

Section 876: A Contracting “Game-Changer”

Response to GSA ANPR: GSAR Case 2020-G520

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FY 2019 NDAA Section 876 Implementation at GSA

Implementing the Authority

- Ease administrative burden by leaving current contract pricing as-is
- Implement 876 authority at end of contract or option period

Contract Type

- May apply to FFP orders; not just LH or T&M
- Full and open competition must be “featured” but not “required”
- May limit sources using FAR 8.405-6
- Hourly-priced orders must be “featured” but not “required”

Mixed-Use Contracts

- GSA should group related priced products and unpriced services on same contract
- Alternatively, should allow single orders using multiple priced and unpriced contracts

Continued...

FAR Changes Necessary

- FAR 8.404(d)
- FAR 12.207
 - Both clauses should be updated to add in the option for unpriced schedules
- However, nothing in the FAR prohibits implementing Section 876 as-is

GSAR Changes Necessary

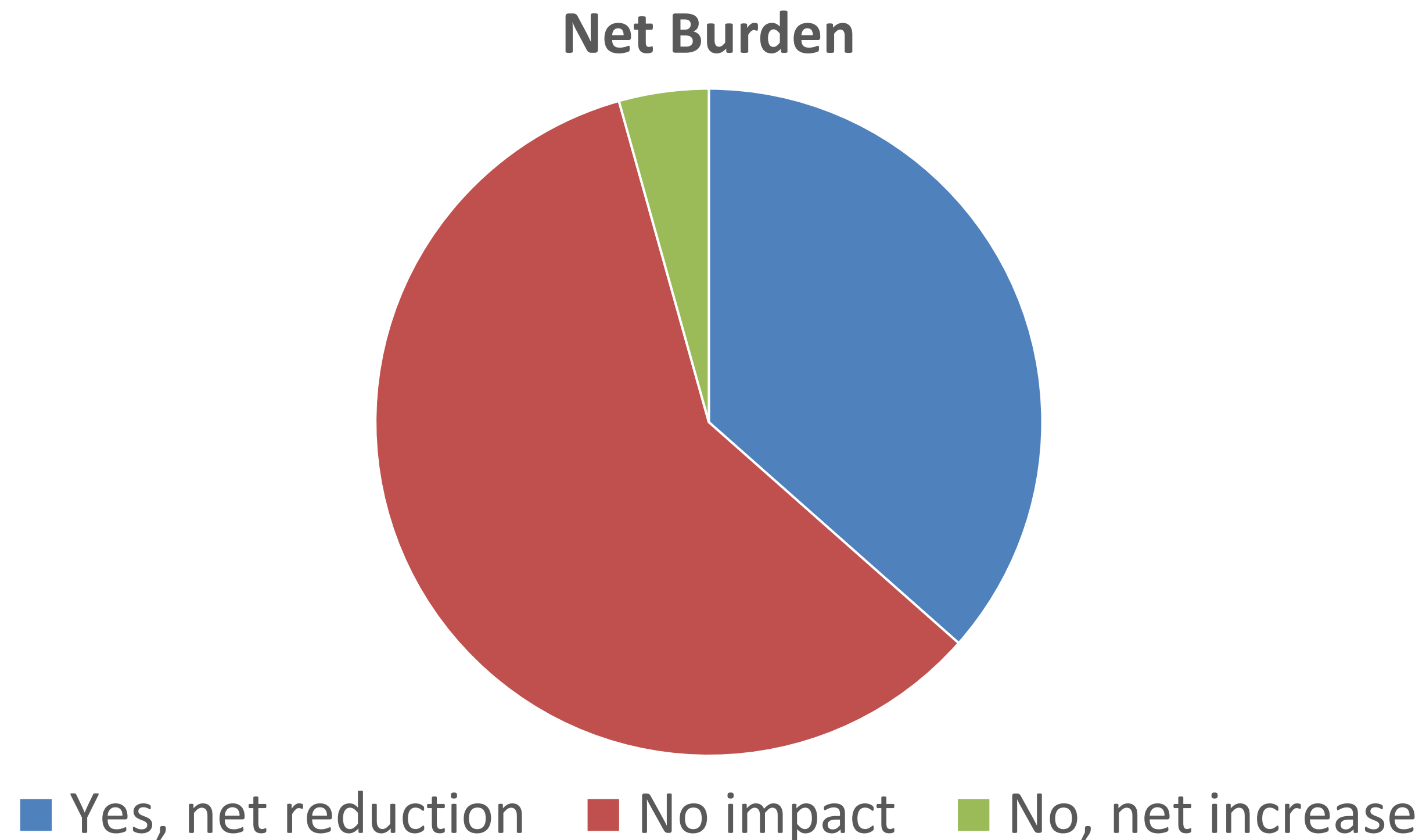
- Transactional Data Reporting (TDR) and Price Reduction Clause (PRC) will only apply at order level
- Proposal evaluations: GSA can select only the best-qualified vendors based on technical capability and past performance

