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**DEPARTMENT OF THE AIR FORCE**
**WASHINGTON, DC**

**Office Of The Assistant Secretary**

26 DEC 2001

MEMORANDUM FOR ALMAJCOM/FOA/DRU (CONTRACTING)

FROM: SAF/AQC
1060 Air Force Pentagon
Washington, DC 20330-1060

SUBJECT: Policy Clarification - Technical Performance Plan (TPP) in A-76 Cost Comparisons

The attached joint AF/XPM and SAF/AQC memorandum clarifies the policy stated in AFI 38-203, *Commercial Activities Program*, for development and use of TPPs in Office of Management and Budget Circular A-76 cost comparisons.

The Government Management Plan shall include a TPP only when a Cost/Technical Tradeoff (C/TT) process is used to select the contract/ISSA offer that will be cost compared with the in-house cost estimate. Do not prepare a TPP when using any other source selection process (e.g., Lowest Price Technically Acceptable (LPTA) or Performance Price Tradeoff (PPT)).

The Source Selection Authority (SSA) reviews the TPP only if the selected contract/ISSA proposal offers a higher level of performance or performance quality than the Performance Work Statement (PWS) requires and the SSA accepts that higher level of performance or performance quality. The SSA can only accept a higher level of performance or performance quality by amending the PWS and having the MEO Certifying Official and the Independent Review Authority revise the Management Plan, the TPP and the cost estimate for the MEO. Under these circumstances, the contracting officer must also ensure that the selected contract/ISSA offeror agrees to comply with the amended PWS.

If the selected contract/ISSA offer exceeds PWS requirements in a manner assessed as offering no benefit to the Air Force, the contracting officer must inform the offeror of that determination and provide the offeror an opportunity to revise its proposal to meet the minimum requirements of the PWS, removing any additional costs associated with the higher level of performance or performance quality.

Any questions related to this policy may be addressed to Mrs. Kathleen Miller, SAF/AQCK, at DSN 425-7061 or commercial 703-588-7061, or e-mail to Kathleen.Miller@pentagon.af.mil.

JEFFREY P. PARSONS, Col, USAF
Assistant Deputy Assistant
Secretary (Contracting)
Assistant Secretary (Acquisition)

Attachment:
Policy Clarification

cc:
AF/XPM

2002-15

**DEPARTMENT OF THE AIR FORCE**
**HEADQUARTERS UNITED STATES AIR FORCE**
**WASHINGTON DC**

19 DEC 2001

MEMORANDUM FOR ALL MAJCOM/FOA/DRU/JA/LG/PK/XP

SUBJECT: Policy Clarification - Technical Performance Plan (TPP) in A-76 Cost Comparisons

This memorandum clarifies the policy stated in AFI 38-203, *Commercial Activities Program*, for development and use of TPPs in Office of Management and Budget Circular A-76 cost comparisons.

The Government Management Plan (GMP) shall include a TPP only when a Cost/Technical Tradeoff process is used to select the contract offer. Do not prepare a TPP when using any other source selection process (e.g., Lowest Price Technically Acceptable or Performance Price Tradeoff).

The Source Selection Authority (SSA) only reviews the GMP (including the TPP) if the SSA selects a contract proposal that offers a higher level of performance or performance quality than contained in the Performance Work Statement (PWS) used to develop the GMP. The SSA must have the concurrence of the head of the requiring activity before accepting that higher level of performance or performance quality.

The SSA "accepts" a higher level of performance or performance quality by selecting a contract offer with a modified PWS. For each offeror that proposes a higher level of performance or performance quality than required by the PWS included in the solicitation, the contracting officer will obtain a modified PWS. The contracting officer will also ensure that each offeror agrees to comply with the modified PWS applicable to its proposal. For any contract offer that exceeds PWS requirements in a manner that is determined to provide little or no benefit to the Air Force, the contracting officer will inform the offeror of that determination and provide the offeror an opportunity to revise its proposal to meet the minimum requirements of the PWS, removing any additional costs associated with that excess performance. After the contract offers have been appropriately modified, the SSA selects the best contract offer.

If the SSA selects an offeror with a modified PWS, the SSA must then review the GMP (with the TPP, but without the in-house cost estimate) to determine whether or not the same level of performance and performance quality will be achieved. When reviewing the GMP, the SSA shall not direct how the GMP is to be structured or written (i.e., number of FTEs, approach, position grades). The SSA does not evaluate the GMP against the same evaluation criteria or in the same way that a contractor proposal is evaluated. The SSA only reviews the GMP to determine whether it provides the same level of performance and performance quality as the modified PWS.

If the SSA concludes that the GMP does not meet the performance standards in the modified PWS, then the SSA asks the MEO Development Team to revise the GMP (including the TPP and the in-house cost estimate) to reflect the requirements of the modified PWS. The MEO Development Team then provides the revised GMP to the MEO Certifying Official and the Independent Review Officer (IRO) to assure that the in-house cost estimate is based on the same scope of work and performance levels of the modified PWS.

In all A-76 cost comparisons, the MEO Certifying Official and the IRO are responsible for certifying the GMP (including the TPP and in-house cost estimate). They certify the GMP meets the requirements in the PWS (or modified PWS), sufficient resources are available to implement the MEO, the MEO has the ability to perform the work, and the estimated costs are reasonable and prepared in accordance with AFI 38-203 and the DoD A-76 Costing Manual.

Commands are not permitted to deviate from this guidance. This direction is critical to ensure a standardized and consistent process for reviewing Government Management Plans associated with A-76 cost comparisons. This memorandum has been coordinated with SAF/GCQ. Please refer questions to Vince Gasaway, HQ USAF/XPMS, (703) 253-5600 and Mrs. Kathleen Miller, SAF/AQCK, DSN 425-7061.

TIMOTHY A. BEYLAND
Associate Deputy Assistant
Secretary (Contracting)
Assistant Secretary (Acquisition)

JOSEPH P. STEIN
Brigadier General, USAF
Director of Manpower and Organization
DCS, Plans and Programs

cc:
AFMRUS