



COMDTINST 5224.3
AUG 15 2000

COMMANDANT INSTRUCTION 5224.3

Subj: PERFORMANCE OF COMMERCIAL ACTIVITIES

- Ref:
- (a) Federal Acquisition Regulation (FAR)
 - (b) Coast Guard Acquisition Procedures (CGAP), COMDTINST M4200.19F (series)
 - (c) Federal Activities Inventory Reform (FAIR) Act of 1998 (PL 105-270)
 - (d) OMB Circular A-76, "Performance of Commercial Activities," of 4 August 1983 (revised 1999)
 - (e) OMB Circular A-76, Revised Supplemental Handbook, "Performance of Commercial Activities," of March 1966 (updated through Transmittal Memorandum No. 10, 14 June 1999)

1. PURPOSE. This Instruction implements the Federal Activities Inventory Reform Act of 1998 (FAIR Act, Public Law 105-270), and Office of Management and Budget (OMB) Circular A-76 of August 4, 1983 (Revised 1999), Circular No. A-76 Revised Supplemental Handbook of March 1996 (updated through Transmittal Memorandum 20 June 1999) and Department of Transportation Order 4400.2D of September 9, 1988 (under revision). The enclosures provide specific United States Coast Guard guidance for managing the annual commercial activities inventory and using Interservice Support Agreements (ISSAs). Decisions to perform work under contract are made under the authority of the Federal Acquisition Regulation (FAR), and statutory authorities implemented herein.
2. ACTION. Area and district commanders, commanders of maintenance and logistics command, commanding officer of headquarters units, assistant commandants for directorates, Chief Counsel, and special staff offices at Headquarters shall ensure compliance with the provisions of this Instruction.
3. DISCUSSION.
 - a. The annual A-76 and FAIR Act Inventories are developed primarily by the headquarters directorates; however, the inventory development may be tasked to all levels of the Coast Guard as determined by the individual directorates. Interservice Support Agreements (ISSAs) are used throughout the Coast Guard and the rules apply to the entire Coast Guard.

- b. A-76 is designed to balance the interest of all parties involved in commercial activities; it encourages competition in seeking the best value for the best price. A-76 is just one of many management tools available to provide managers assistance in dealing with budget constraints and to help meet changing missions.

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Director of Finance and Procurement

- Encl: (1) Inherently Governmental and Commercial Activities Inventory
(2) Interservice Support Agreements (ISSA)

**INHERENTLY GOVERNMENTAL
AND
COMMERCIAL ACTIVITIES INVENTORY**

A. Introduction. The Coast Guard is responsible for implementing and managing cost comparisons in accordance with the principles and procedures of the FAIR Act, OMB Circular A-76 and the Revised Supplement. OMB has directed agencies that require or provide administrative or other commercial support services consider the use A-76 as a management tool and use competition and privatization to optimize resources, manage budgets and react to changing missions. The A-76 program is a critical management tool that can assist the Coast Guard in achieving annual performance plans, budget savings, and improved performance. Because departments were not committed to using A-76 as a management tool, Congress in October 1998 passed legislation (FAIR Act, P. L. 105-270) to raise visibility of the program. The act requires all agencies to submit an annual inventory of Commercial Activities starting 30 June 1999.

B. Specific guidance.

1. Inventory. The inventory requires a review of full and part time positions to determine which functions and positions support activities that are:

- (a) Inherently governmental (those positions so intimately related to the public interest as to mandate performance by Federal employees).
- (b) Commercial, but specifically exempt from cost comparison requirements of OMB Circular A-76 (conversion to or from in-house, contract or Interservice Support Agreement (ISSA) performance is permitted without a cost comparison). Examples of these include National Defense, patient care, core capability, less than 10 full time equivalents (FTE's) and greater than 10 FTE's if all directly affected Federal employees serving on permanent appointments are reassigned to other comparable Federal positions for which they are qualified.
- (c) Commercial and should be competed; and
- (d) Commercial, but specifically exempt by the agency from the cost comparison requirements of the Circular and the A-76 supplement because the agency does not want to study at this time. The agency may decide to go direct to contract without a cost comparison.

At this time, only those positions designated as commercial are reported outside Coast Guard headquarters; however, OMB may request a total functional inventory. Inherently governmental positions are identified and tracked in the Personnel Allowance List (PAL) in the same manner as commercial activity positions.

2. Assigning codes.

- (a) A functional code (Appendix A) will be assigned by the program manager or a designated representative to identify each position in the Coast Guard Personnel Allowance List (PAL) regardless of the type activity this position supports.