Updated GSA Guidance

- Suggest early and frequent industry engagement
- This is a major change and will require ongoing training for industry and government personnel
- Extra support needed for small businesses

ANPR Question #7: Regulatory Impacts—Costs/Savings

*(a) Confirmation of GSA's belief that this change will result in a **net burden reduction***



ANPR Question #7: Regulatory Impacts—Costs/Savings

*(b) The **type and number of employees** used to develop and prepare cost or price information in response to a solicitation seeking to award a FSS contract, a solicitation seeking to award a task/delivery order under a FSS contract, and requests where cost or pricing information is required/requested under the FSS program*



- Outside Consultants = \$\$\$\$
- Accountants
- Cost/Price Estimators
- Sales Teams
- Technical Program Managers
- Human Resources Specialists
- Contracting Specialists
- **And many more...**

ANPR Question #7: Regulatory Impacts—Costs/Savings

(c) The number of hours (in a range) that would be spent by each type of employee to develop and prepare the cost or price information



120 – 480+ hours per employee

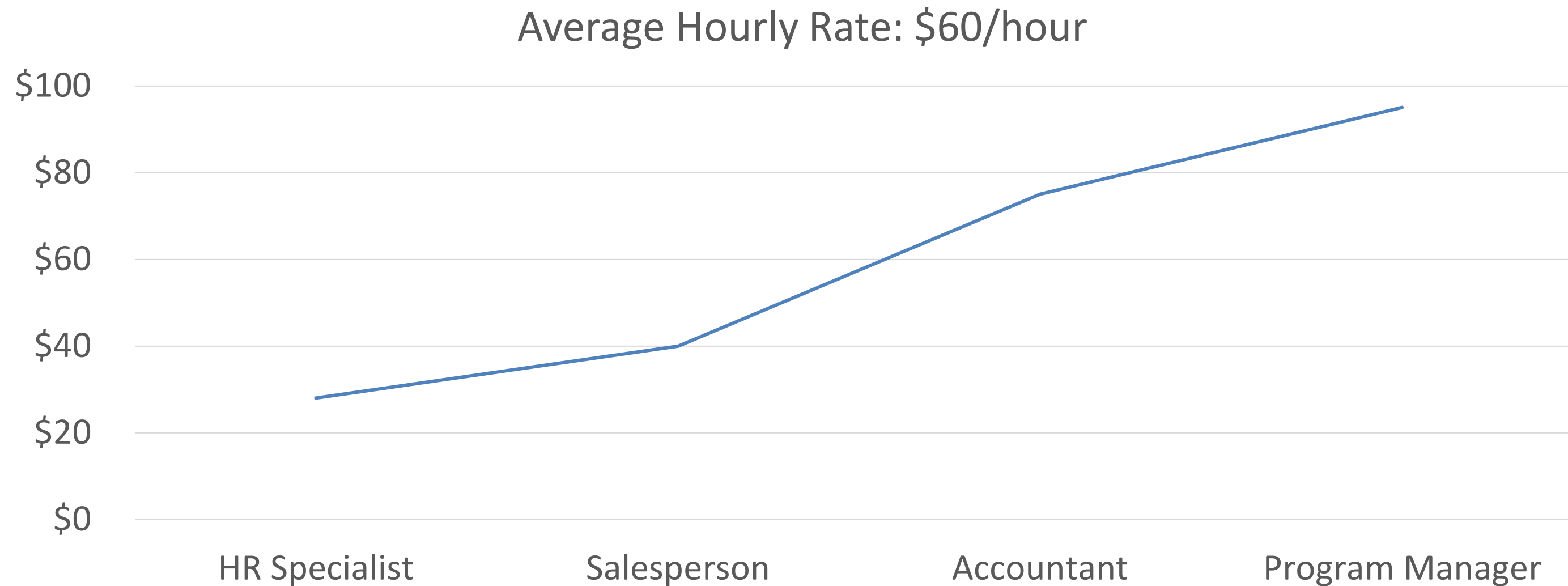
10+ hours/week

10-20+ employees

3 – 6
months

ANPR Question #7: Regulatory Impacts—Costs/Savings

*(d) The **average hourly rate** for each type of employee used to develop and prepare the cost or price information, or the total average amount spent for each type of employee to develop and prepare the cost or price information for such a proposal*



