigator met with the A-76 Coordinator of this agency who provided all of the necessary information concerning the agency's one A-76 contract. This data was subsequently verified.

APPENDIX B.

DATA ELEMENTS REQUESTED FROM FEDERAL AGENCIES

DATA ELEMENTS DESIRED
Agency A-76 Contract Activities

FOR FISCAL YEARS--1985, 1986, 1987:

FOR EACH CONTRACT AWARDED THROUGH EITHER A DIRECT CONVERSION OR A
COST COMPARISON CONVERSION:

- Fiscal Year of Conversion--Contract Award Date
- Type of Service Converted, i.e., maintenance, etc.
- Total Dollar Amount of Contract
- Total Dollar Amount of Savings Resulting from Contracting Out or Total Amount of Agency Performance Estimate (Total in-house cost)
- Major sub-agency where "contract out" decision was reached
- Type of Contract Award, i.e., small business setaside, 8(a), unrestricted, etc.
- Size of Contractor Receiving Award (to the extent available)
- Any identifying number for direct conversion or cost comparison contract (also identifying whether the contract is a direct conversion or a cost comparison contract)
- Name and location of contractor receiving award