- (b) A reason code (Appendix B) will be assigned to each position to explain the basis for the function status.
3. Personnel Allowance List (PAL). Fields have been added to the PAL to maintain data on the functional codes and reason codes assigned to each position. Changes made to the PAL, i.e., new or moved positions, may include the information required in this field. The annual inventory report will be developed by program managers from the commercial activity fields of the PAL.
 4. Public Information. The content of the commercial activities functional inventory and all supporting documentation is public information. Each year, the Coast Guard must submit to OMB through DOT a list of all activities that are not inherently governmental and are performed by Federal employees. OMB will review the list and consult with the Coast Guard through DOT regarding the content. Upon completion of the review and consultation, Coast Guard must transmit a copy of the list to Congress and make the list available to the public.
 5. FAIR Act Annual Inventory Reporting. By 30 June of each year, the FAIR Act requires each agency to submit to OMB a report that contains an inventory of the agency's commercial activities. These reports must identify those commercial activities that are exempt from cost comparison requirements in accordance with the Supplement, and must describe the status of activities that are subject to cost comparison. To the maximum extent possible, the data required for the report will be extracted from the latest edition of the PAL. In accordance with the law, the following data elements will be included in the inventory: organizational unit, state, location, civilian FTE or full time permanent (FTP), activity function code, reason code, year the activity first appeared on FAIR Act Commercial Activities Inventory (initial value will be 1999), name of federal employee responsible for the activity or contact person from whom additional information about the activity may be obtained, year of cost comparison or conversion (if applicable), CIV/FTE or FTP savings (if applicable), estimated annualized cost comparison dollar savings (if applicable), and date of completed Post-MEO Performance Review (if applicable). Inventory data submitted to G-CPM must report military and civilian personnel performing a function; however, the FAIR Act Inventory will only list federal civilian employees performing commercial activity functions. G-CPM will coordinate submission of the FAIR Act inventory with the program managers when annual inventory guidance is received from Office of the Secretary of Transportation (OST).
 - a. Challenges to the List. In accordance with Section 2 of the FAIR Act, OMB will review Coast Guard's inventory of commercial activities and consult with the Coast Guard regarding its content. Under Section 3 of the FAIR Act, an agency's decision to include or exclude a particular activity from the inventory is subject to administrative challenge and appeal by an "interested party." Interested party is defined as:
 - (1) A private sector source that is an actual or prospective offeror for any contract, or other form of agreement to perform the activity, and has a direct economic interest in performing the activity that would be adversely affected by a determination not to procure the performance of the activity from a private sector source.
 - (2) A representative of any business or professional association that includes within its membership private sector sources referred to in paragraph (1) above.

- (3) An officer or employee of an organization within an executive agency that is an actual or prospective offeror to perform the activity.
 - (4) The head of any labor organization referred to in section 7103(a)(4) of title 5, United States Code, that includes within its membership officers or employees of an organization referred to in (3) above.
- b. Time for Submission of Challenge. An initial challenge to a list shall be submitted to the executive agency concerned within 30 days after the publication of OMB's Federal Register notice stating the inventory is available. The challenge must set forth the reasons for the interested party's belief that the particular activity should be reclassified in accordance with OFPP Policy Letter 92-1.
- c. Decision on Appeal. The head of an executive agency shall make the decision on appeals. Office of the Secretary of Transportation (OST) delegated appeal decision authority to Coast Guard officials. The Director of Finance and Procurement is the Coast Guard's official responsible for receiving and deciding any challenges resulting from the inventory. The final decision shall be a written notification together with an explanation of the rationale for the decision. Interested parties may appeal an adverse decision made by the Director of Finance and Procurement to the Commandant.

Appendices

- A. A-76 Function Codes
- B. A-76 Reason Codes

APPENDIX A - Function Codes-----
A--Recurring Testing and Inspection Services

A100	Electronic
A200	Health
A300	Safety
A400	Transportation
A500	Food and Drug
A600	Other Technical Testing or Inspection
A700	Systems Certification Services
A000	Administrative Support

B--Personnel Management

B100	Classification
B102	Classification Reviews
B200	Employee Development
B300	Staffing Reviews
B301	Processing
B302	Manpower Research and Analysis
B303	Manpower Development
B400	Employee Relations and Support
B401	Benefits Reviews and Analysis
B500	Labor Relations and Support
B501	Agency Equal Employment Opportunity Reviews
B502	Negotiated Dispute Resolution
B600	Examining
B700	Personnel Management Specialist
B701	Personnel Operations Management
B702	Personnel Information Technology Support
B000	Personnel Administrative Support

C--Finance and Accounting

C100	Voucher Examining
C200	Cash Receipt
C300	Accounting Technicians
C301	Accounts Payable
C302	Travel Processing
C303	Fixed Assets
C304	Accounts Receivable
C305	Collections
C306	Customer Billings
C307	General Accounting
C308	Financial Report Generation
C309	Cost Accounting
C310	Payroll Processing
C311	Claims Analysis
C312	Payments Issuance Support/Processing
C313	Financial Systems Support
C314	Financial Management and Program Planning
C315	Financial Management Operations
C316	Financial Systems Development and Planning
C317	Financial Systems Operations
C400	Budget Support

Enclosure (1) to COMDTINST 5224.3

C401	Financial Analysis
C402	Cash and Debt Management
C403	Financial Program Management
C404	Business Performance Reporting
C405	Business Performance Analysis
C406	Cost Analysis
C407	Mortgage Analysis
C408	Asset Management and Disposal
C409	Property Oversight
C500	External Auditing
C501	Internal Auditing
C000	Administrative Support

D--Regulatory Management and Support Services

D100	Regulatory Activities Support
D101	Regulatory Economists/Statisticians
D102	Regulatory Audits
D103	Salary/wages Reviews
D104	Labor Wage and Hour Compliance Reviews
D105	Education Benefits and Entitlements Analysis
D106	Loan Guaranty Benefits and Entitlements Analysis
D107	Vocational Entitlements Analysis
D200	Data Collection and Analysis
D201	Customer Surveys and Evaluations
D300	Statistical Analysis
D400	Compliance Surveys and Inspections
D410	Compliance Operations
D411	Compliance Assessments
D500	Benefits and Entitlements Services
D501	Customer Services
D502	Administrative Reviews
D503	Compensation Claims Reviews
D504	Insurance Analysis
D505	Compensation Claims Examining
D600	Tax Law
D602	Revenue Officers
D603	Tax Examiners
D604	Customer Service Contacts
D605	Tax Law Specialist
D606	Asset Appraisal and Valuation
D700	Systems Design, Testing and Certification
D701	Program Marketing and Outreach
D702	Program Planning and Support
D703	Application Receipt and Processing
D704	Program Monitoring and Evaluation
D705	Program Marketing and Outreach
D706	Program Monitoring
D707	Program Evaluation
D708	Application Receipt/Processing
D709	Mortgage Underwriting
D710	Field Inspection Services
D711	External Equal Employment Opportunity Reviews
D712	Safety and Occupational Health Management
D713	Safety and Occupation Health Inspections
D720	Independent Appeals Reviews
D800	Air Traffic Control