ANPR Question #7: Regulatory Impacts—Costs/Savings

*(e) The **types of services** organizations typically submit responses for and whether or not efforts/costs to provide cost or price information vary depending on different factors such as the solicitation (e.g., contract type, type of service), the mix and type of supplies and services being offered, or request/requirement (e.g., complying with GSAR clause, 552.238-81 Price Reductions)*

IT Consulting

- Consulting Services
- IT Management
- Systems Engineering
- Training

IT Outsourcing

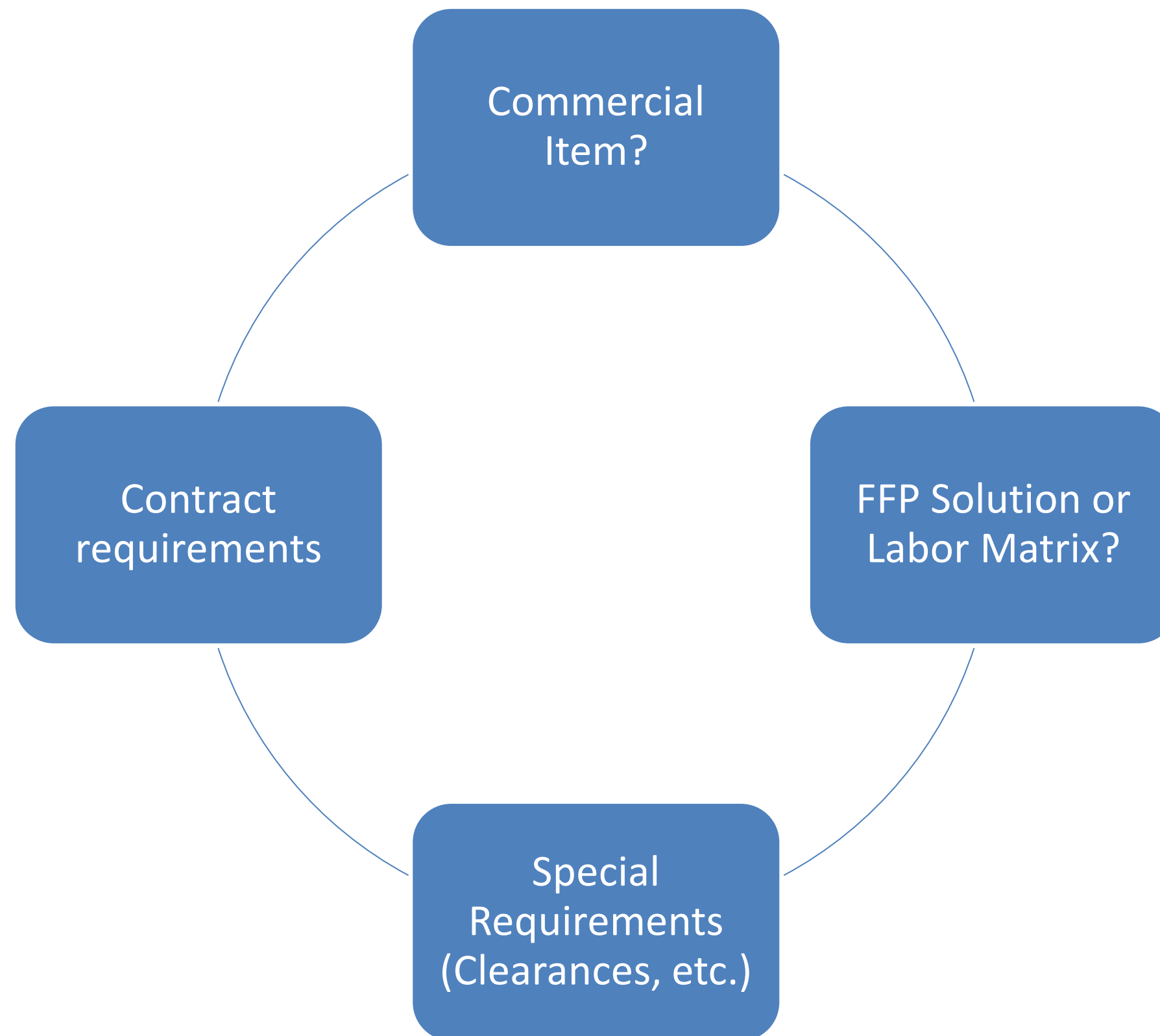
- Cloud IT Acquisition
- Data Center Services
- Health IT Services
- Implementation Services
- Maintenance and Support