D801 Air Traffic Systems Inspections
 D900 Maritime Traffic Control
 D910 Operation of Locks and Dams
 D920 Buoy Maintenance
 D930 Mine Safety and Health
 D000 Administrative Support

E--Environment

E100 Hazardous Waste Management
 E101 Environmental Restoration Analysis
 E102 Federal Insecticide, Fungicide, & Rodenticide (FIFRA)/Food, Drug & Cosmetic Act (FDCA) Risk Analysis
 E103 Toxic Substance Control Act (FSCA) Risk Analysis
 E104 Environmental Clean-up Services
 E200 Solid Waste Data Collection/Analysis
 E300 Pollution Prevention
 E400 Air Pollution Data Collection/Analysis
 E401 Clean Air Act/Pollution Prevention
 E500 Water Data Collection/Analysis
 E501 Clean Water Act Compliance/Pollution Prevention
 E502 Safe Drinking Water Act Compliance/Pollution Prevention
 E503 Occupational Safety, Health and Environmental Compliance
 E600 Environmental Planning/National Environmental Policy Act (NEPA)
 E601 Environmental Impact Statements
 E602 Environmental Impact Statements Reviews
 E700 Resource Conservation and Recovery Act Compliance/Pollution Prevention
 E800 Multimedia Compliance/Pollution Prevention
 E801 Trusteeship
 E000 Administrative Support

F--Procurement

F100 Quality Assurance
 F200 Contracting (Operational)
 F300 Contract (Analysis)
 F400 Recurring Purchasing
 F000 Administrative Support

G--Social Services

G001 Care of Remains of Deceased Personnel & Funeral Services
 G008 Commissary Store Operation
 G009 Clothing Sales Store Operations
 G010 Recreational Library Services
 G011 Morale, Welfare, and Recreation Services
 G012 Community Services
 G100 Disaster Relief Applications Services
 G101 Disaster Relief Services
 G102 Librarian Services
 G103 Library Operations and Management
 G104 Technical/Professional/Legal Library Information Services
 G900 Chaplain Activities and Support Services
 G901 Housing Administrative Services
 G904 Family Services
 G905 Community Relations
 G999 Other Social Services

G000 Administrative Support

H--Health Services

- H101 Hospital Care
- H102 Surgical Care
- H103 Surgical Services
- H105 Nutritional Care
- H106 Pathology Services
- H107 Radiology Services
- H108 Pharmacy Services
- H109 Physical Therapy
- H110 Materiel Services
- H111 Orthopedic Services
- H112 Ambulance Services
- H113 Dental Care
- H114 Dental Laboratories
- H115 Clinics and Dispensaries
- H116 Veterinary Services
- H117 Medical Records
- H118 Nursing Services
- H119 Preventive Medicine
- H120 Occupational Health
- H121 Drug Rehabilitation
- H201 Medical Services
- H202 Psychiatric and Psychology Services
- H203 Ambulatory Care Services
- H204 Domiciliary Care
- H205 Extended Care Services
- H206 Social Work
- H207 Pathology & Laboratory Medicine
- H208 Audiology & Speech Pathology Services
- H209 Nuclear Medicine Services
- H210 Pediatric Services
- H211 Optometry Services
- H212 Spinal Cord Injury Services
- H213 Geriatric Research Education and Clinical Centers (GRECC) Services
- H214 Neurology Services
- H215 Dermatology Services
- H216 Radiation Therapy Services
- H217 Mental Illness Research, Education & Clinic
- H218 Rehabilitation Medicine Services
- H219 Nutrition & Food Production Services
- H220 Blind Rehabilitation Services
- H221 Recreation Services
- H222 Prosthetics & Sensory Aides Services
- H223 Ambulatory Care Administration
- H224 Learning Resource Centers
- H225 Federal Employee Health Services
- H226 Veterans Integrated Services Network (VISN) Services & VISN Support Service Center
- H227 Veterans Canteen Service
- H300 Emergency Medical Services Management Planning
- H301 Emergency Medical Services
- H400 Medical Evaluation Services
- H401 Medical Officers
- H402 Industrial Hygiene Reviews and Analysis

H403 Health Inspections
 H404 Health Services Administration and Management
 H500 Dialysis Services
 H501 Anesthesiology
 H502 Diagnostic Radiology
 H503 Geriatrics
 H504 Geriatric Research
 H505 Geriatric Clinical Centers
 H506 Orthopedic Shoe Services
 H507 Orthotics Laboratory
 H600 Hospital Administration
 H601 Ward Administration
 H602 Income Verification
 H603 Claims Analysis
 H604 Hospital Supply and Distribution
 H605 Ambulatory Care Administration
 H606 Information Resource Management Services
 H607 Voluntary Services Administration
 H608 Records Administration
 H609 Bed Services and Patient Assistance
 H610 Waste Management
 H999 Other Health Services
 H000 Administrative Support

 I--Investigations

I100 Inspector General Services
 I200 Safety
 I415 Non-field Technical Support to Criminal Investigations
 I416 Non-field Administrative Support to Criminal Investigations
 I420 Financial Audits
 I430 Performance Audits
 I440 Management Evaluations/Audits
 I450 Logistics Audits
 I500 Background Investigations
 I501 IG Data Collection and Analysis
 I502 Case Assessment/Management/Disposition
 I000 Administrative Support

 J--Intermediate, Direct or General Repair and Maintenance of Equipment

J501 Aircraft Maintenance
 J502 Aircraft Engine Maintenance
 J503 Missiles
 J504 Vessels
 J505 Combat Vehicles
 J506 Noncombat Vehicles
 J507 Electronic and Communication Equipment Maintenance
 J510 Railway Equipment
 J511 Special Equipment
 J512 Armament
 J513 Dining Facility Equipment
 J514 Medical and Dental Equipment
 J515 Containers, Textile, Tents, and Tarpaulins
 J516 Metal Containers
 J517 Training Devices and Audiovisual Equipment

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J519 Industrial Plant Equipment
J520 Test, Measurement and Diagnostic Equipment
J521 Other Test, Measurement and Diagnostic Equipment
J522 Aeronautical Support Equipment
J999 Maintenance of Other Equipment
J000 Administrative Support

K--Depot Repair, Maintenance, Modification, Conversion or Overhaul of Equipment

K531 Aircraft
K532 Aircraft Engines
K533 Missiles
K534 Vessels
K535 Combat Vehicles
K536 Noncombat Vehicles
K537 Electronic and Communication Equipment
K538 Railway Equipment
K539 Special Equipment
K540 Armament
K541 Industrial Plant Equipment
K542 Dining and Facility Equipment
K543 Medical and Dental Equipment
K544 Containers, Textile, Tents, and Tarpaulins
K545 Metal Containers
K546 Test, Measurement and Diagnostic Equipment
K547 Other Test, Measurement and Diagnostic Equipment
K548 Aeronautical Support Equipment
K999 Other Depot Repair, Maintenance, Modification, Conversion or Overhaul of Equipment
K000 Administrative Support

L--Grants Management

L100 Application Services
L101 Application Review and Evaluations
L102 Independent Grant Review Appeals
L200 Grants Monitoring and Evaluation
L000 Administrative Support

P--Base Maintenance/Multifunction Contracts

P100 Installation Operation Contracts (Multi-function)
P000 Administrative Support

R--Research, Development, Test, and Evaluation (RDT&E)

R100 Theoretical Research
R103 Biomedical Research
R104 Animal Research
R200 Basic Research & Development (R&D)
R300 Developmental
R400 Testing
R500 Acceptance
R600 Applied Research
R660 RDT&E
R900 Operation and Maintenance of Physical Plant

R901 Buildings & Grounds Maintenance
 R902 Models Design and Construction
 R000 Administrative Support

S--Installation Services

S700 Natural Resource Services
 S701 Public Affairs/Relations
 S702 Financial and Payroll Services
 S703 Debt Collection
 S706 Bus Services
 S708 Laundry and Dry Cleaning
 S709 Custodial Services
 S710 Pest Management
 S712 Refuse Collection and Disposal Services
 S713 Food Services
 S714 Furniture Repair
 S715 Office Equipment Maintenance and Repair
 S716 Motor Vehicle Operation
 S717 Motor Vehicle Maintenance
 S718 Fire Prevention and Protection
 S719 Military Clothing
 S720 Prison Plant Operations and Maintenance
 S721 Prison Security Operations (Guards)
 S723 Other Prison Operations (Food, Administrative)
 S724 Other Guard Services
 S725 Electrical Plants and Systems Operation and Maintenance
 S726 Heating Plants and Systems Operation and Maintenance
 S727 Water Plants and Systems Operation and Maintenance
 S728 Sewage and Waste Plants Operation and Maintenance
 S729 Air Conditioning and Refrigeration Plants
 S730 Other Utilities Operation and Maintenance
 S731 Supply Operations
 S732 Warehousing and Distribution
 S733 Building Services
 S734 Leasing Services
 S735 Engineering Services
 S736 Plumbing Craft Support Services
 S737 Electrical Craft Support Services
 S739 Locksmithing
 S740 Transportation Management Services
 S741 Supply, Warehousing and Distribution Services Management
 S742 Inventory Analysis and Management
 S743 Vehicle Acquisition Support Services
 S744 Fleet Management Services
 S745 Security and Protection Services
 S750 Museum Operations
 S751 Curator Services
 S752 Exhibits Management and Planning
 S753 Facility Security Management
 S760 Contractor -Operated Parts Stores & Civil Engineering Supply Stores
 S999 Other Installation Services
 S000 Administrative Support

T--Other NonManufacturing Operations

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T600 Real Property Management
T601 Real Property Disposal
T602 Property Development
T603 Real Property Acquisition Support Services
T700 Miscellaneous Program Management
T800 Ocean Terminal Operations
T801 Storage and Warehousing
T802 Cataloging
T803 Acceptance Testing
T804 Architect-Engineering
T805 Operation of Bulk Liquid Storage
T806 Printing and Reproduction
T807 Visual Information
T808 Mapping and Charting
T809 Administrative Telephone Services
T810 Air Transportation Services
T811 Water Transportation Services
T812 Rail Transportation Services
T813 Engineering and Technical Services
T814 Aircraft Fueling Services
T815 Scrap Metal Operation
T816 Telecommunication Centers
T817 Other Communications and Electronics Systems
T818 Systems Engineering and Installation of Communications Systems
T819 Preparation and Disposal of Excess and Surplus Property
T820 Administrative Support Services
T821 Special Studies and Analysis
T822 Operations Research
T823 Actuarial Services
T830 Interior/Facility Design
T831 Drafting Services
T832 Construction Management
T833 Civil Engineering & Analysis Services
T834 General Engineering & Analysis Services
T835 Chemical Engineering & Analysis Services
T836 Electrical Engineering & Analysis Services
T837 Fire Protection Engineering & Inspection
T838 Safety Engineering & Analysis Services
T839 Mining Engineering & Analysis Services
T840 Geodetic Engineering & Analysis Services
T841 Geological Analysis
T850 Forestry Management Support
T851 Forestry Operations
T852 Soil Conservation Evaluation & Analysis
T853 Soil Conservation Operations
T854 Royalty Management Operations
T855 Industrial Engineering
T900 Training Aids, Devices, and Simulator Support
T999 Other Non-Manufacturing Operations
T000 Administrative Support