Other

- Cloud Computing Services
- Data Center Services
- Cybersecurity and Threat Monitoring

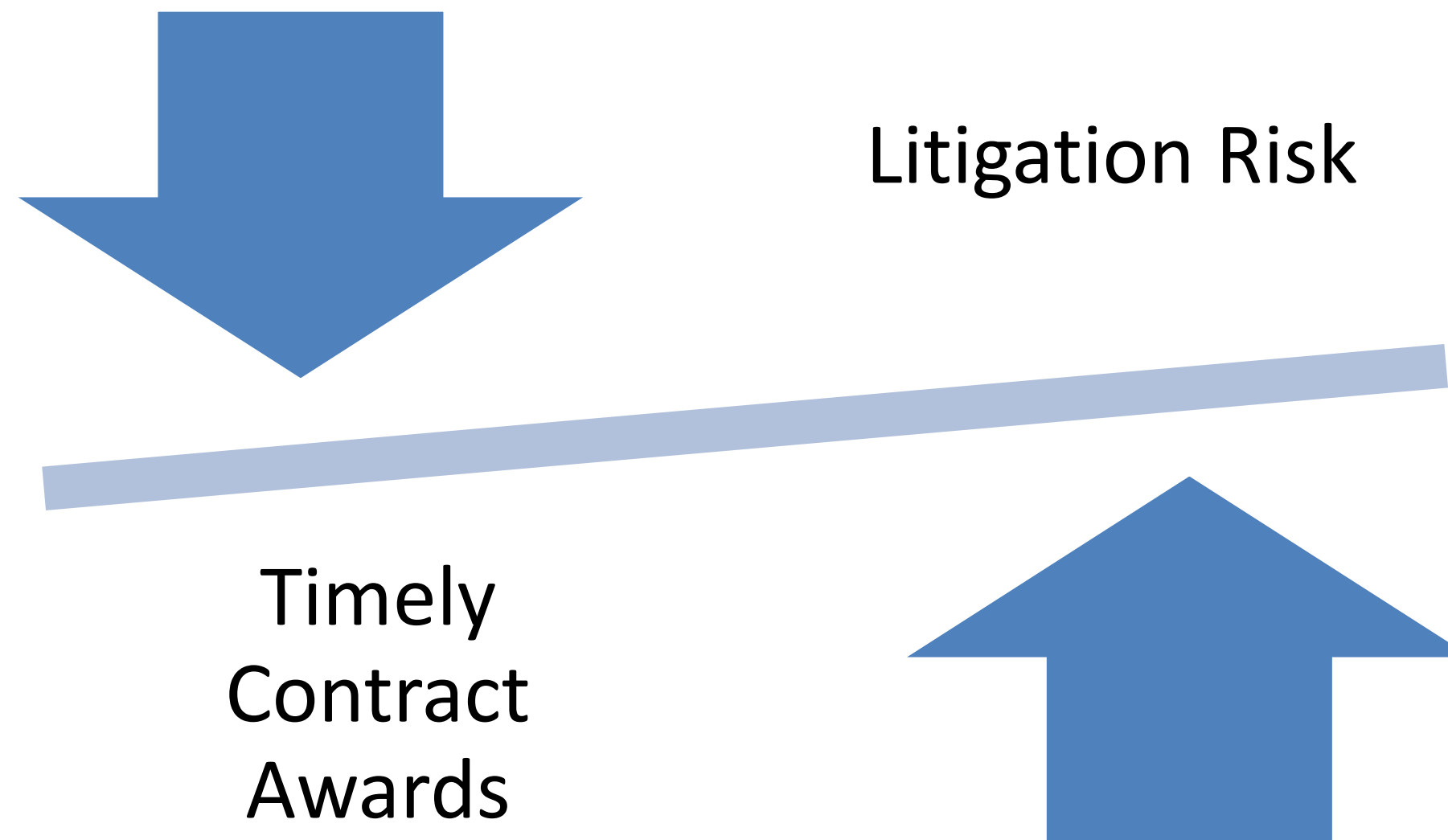
ANPR Question #7: Regulatory Impacts—Costs/Savings

*(f) To the extent possible, a description of any **variations** in efforts and costs*



ANPR Question #7: Regulatory Impacts—Costs/Savings

*(g) Other possible areas of **savings** that an offeror or awardee may see as a result of implementation of this authority.*



Thank you!

Member Companies