U--Education and Training

U100 Recruit Training
U200 Officer Acquisition Training
U300 Specialized Skill Training

U301	Training Management
U302	Training Administration
U303	Training Technical Support
U304	Vocational Training
U305	Vocational Rehabilitation
U400	Flight Training
U500	Professional Development Training
U501	Management Training
U502	Medical & Health Training
U503	Engineering & Architectural Training
U504	Legal Training
U505	Business/Financial/Budget Training
U506	Inspection (IG) Training
U510	Professional Military Education
U520	Graduate Education, Fully Funded, Full-time
U530	Other Full-time Education Programs
U540	Off-Duty (Voluntary) and On-Duty Education Programs
U600	Civilian Education and Training
U610	Law Enforcement Training
U700	Dependent Education
U800	Training Development and Support
U999	Other Training Functions
U000	Administrative Support

W--Automatic Data Processing

W500	Data Maintenance
W501	Report Processing/Production
W600	Data Center Operations
W601	Information Technology Management
W824	Data Processing Services
W825	Maintenance of ADP Equipment
W826	Systems Design, Development and Programming Services
W827	Software Services
W828	Seat Management Services
W829	Client Services
W999	Other ADP Functions
W000	Administrative Support

X--Products Manufactured and Fabricated In-House

X931	Ordnance Equipment
X932	Products Made From Fabric or Similar Materials
X933	Container Products and Related Items
X934	Preparation of Food and Bakery Products
X935	Liquid, Gaseous and Chemical Products
X936	Rope, Cordage, and Twine Products; Chains and Metal Cable Products
X937	Logging and Lumber Products
X938	Communications and Electronic Products
X939	Construction Products
X940	Rubber and Plastic Products
X941	Optical and Related Products
X942	Sheet Metal Products
X943	Foundry Products
X944	Machined Parts
X999	Other Products Manufactured and Fabricated In-House
X000	Administrative Support

Y--Other Selected Functions

Y100 Combat Forces
Y110 Operational Forces
Y120 Operational Planning and Control
Y130 Intelligence
Y150 Classified Activities
Y160 Corporate Planning
Y200 Commanders and Support Staff
Y300 Embassy Activities
Y400 Legal Services
Y401 General Attorney's Services
Y402 Administrative Appeals
Y403 Paralegal
Y410 Criminal Investigation
Y420 Judicial
Y430 Administrative Hearings
Y440 Federal Licensing and Permitting
Y450 Maritime Activities
Y451 Search and Rescue
Y452 Aids to Navigation
Y453 Marine Safety/Inspection
Y510 Budget and Financial Program Management
Y511 Budget Execution Support Services
Y520 Public Works and Real Property Maintenance Program Management
Y530 Personnel, Community Activities and Manpower Program Management
Y540 Maintenance and Logistics Program Management
Y550 Information and Telecommunications Program Management
Y600 Contracting
Y650 Acquisition (Equipment and Weapons Systems)
Y651 Identifying and Developing Consumer/Customer Information Services
Y999 Other Functions
Y000 Administrative Support

Z--Maintenance, Repair, Alteration, and Minor Construction of Real Property

Z991 Maintenance and Repair of Family Housing Buildings and Structures
Z992 Maintenance and Repair of Buildings and Structures Other Than Family Housing
Z993 Maintenance and Repair of Grounds and Surfaced Areas
Z997 Maintenance and Repair of Railroad Facilities
Z998 Maintenance and Repair of Waterways
Z999 Other Maintenance, Repair, Alteration, and Minor Construction of Real Property
Z000 Administrative Support

APPENDIX B - A-76 COMMERCIAL ACTIVITIES REASON CODES

<u>Code</u>	<u>Explanation</u>
A	<p>Indicates the function is performed by federal employees and is specifically exempt by the <u>agency</u> from the cost comparison requirements of the Circular and the Revised A-76 Supplemental Handbook.</p> <p><i>This Reason Code is designed to permit the Agency Head to identify specific commercial activities as those that he/she does not believe should be subject to privatization, outsourcing, or competition. Certainly, these are core mission activities that are commercial in nature. Many core activities may however, be achieved through contract support and may also be found in Reason Code "B" or "C". Functions assigned Reason Code "A" are commercial functions that the Agency Head has determined must remain in-house.</i></p>
B	<p>Indicates the activity is performed by federal employees and is subject to the cost comparison or direct conversion requirements of the circular and the A-76 Revised Supplemental Handbook.</p> <p><i>This Reason Code should be applied to any function or activity where the decision as to who should perform the work is a quality and cost based decision and the agency would expect that this decision would be based upon the results of a direct conversion competition (when authorized), or a cost comparison, conducted in accordance with OMB Circular A-76 and its Supplemental Handbook.</i></p>
C	<p>Indicates that the activity is performed by Federal employees, but is specifically made exempt from the provisions of the Circular and the A-76 Revised Supplemental Handbook by Congress, Executive Order or OMB.</p> <p><i>This Reason Code should be applied to any Function/Activity where the decision as to who should perform the work is not primarily a cost-based decision and a cost comparison would be inappropriate. This code applies to the Supplemental Handbook's exemption from the cost comparison requirements of the Circular, including, for example, national defense related activities, direct patient care, core and research and development activities. Here the decision to convert to or from in-house or contract performance is not primarily a cost-based decision. The problem is to get the right people, the right skills, the right knowledge at the right place and at the right time. Small functions that involve 10 or fewer FTE are also exempt from the cost comparison requirements of the circular. These commercial activities are currently performed by Federal employees and may be outsourced, but, they do not enjoy the cost comparison protections afforded by the circular, cost is a secondary consideration.</i></p>
D	<p>Indicates the function is currently performed in-house by federal employees and is in the process of being cost compared or converted directly to contract or interservice support agreement performance.</p> <p><i>Employees in functions/activities listed under this code have been advised that the work performed is undergoing formal A-76 cost comparison or the agency is preparing for the direct conversion of work to contract or ISSA performance, in accordance with the Supplemental Handbook.</i></p>
E	Indicates the function is performed in-house as a result of a cost comparison.
F	Indicates the function is currently performed by federal employees, but a review is pending force restructuring decisions (i.e., base closure, realignment, consolidation, etc.).

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- G** Indicates the functions is prohibited from conversion to contract because of legislation
- H** Waiver issued.
- I** Indicates the function is being performed in-house as a result of a cost comparison resulting from a decision to convent from contract to in-house performance.

INTERSERVICE SUPPORT AGREEMENTS (ISSA)

A. General.

1. An ISSA is an agreement that provides for interservice support from a non-Department of Transportation (DOT) Federal activity. Use of an ISSA allows contracting for a service when in-house (within DOT) performance is not the most cost-effective means of accomplishing requirements. Interagency agreements may also be documented using a Military Interdepartmental Procurement Request (MIPR), a Memorandum of Understanding (MOU) or a Memorandum of Agreement (MOA). Agreements termed ISSAs and MIPRs are typically reimbursable agreements. A typical format is DOT F-2300.1, Reimbursable Agreement. MOAs and MOUs typically cover non-monetary arrangements or arrangements where there is authority for support without reimbursement. Commandant Instruction 5216.18, Memoranda of Understanding/Agreement, dated November 9, 1998, clarifies the differences between MOU/MOA. This instruction uses ISSAs for all interservice agreements, regardless of format. Inherently governmental functions are not subject to competition with the private sector and may be obtained from DOT and non-DOT Federal activities.
2. The provisions of the Federal Property and Administrative Services Act of 1949, the Economy Act of 1932 and the Government Management Reform Act of 1944 are general authorities on the use of ISSAs. These ISSAs may be issued between Federal departments or agencies unless the needed product or service can be obtained more economically through in-house or private sector sources. The Economy Act shall not be used to circumvent the competition requirements prescribed in the FAR. There are numerous specific statutory authorities for dealing with other agencies. See Chapter 7 of Title 14 of the United States Code and 14 USC, section 93.
3. The tree diagram at Appendix A provides decision variables related to the A-76 program and ISSAs. It is an aid and not a substitute for consulting OMB Circular A-76, the Revised Handbook, or legal counsel.

B. Determinations and Findings.

1. In accordance with FAR, Part 17.503, each Economy Act order shall be supported by a Determination and Finding (D&F). The D&F shall state that:
 - (a) Use of an interagency acquisition is in the best interest of the Government; and
 - (b) The supplies or services cannot be obtained as conveniently or economically by contracting directly with a private source.
2. If the Economy Act order requires contracting action by the servicing agency, the D&F shall also include a statement as set forth in D. below.
3. The D&F shall be approved by a contracting officer of the requesting agency with authority to contract for the supplies or services to be ordered or by another designated by the agency head. If the servicing agency is not covered by the Federal Acquisition Regulation, approval of the D&F may not be delegated below the senior procurement executive of the requesting agency.

C. Competition Requirements for In-house Support Furnished by Other Agencies.

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1. It is important to ensure that public-public and public-private competitions are conducted on a fair and level playing ground. The guiding principle for determining when the government engages in commercial activities and when it considers competition is to ensure that we get the best deal possible for the American taxpayer. In accordance with Part I, Chapter 2, paragraph B.3, Circular No. A-76 Revised Supplemental Handbook, proposals to obtain new or expanded products or services from another government agency or private sector offeror, including ISSA proposals, will be published in the Commerce Business Daily.
 - (a) The October 1, 1997 grandfather clause, included in the March 1996 Revised Supplemental Handbook (Updated June 1999), Part I, Chapter 2, paragraph 5 has expired. Beginning on October 1, 1997 and unless specifically exempted from this requirement (see Enclosure 1, paragraph B.1.(b)), the Revised Supplement requires A-76 cost comparisons for all new and expanded ISSAs, where such cost comparisons were not conducted or required in the past. Agencies are now required to invite the private sector to participate in cost comparisons before a decision to transfer work between agencies is made under the Economy Act. These cost comparisons will be based upon the cost to the taxpayer -- not simply the budgetary cost to the agency.
 - (b) Effective 1 October 1997 and unless otherwise exempt from the cost comparison requirements of the Revised Circular, new or expanded interservice support agreements must be justified by a cost comparison. Interservice support providers that have themselves, however, conducted a cost comparison with the private sector, may at the customer agency's discretion, accept new or expanded work. No further cost comparison on the customer or provider agency's part is necessary until the provider agency's workload increases by 30 percent or 65 FTE, at which time another provider cost comparison is required.
 2. The revised Supplemental Handbook to OMB Circular A-76 did not retroactively apply this new and more formal cost comparison requirement to agencies that are currently obtaining a commercial support service from another Department or Agency, in accordance with the Economy Act, the Federal Property and Administrative Services Act, or the Government Management Reform Act. As we seek lower costs and best value support service offerors, we must test and improve our in-house, contract and ISSA support mix. In effect, the Circular does not need to require cost comparisons for existing ISSA workloads. The forces of the market and budget constraints will require that these cost comparisons be conducted.
 3. Agency heads may continue to consolidate support services into new, intra-service (internal to Department of Transportation) revolving or franchise funds without cost comparison – assuming that such consolidation does not involve the conversion of work to or from in-house or contract performance.
- D. Use of other government agency contracts.
1. The decision by the Coast Guard to place a reimbursable support agreement under the Economy Act with an agency outside DOT, instead of contracting directly with a private source, shall be documented in Determinations and Findings. An authorized Contracting Officer must sign the Determinations and Findings. In addition to the determinations in B. above, FAR 17.503 requires that the Determinations and Findings must document the following:

- (a) The purchase is appropriately made under an existing contract that the servicing department/agency entered into, before the requesting agency's order was placed, in order to meet the requirements of the servicing agency for the same or similar goods or services;
- (b) The servicing department/agency is better qualified to enter into or administer the contract for such goods or services (or is producing the good or service in-house) because they possess capabilities or expertise not available within the Coast Guard, or
- (c) The servicing agency is specifically authorized by law or regulation to purchase the goods and services on behalf of other agencies.

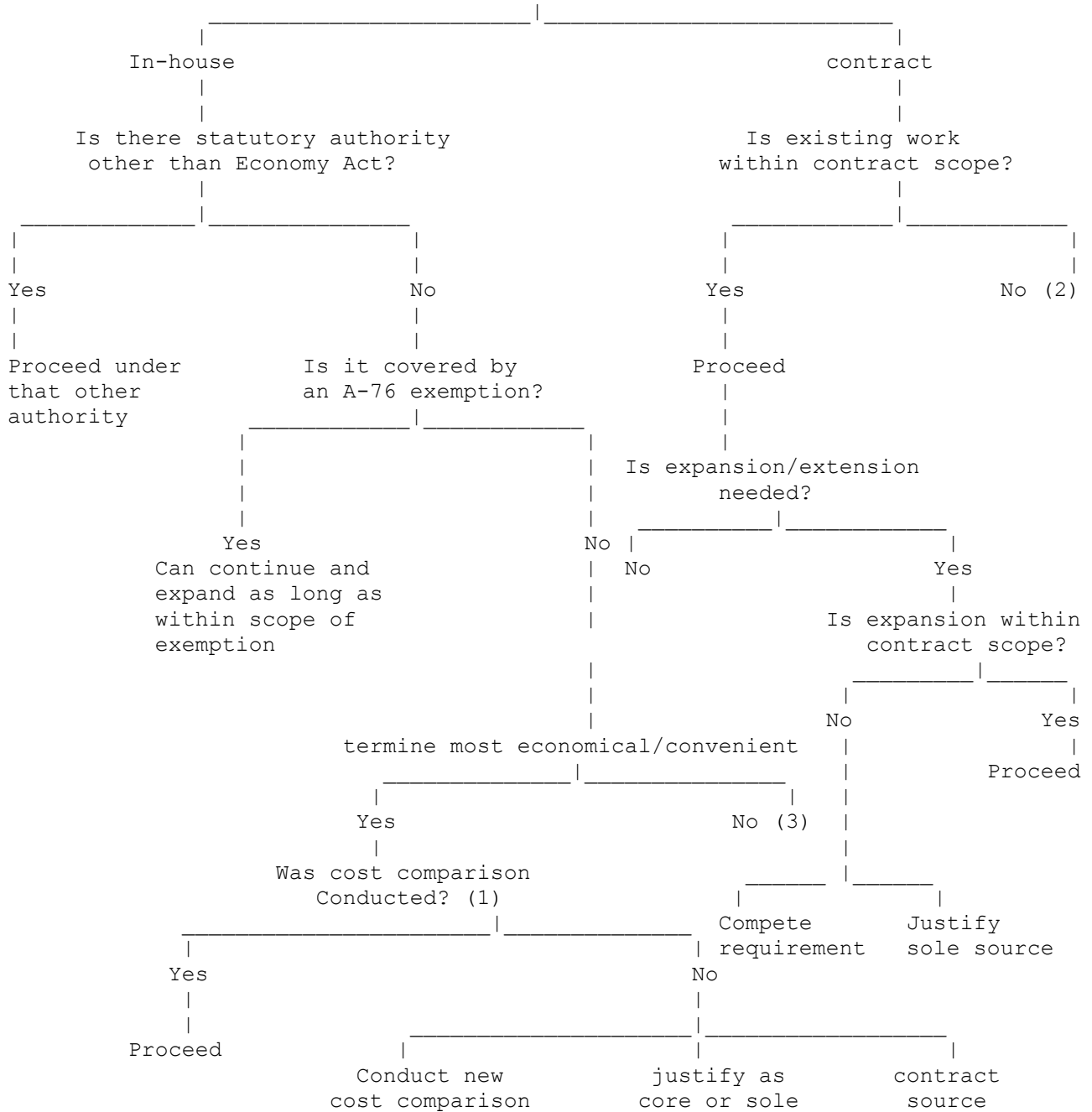
E. COMDTINST M4200.19F, Coast Guard Acquisition Procedures (CGAP) Guidance.

- 1. The authorized Contracting Office must also sign the documentation committing or proposing the future commitment of funds.
- 2. Each Economy Act order shall be supported by Determinations and Findings signed by the authorized Chief of Contracting Office (COCO).

Appendices

- A. Summary A-76 Analysis Tree for ISSAs
- B. Definitions

Appendix A - Summary A-76 Analysis Tree for ISSA's/Orders to
Other Government Agencies
Is it done by contract or in-house?



- Note 1. Earlier cost comparison not sufficient if exceeds scope of that comparison.
- Note 2. Corrective action is required
- Note 3. If cannot justify under Earliest feasible contract competition Economy Act, contract. is preferred action. Sole source may be possible but will get close scrutiny.

APPENDIX B - DEFINITION OF TERMS

Commerce Business Daily (CBD) - CBD is the public notification media by which U.S. Government agencies identify proposed contract actions and contract awards. The CBD is published in five or six daily editions weekly, as necessary.

Commercial Activity - A commercial activity is the process resulting in a product or service that is or could be obtained from a private sector source. Agency missions may be accomplished through commercial facilities and resources, Government facilities and resources, or mixes thereof, depending upon the product, service, type of mission and the equipment required.

Commercial Source - A commercial source is any business or other concern that is eligible for contract award in accordance with Federal Acquisition Regulations.

Contracting Officer (KO) - A Contracting Officer is the only person with authority to create, modify or terminate a contract. The Contracting Officer is the only official who can obligate the government through a contract.

Conversion to Contract - A conversion to contract is the change of performance of a commercial activity from in-house performance by Federal employees to performance by a commercial source.

Conversion from Contract - Conversion from contract to in-house performance means the change of a commercial activity from performance by contract with a commercial source to performance by Federal employees with Government resources. It also includes the conversion of expansions and/or new requirements (work) from contract performance to in-house performance.

Core capability - A core capability is a commercial activity operated by a cadre of highly skilled employees, in a specialized technical or scientific development area, to ensure that a minimum capability is maintained. The core capability does not include the skills, functions or FTE that may be retained in-house for reasons of National Defense, including military mobilization, security or rotational necessity, or to the patient care or research and development activities, as provided in OMB Circular A-76 Revised Handbook.

Cost comparison - A cost comparison is the process whereby the estimated cost of Government performance of a commercial activity is formally compared, in accordance with the principles and procedures of this Circular and Supplement, to the cost of performance by commercial or ISSA sources.

Determinations and Findings - A special form of written approval by an authorized official that is required by statute or regulation as a prerequisite to taking certain contract actions. The "determination" is a conclusion or decision supported by the "findings". The findings are statements of fact or rationale essential to support the determination and must cover each requirement of the statute or regulation. (FAR 1.701)

Expansion - An expansion is the modernization, replacement, upgrading or the enlargement of an in-house commercial activity or capability. If the expansion involves a 30-percent increase in the operating cost of the activity, a 30 percent increase in the total capital investment to perform the activity or an increase of 65 FTE or more, a cost comparison is required prior to authorizing in-house performance. A consolidation of two or more existing commercial activities is not

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an expansion, unless the total operating cost is 30 percent greater than the total of the individual components or it requires an increase of 65 FTE or more.

Full Time Equivalent (FTE) - A position that involves the planned use of 2,087 straight time paid hours in a fiscal year (to include authorized leave and paid time off for training); for example, two part-time employees, working for a total of 2,087 straight time paid hours in a FY equals one FTE.

Governmental-in-Nature/Inherently Governmental - Government functions that are so intimately related to the public interest as to mandate performance by Government employees or military personnel. These functions include those activities that require either the exercise of discretion in applying Government authority or the making of value judgments in making decisions for the Government. Governmental functions normally fall into two categories: (1) the act of governing, i.e., the discretionary exercise of Government authority, and (2) monetary transactions and entitlements. All functions are either government in nature functions or commercial activity functions.

Most Efficient Organization (MEO) - The MEO refers to the Government's in-house organization to perform a commercial activity. It may include a mix of Federal employees and contract support. It is the basis for all Government costs entered on the Cost Comparison Form. The Most Efficient Organization (MEO) is the product of the Management Plan and is based upon the Performance Work Statement (PWS).

New requirement - A newly established need for a commercial service.

Outsourcing - The use of the private sector to deliver certain services or functions with some degree of government involvement.

Privatization - Privatization is the process of changing a public entity or enterprise to private control and ownership. It does not include determinations as to whether a support service should be obtained through public or private resources, when the Government retains full responsibility and control over the delivery of those services.

Reasonable or competitive prices - The expected range of prices resulting from experience obtained through the competitive free enterprise system for like or similar activities. Determinations are to be made by the contracting officer.

Recurring commercial activity - A recurring commercial activity is one that is required by the Government on a consistent and long-term basis. This definition does not imply an hourly, daily, monthly or annual requirement, but must, in a general sense, be repetitive in nature, wherein the expected workload can be reasonably estimated.

Severable expansion - A severable expansion is an expansion of currently contracted, in-house or interservice support agreement provided work that could be provided using the current approach or could, without severe additional administrative burden, be provided by another competitive offeror. Economies of scale are not justification for dismissing new or expanded work as severable; these economies will be tested through competitive offer.